



# Allocation and Impact Report

October 2025





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## INTRODUCTION

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# Delivering our vision sustainably

At Southern Housing, our vision is to create communities where everyone has a safe home in a place they are proud to live. To help achieve this, we use funds raised through our Sustainable Bonds to provide more affordable housing at a time when it’s needed most.

Our commitment to sustainability is set out in our Sustainable Finance Framework (SFF), updated in June 2024<sup>1</sup>. The framework ensures that all sustainable finance is directed towards projects that support our purpose and align with our values.

We’ve also taken a leading role in sector-wide reporting. In 2020 we helped establish the Sustainability Reporting Standard for Social Housing<sup>2</sup>, and in 2025 we published our sixth Environmental, Social and Governance (ESG) report<sup>3</sup>, setting out our performance against 46 metrics. This report offers clear insights into our progress as we continue our sustainability journey and highlights the positive impact we’re making in our communities.

In October 2024 we issued our second Sustainable Bond: a 30-year £250m bond with a fixed coupon of 5.625%. By September 2025, all proceeds had been allocated to qualifying projects under our SFF, reinforcing our commitment to transparency, accountability and delivering impact.



## OUR BOND

Issuer	Southern Housing
Currency	GBP
ISIN	XS2908727311
Outstanding Size	£250m
Net Proceeds	£248.2m
Issue Date	1 October 2024
Maturity Date	1 October 2054
Coupon	5.625%
Total Allocation	£248.2m
Total Allocation %	100%

<sup>1</sup>[Sustainable Finance Framework \(Southern Housing.org.uk\)](#)

<sup>2</sup>[Sustainability for Housing](#)











<sup>3</sup>[ESG Report \(Southern Housing Investors.org.uk\)](#)






# Allocation and Impact of Proceeds

We're committed to investing in projects that deliver environmentally and socially sustainable outcomes for society, the environment and our residents. By adopting sustainable practices, we safeguard our residents, mitigate climate change and preserve biodiversity while promoting social equity. At a time

of significant housing need, we're also increasing the supply of affordable homes, ensuring more people have access to safe, secure housing.

Our framework allows us to allocate Sustainable Bond proceeds against a wide range of important social and environmental projects. They are:

Impact	ICMA / LMA Categories	Eligible Projects – Supporting the financing and refinancing of:	Potential Impact Metrics	SRS Alignment <sup>4</sup>	UN SDG <sup>5</sup>
Social	Affordable Housing	Construction, ownership acquisition, renovation and retrofitting of affordable housing <sup>6</sup>  Affordable housing tenures are defined by the UK Government's 2008 Housing and Regeneration Act's definition of "low-cost rental accommodation" and "low-cost home ownership accommodation", alongside the UK Government's Rent Standard  Note: Excludes open market sales or rentals	<ul style="list-style-type: none"> <li>Number and % of new affordable properties completed by tenure</li> <li>Number and % of existing affordable properties refinanced by tenure</li> <li>Average rents (including service charges) charged relative to private sector rents</li> </ul>	Affordability & Security (T4)	 
	Access to Essential Services	Construction, ownership acquisition, renovation and retrofitting of supported housing, care rooms, or sheltered housing	<ul style="list-style-type: none"> <li>Construction, ownership acquisition, renovation and retrofitting of supported housing, care rooms, or sheltered housing</li> </ul>	Affordability & Security (T4)	
		Refinancing of existing Supported housing, Care rooms, or Sheltered housing, for older people and/or people with support needs in the United Kingdom	<ul style="list-style-type: none"> <li>Support for residents with mental and / or physical health concerns including disabilities or illnesses (such as venues for health and wellbeing action sessions for tenants)</li> </ul>	Resident Support (T7)	 
		Placemaking activities such as the development / improvement of open green spaces to support the mental wellbeing of individuals (such as parks, play areas, community spaces or community gardens)	<ul style="list-style-type: none"> <li>Number and type of spaces provided</li> </ul>	Placemaking (T8)	
	Socioeconomic Advancement and Empowerment	Support services aimed at customers and communities, including projects promoting equitable participation (integration into the market and society) and a reduction of income inequality in the communities where we are based, such as:	<ul style="list-style-type: none"> <li>Number of residents benefitting from community investment projects</li> <li>Training provided to residents (hours)</li> </ul>	Resident Support (T7)	 
		<ol style="list-style-type: none"> <li>explaining and enabling internet access</li> <li>training and development for employment purposes</li> <li>financial education and support with accessing grants or benefits</li> </ol>			  

Impact	ICMA / LMA Categories	Eligible Projects – Supporting the financing and refinancing of:	Potential Impact Metrics	SRS Alignment <sup>4</sup>	UN SDG <sup>5</sup>
Environmental	Green Buildings	<p>Construction, acquisition or ownership of buildings in pre-construction, construction or completion phases which have or are expected to have an Energy Performance Certificate (EPC) or Environmental Impact Rating (EIR) Rating of A or B<sup>6</sup>, a rating of at least BREEAM “Excellent” or a ranking in the top 15% of national building stock measured by EPC or SAP.</p> <p>Improvement, renovation or retrofit of existing buildings which lead or are expected to lead to either an:</p> <ul style="list-style-type: none"> <li>● EPC rating of A or B</li> <li>● EIR rating of A or B</li> <li>● Upgrade by a minimum of 2 notches in terms of EPC or EIR post completion</li> <li>● Rating of at least BREEAM “Excellent”</li> <li>● A ranking in the top 15% of national building stock following works (as per EPC or SAP)</li> </ul>	<ul style="list-style-type: none"> <li>● Number and % of buildings meeting eligibility criteria</li> <li>● Number and % of buildings meeting eligibility criteria</li> </ul>	Climate Change (T1)	
	Energy Efficiency	<p>Investments and installations which have the potential to reduce energy consumption of properties in use, including:</p> <ul style="list-style-type: none"> <li>● Measurement devices such as energy smart meters</li> <li>● Energy efficient devices or appliances and technology such as LED lighting</li> <li>● Battery storage systems connected to renewable energy generation infrastructure or a regional UK power distribution grid</li> </ul>	<ul style="list-style-type: none"> <li>● Forecast and performance-in-use measured outcomes for retrofit pilot projects (e.g. SAP rating improvement, energy reduction and resident survey responses)</li> <li>● Avoided tCO<sub>2</sub> emissions</li> <li>● Number and type of devices fitted</li> </ul>	Climate Change (T1)	
	Clean Transportation	<p>Installation of technology and/or infrastructure which facilitates access to clean or public transportation including:</p> <ul style="list-style-type: none"> <li>● Electric vehicle charging points</li> <li>● Investment in vehicle fleet (under finance leases or owned) with zero CO<sub>2</sub> tailpipe emissions</li> <li>● Cycling infrastructure such as racks and cycle paths</li> </ul>	<ul style="list-style-type: none"> <li>● Number and type of installations / purchases</li> <li>● % of low or zero emission vehicles in fleet</li> <li>● GHG emissions saved by replacing vehicles with internal combustion engines</li> </ul>	Climate Change (T1)	
	Renewable Energy	<p>Installation, upgrade, operation and maintenance of systems used to generate renewable energy, including:</p> <ul style="list-style-type: none"> <li>● On site solar photovoltaic or hot water panels</li> <li>● Ground or air-source heat pumps and wind systems</li> </ul> <p>Purchase of renewable electricity through Power Purchase Agreements (PPAs) which are contracted for &gt; 5 years</p>	<ul style="list-style-type: none"> <li>● Installed capacity (kWh)</li> <li>● Energy generated (kWh)</li> <li>● Renewable energy purchased (kWh)</li> <li>● Avoided tCO<sub>2</sub> emissions</li> <li>● Proportion of energy used from renewable sources (%)</li> </ul>	Climate Change (T1)	
	Terrestrial and Aquatic Biodiversity Conservation	<p>Investments in biodiversity which support, repair or enhance local habitats, alongside or around developments</p> <p>Note: Excludes the purchase of biodiversity offsets</p>	<ul style="list-style-type: none"> <li>● % biodiversity net gain achieved, in line with the Biodiversity Net Gain statutory framework)</li> <li>● Number of plantations (number of individual trees)</li> </ul>	Ecology (T2)	

<sup>4</sup>Latest SRS Criteria ([SustainabilityForHousing.org.uk](https://SustainabilityForHousing.org.uk))

<sup>5</sup>[Sustainable Development Goals \(UN.org\)](https://SustainableDevelopmentGoals.org)

<sup>6</sup>Including general needs (social rent), intermediate rent, affordable rent and low-cost home ownership in line with UK Government thresholds

<sup>7</sup>All of our new homes are built to a target of SAP 85 or above (equivalent to EPC Band B)






Our SFF allows us to allocate bond proceeds without restriction on the lookback period for capital expenditure. This flexibility reflects the long-term nature of housing development, where projects often span several years from planning to completion.

On this basis, we've allocated the proceeds of our Sustainable Bond to eligible projects of capital expenditure completed between 2017 and 2023. This approach ensures we can recognise the significant investment already made in delivering homes that meet the standards set out in our framework.

All proceeds have been fully allocated to refinancing. The eligible projects were originally funded through revolving credit facility drawdowns prior to the issuance of our Sustainable Bond.

We've allocated the full proceeds of £248.2m to two categories from our eligible projects:

- Affordable Housing - the construction of new social and affordable housing and;
- Green Buildings - the construction of new homes with an EPC rating of B or above.

Eligible Project Category	Total Spend £m	SRS Alignment	UN SDG
Affordable Housing	175.7	Affordability & Security (T4)	 
Green Buildings	72.5	Climate Change (T1)	
<b>Total</b>	<b>248.2</b>		



We've also measured the impact of our spending.

For our Affordable Housing spend we measured:

- The number of Affordable Homes refinanced by tenure; and
- The average affordable rents on homes delivered versus the local private rent market.

For our Green Buildings spend we measured:

- New homes delivered with an EPC rating of B or above.

Our investment choices demonstrate how we create lasting benefits for residents, support stronger communities, and contribute to a healthier environment.





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ENVIRONMENTAL

# The value of Affordable Housing

Affordable housing is a key part of a fair and thriving society. Across the UK, more than 4 million social and affordable homes provide a safe and reasonably priced place to live for around 16%<sup>8</sup> of all households, supporting millions of families, older people, and those with additional needs. In England, Housing Associations own and manage over 2.5 million of these homes, supporting the unity of communities and offering security to those who need it most.

The importance of affordable housing has never been clearer. With private rents rising and the cost-of-living crisis deepening, affordable housing offers rents that are typically less than half those in the private sector<sup>9</sup>, making it the most affordable option for many. Most residents benefit from assured, lasting tenancies, offering the stability to build their lives, support their families, and participate in their communities.

Applications for our affordable housing homes are made through local councils, who manage waiting lists and allocate homes based on need. Demand continues to outstrip supply: as of February 2025, over 1.3 million households are on social housing waiting lists<sup>10</sup>, a clear signal of the urgent need for more affordable homes and the vital role housing associations play in meeting this challenge.

Affordable housing also delivers significant affordable and economic benefits. Stable, affordable homes reduce the risk of homelessness and the associated costs to local authorities. In 2023-24, local councils spent £2.3 billion on temporary accommodation<sup>11</sup>, a figure that has nearly doubled in five years, with much of this expenditure going on emergency B&Bs and hostels. The human cost is stark: over 165,000 children are now living in temporary accommodation<sup>12</sup>, often in overcrowded and unsuitable conditions, which can severely impact their health and life chances.

The positive impacts of social housing are far-reaching - better mental health, reduced homelessness, lower crime rates, and improved educational outcomes for children. Poor housing currently costs the NHS an estimated £1.4 billion a year<sup>13</sup>; affordable housing significantly mitigates these costs through safer, warmer homes.

<sup>8</sup> [Social Housing Lettings in England \(GOV.uk\)](#)

<sup>9</sup> [Our rents were on average 41% of PSR. Criterion C12 | ESG Report \(Southern Housing Investors.org.uk\)](#)

<sup>10</sup> [Social Housing Lettings in England \(GOV.uk\)](#)

<sup>11</sup> [LGA - Spending Review \(Local.gov.uk\)](#)

<sup>12</sup> [One in three homeless households placed out of area \(Shelter.org.uk\) \(health.org.uk\)](#)

<sup>13</sup> [Report finds poor housing is costing NHS £1.4bn a year \(BREgroup.com\)](#)





Using our Sustainable Bond proceeds, we've supported the delivery of 660 affordable homes, spread over a range of schemes and a variety of social housing tenures. Many of these schemes have already received a small proportion of sustainable finance, with this allocation providing the final funding share. The spend per tenure from the final allocation is:

HOUSING TENURE	Overall spend £m
Affordable or Social Rent	99.2
London Living Rent	8.9
Shared Ownership	67.6
Total	175.7

Please refer to Appendix 1 for definitions of the above tenures. Details of the homes delivered by tenure are shown in the scheme breakdown below:

SCHEME	Location	Affordable or Social rent	London Living Rent	Shared Ownership	Total homes delivered
Runnymede Campus	Runnymede, Surrey	0	0	36	36
Tabard Street	London Borough of Southwark	0	0	0	0
Moorfields	London Borough of Islington	19	0	11	31
Sutton Court	Wokingham, Berkshire	4	0	16	20
Dalmeny Avenue	London Borough of Islington	4	0	2	6
Parcelforce	Adur, West Sussex	0	0	36	36
Lisgar Terrace	London Borough of Hammersmith and Fulham	46	0	0	46
Britannia Music Site	London Borough of Redbridge	73	0	75	148
Bow River	London Borough of Tower Hamlets	23	0	16	39
Preston Road	Brighton & Hove, East Sussex	8	0	20	28
London Lane	London Borough of Hackney	7	0	28	35
White City Living	London Borough of Hammersmith and Fulham	162	31	0	193
Rosemead	Wealden, East Sussex	30	0	13	43
Total		376	31	253	660

To qualify as Affordable Rent<sup>14</sup>, rents must be set at 80% or less of the local private market rent as assessed by an independent third-party valuation. Our homes go beyond this threshold.

Across our eligible projects, rents are set at an average of 51% of the equivalent private market level. This level of affordability demonstrates the value our homes provide for residents, many of whom would otherwise be priced out of their local areas.

We measured affordability by comparing the average rent that could be charged in the private market, using publicly available rental data<sup>15</sup>, with the rents we charge on our affordable homes. In general, the more expensive the local market, the larger the differential. For example, in London Borough of Islington, our average rents are just 39% of private market rents.

SCHEME	Location	Affordable home rent vs private market
Moorfields	London Borough of Islington	39%
Dalmeny Avenue	London Borough of Islington	39%
Bow River Village	London Borough of Tower Hamlets	41%
White City Living	London Borough of Hammersmith and Fulham	47%
Lisgar Terrace	London Borough of Hammersmith and Fulham	47%
Sutton Court	Wokingham, Berkshire	51%
London Lane	London Borough of Hackney	56%
Britannia Music Site	London Borough of Red-bridge	69%
Preston Road	Brighton and Hove, East Sussex	78%
Rosemead	Wealden, East Sussex	78%
Overall Weighted Average Rent		51%

<sup>14</sup> Specific Affordable Rent tenure, part of the Affordable Housing category, further information on tenure is available in Appendix 1

<sup>15</sup> [Private rent and house prices \(ONS.gov.uk\)](https://www.ons.gov.uk/economy/employmentandproductivity/housingmarketprices)

## CASE STUDY

## Our resident Michael's journey to a fresh start at Portsmouth Town Court

**After being made redundant from his job in Guildford, Michael's life took a difficult turn. He found himself in the wrong crowd and spent three years homeless. Hoping for a new beginning, Michael returned to Portsmouth, but with nowhere to live he had to sofa surf.**

Everything changed on 17 January 2024 when Michael came to view one of our homes at Portsmouth Town Court. He was overwhelmed with emotion and kept asking if the flat was really for him. With tears in his eyes, Michael explained these were tears of happiness and relief. On 29 January 2024, Michael moved into his new flat, finally having a place to call home.

This journey wouldn't have been possible without the help of our colleagues who worked together as One Team to support Michael. They helped him get identification, open a bank account and grow his confidence. They also showed him how to manage his tenancy, making sure he was ready to live independently. It was a real team effort that made a big difference in Michael's life.

Ever since, Michael has been making great progress. He's working with the local job centre, doing training courses and now getting ready for job interviews. He's also decorated and furnished his flat, turning it into a warm and welcoming home.

Michael's story is proof of how much of a difference the right support can make. It's not just about finding someone a place to live, it's about giving them the tools and confidence to rebuild their life and look forward to a brighter future.



“

Southern Housing has changed my life. Moving here has made me, me again. I'm proud of my home, I'm confident again, and it's nice to wake up and be able to have a shower.

”



# Green Buildings

Although we strive to deliver new homes for those in need now, in building sustainable properties we focus on the future as well. By investing more in building sustainable homes now we avoid retrofitting projects in the future.

Our spend on Green Buildings has been on Market Rent and Open Market Sales tenures as shown to the right.

HOUSING TENURE	Total spend £m
Market rent	7.3
Open market sale	65.2
Total	72.5





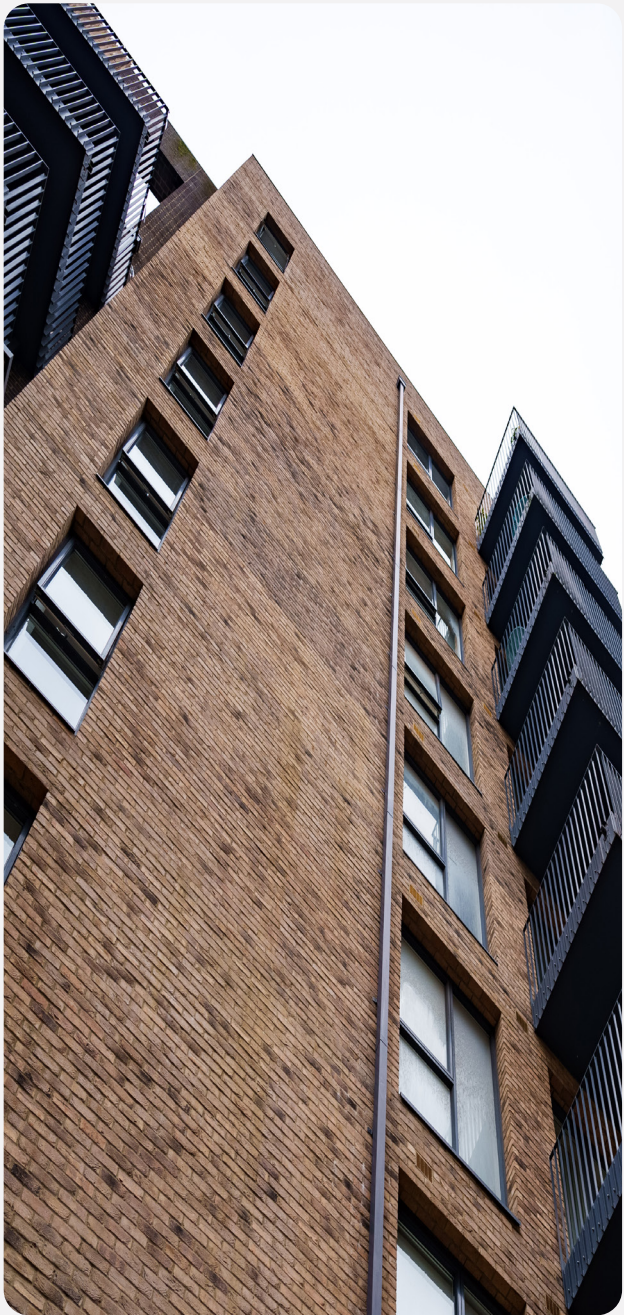
Building green, sustainable homes brings clear benefits: it reduces environmental impact and creates energy-efficient homes that cut household running costs. Greater efficiency means lower fuel bills and more affordable living for our residents.

We measure how green our homes are by securing an Energy Performance Certificate (EPC) for each dwelling. The EPCs are measured on a scale of A for the most energy efficient of homes to G for the least efficient.

The EPC ratings are a useful tool for showing how energy efficient a home is. The ratings are also a way in which we can target improvements to the energy running costs of our homes.

Homes funded through our Green Buildings allocation all achieved an EPC rating of B, in line with the eligibility criteria for this category under our SFF.

SCHEME	EPC B Homes Delivered
Tabard Street	9
Moorfields	35
Dalmeny Avenue	39
Bow River Village	73
London Lane	14
Total	170



# Our Delivered Homes

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**The following case studies illustrate how proceeds from our Sustainable Bond have been used to deliver affordable homes and green buildings across a variety of locations. They highlight the mix of tenures provided and the positive outcomes achieved for local communities.**



## Preston Road, Brighton

Preston Road involved the sensitive redevelopment of two Victorian villas dating from the late 1800s. The scheme delivered 14 shared ownership flats within the converted villas, alongside the construction of a new block of 8 rented flats to replace the original link building. A further 6 shared ownership houses were built within the grounds, bringing the total to 28 new homes.

Located within a conservation area, the development was designed around strict planning requirements and incorporated the retention of mature trees protected by Tree Preservation Orders. The homes were completed in September 2020 and are held on a 155-year lease from Brighton & Hove City Council.

## Rosemead

Rosemead is a new development in Horam, nestled in the scenic Weald of Sussex between the North and South Downs.

As part of a wider 123-home scheme by Bovis/Vistry, we acquired 43 homes delivered across six phases. These include a mix of one- and two-bedroom flats and two- and three-bedroom houses, with 30 homes for Affordable Rent and 13 for Shared Ownership.

The final homes were completed in January 2023 and are now fully occupied or sold. The development is well connected to local services, with shops, schools, healthcare, recreational facilities, and rail links all close by.



## White City Living

White City Living has delivered 193 new homes alongside office space as part of the Homes for Londoners programme. All homes have been designed with sustainability features to reduce environmental impact.

The development sits within a major regeneration area in Shepherd's Bush, in the London Borough of Hammersmith & Fulham. It is located next to Westfield shopping centre and Imperial College London's new campus, with excellent transport links from White City and Wood Lane Underground stations, both less than 0.1 miles away.





### Britannia Music Site

The Britannia Music Site formed part of the London Borough of Redbridge's successful bid for Ilford Town Centre to be designated as a London Housing Zone. The development, delivered in partnership with Durkan Estates Limited, is located on the western edge of the town centre within walking distance of Ilford railway station.

The scheme was completed in October 2021 and delivered in two phases. Phase one provided 93 affordable homes, including 73 for rent and 20 for Shared Ownership. Phase two added a further 55 Shared Ownership homes. Across both phases, the scheme delivered a mix of one-, two- and three-bedroom properties, providing much-needed affordable housing in a well-connected location.

### Bow River Village

Bow River Village is a multi-phase regeneration scheme that has transformed a disused riverside site along the River Lea. Phase two of the development delivered 112 new homes, including 23 for Affordable Rent, 16 for Shared Ownership, and 73 for Open Market Sale. The scheme has brought new life to the area, replacing derelict housing with a mix of tenures that support a balanced and sustainable community.



### London Lane

London Lane is a residential development in London Fields, within the London Borough of Hackney. The scheme comprises three blocks delivering 49 new homes ranging from one to four bedrooms.

The development includes a mix of tenures, with 28 Shared Ownership homes, 7 for Affordable Rent, and 14 for Open Market Sale. A commercial unit overlooking London Fields Park provides additional community benefit. Construction completed in May 2019, adding high-quality homes in a well-connected East London location.

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**APPENDICES**



## Appendix 1 Affordable Housing Tenures

The Government defines affordable housing as 'social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market'<sup>16</sup>.

Eligibility is determined by measures of local incomes and local house prices.

The tenures within the Affordable Housing spend described in the main report are:



### **Affordable Rent**

Properties that are subject to rent controls that require a rent of no more than 80% of the local market rent.



### **Shared Ownership**

A scheme that enables households to buy a share in a property (typically between 25% and 75% of the home's value). A subsidised rent is payable on the share not yet purchased by the homeowner.



### **Social Rent**

Properties which are subject to the national rent regime. Rental levels are calculated taking into account the value of the property, the average earnings in the area and the number of bedrooms.



### **London Affordable Rent**

A form of rent set by the Mayor of London, designed to be more affordable than typical Affordable Rent. It is targeted at low-income households and with benchmarks for weekly rent based on bedroom size, uprated and published annually by the Greater London Authority.



### **London Living Rent**

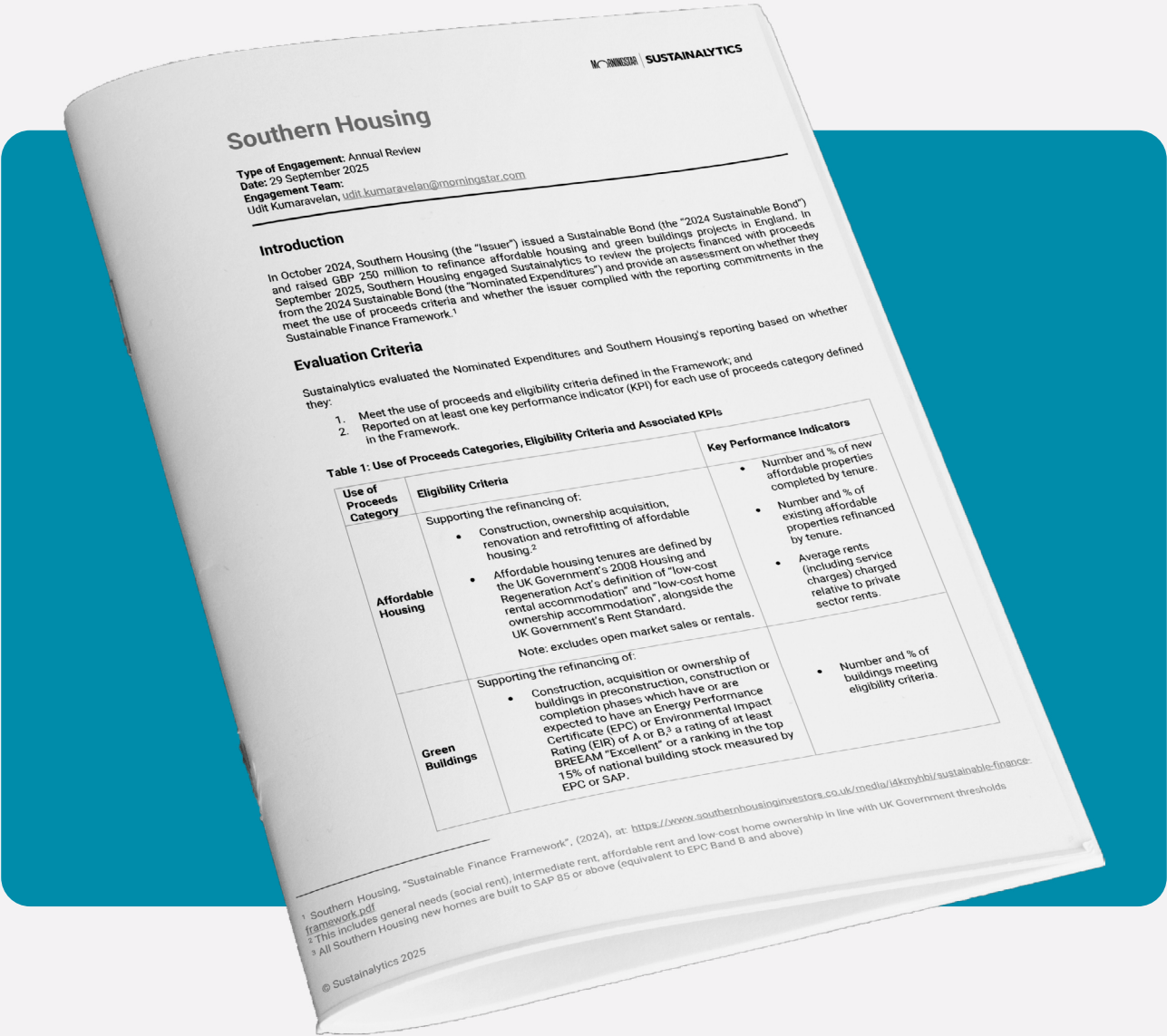
A tenure aimed at helping middle-income Londoners save for home ownership. Rents are broadly one third of average local household incomes, varying by borough, with the expectation that tenants will move on to purchase through Shared Ownership within ten years.

<sup>16</sup> [Affordable Housing Supply \(GOV.uk\)](https://www.gov.uk/government/publications/affordable-housing-supply)



# Appendix 2 External Assurance Report

The following 8 pages of this document include the full Southern Housing Sustainability Bond Report produced by Morningstar Sustainability.



# Southern Housing

**Type of Engagement:** Annual Review

**Date:** 29 September 2025

**Engagement Team:**

Udit Kumaravelan, [udit.kumaravelan@morningstar.com](mailto:udit.kumaravelan@morningstar.com)

## Introduction

In October 2024, Southern Housing (the “Issuer”) issued a Sustainable Bond (the “2024 Sustainable Bond”) and raised GBP 250 million to refinance affordable housing and green buildings projects in England. In September 2025, Southern Housing engaged Sustainalytics to review the projects financed with proceeds from the 2024 Sustainable Bond (the “Nominated Expenditures”) and provide an assessment on whether they meet the use of proceeds criteria and whether the issuer complied with the reporting commitments in the Sustainable Finance Framework.<sup>1</sup>

## Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and Southern Housing's reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

**Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs**

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
<b>Affordable Housing</b>	<p>Supporting the refinancing of:</p> <ul style="list-style-type: none"> <li>• Construction, ownership acquisition, renovation and retrofitting of affordable housing.<sup>2</sup></li> <li>• Affordable housing tenures are defined by the UK Government's 2008 Housing and Regeneration Act's definition of “low-cost rental accommodation” and “low-cost home ownership accommodation”, alongside the UK Government's Rent Standard.</li> </ul> <p>Note: excludes open market sales or rentals.</p>	<ul style="list-style-type: none"> <li>• Number and % of new affordable properties completed by tenure.</li> <li>• Number and % of existing affordable properties refinanced by tenure.</li> <li>• Average rents (including service charges) charged relative to private sector rents.</li> </ul>
<b>Green Buildings</b>	<p>Supporting the refinancing of:</p> <ul style="list-style-type: none"> <li>• Construction, acquisition or ownership of buildings in preconstruction, construction or completion phases which have or are expected to have an Energy Performance Certificate (EPC) or Environmental Impact Rating (EIR) of A or B;<sup>3</sup> a rating of at least BREEAM “Excellent” or a ranking in the top 15% of national building stock measured by EPC or SAP.</li> </ul>	<ul style="list-style-type: none"> <li>• Number and % of buildings meeting eligibility criteria.</li> </ul>

<sup>1</sup> Southern Housing, “Sustainable Finance Framework”, (2024), at: <https://www.southernhousinginvestors.co.uk/media/i4kmyhbi/sustainable-finance-framework.pdf>

<sup>2</sup> This includes general needs (social rent), intermediate rent, affordable rent and low-cost home ownership in line with UK Government thresholds

<sup>3</sup> All Southern Housing new homes are built to SAP 85 or above (equivalent to EPC Band B and above)



	<p>Improvement, renovation or retrofit of existing buildings which lead to or are expected to lead to either an:</p> <ul style="list-style-type: none"> <li>• EPC or EIR rating of A or B</li> <li>• Upgrade by a minimum of 2 notches in terms of EPC or EIR post completion</li> <li>• Rating of at least BREEAM "Excellent"</li> <li>• A ranking in the top 15% of national building stock following works (as per EPC or SAP).</li> </ul>	<ul style="list-style-type: none"> <li>• Number and % of buildings meeting eligibility criteria.</li> </ul>
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### Issuer's Responsibility

Southern Housing is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

### Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Southern Housing's 2024 Sustainable Bond. The work undertaken as part of this engagement included the collection of documentation from Southern Housing and the review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Southern Housing. Sustainalytics is not responsible, nor shall it be held liable, for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Southern Housing.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

### Conclusion

Based on the limited assurance procedures conducted,<sup>4</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. Southern Housing has disclosed to Sustainalytics that the proceeds from the 2024 Sustainable Bond were fully allocated as of 11 September 2025.

<sup>4</sup> Sustainalytics' limited assurance process includes reviewing documentation relating to project details, as provided by the issuing entity, which is responsible for providing accurate information. These details may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

## Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the Nominated Expenditures to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the Nominated Expenditures or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	Southern Housing reported at least one KPI per use of proceeds category.	None

## Appendices

### Appendix 1: Allocation Reporting

Table 3: Allocation Reporting from the 2024 Sustainable Bond

Use of Proceeds Category	Project Description	Housing Tenure	Net Proceeds Allocation (GBP Million)
Affordable Housing	Construction of new affordable housing	Affordable or Social Rent	99.2
		London Living Rent	8.9
		Shared Ownership	67.6
Green Buildings	Construction of new homes with an EPC rating of B or above	Market Rent	7.3
		Open market sale	65.2
Total Allocated Amount			248.2
Total Unallocated Amount			0.0
Total Proceeds Raised			248.2

## Appendix 2: Reported Impact

Table 4: Reported Impact from the 2024 Sustainable Bond

Use of Proceeds Category	Scheme	Location	Reported Impact				
			Affordable or Social Rent homes delivered	London Living Rent Homes delivered	Shared Ownership homes delivered	Average rents charged relative to private sector rents	Number of New Homes with Energy Efficiency Rating of EPC 'B' or Higher
Affordable Housing	Runnymede Campus	Runnymede, Surrey	0	0	36	-	-
	Tabard Street	London Borough of Southwark	0	0	0		-
	Moorfields	London Borough of Islington	19	0	11	39%	-
	Sutton Court	Wokingham, Berkshire	4	0	16	51%	-
	Dalmeny Avenue	London Borough of Islington	4	0	2	39%	-
	Parcelforce	Adur, West Sussex	0	0	36	-	-
	Lisgar Terrace	London Borough of Hammersmith and Fulham	46	0	0	47%	-
	Britannia Music Site	London Borough of Redbridge	73	0	75	69%	-
	Bow River	London Borough of Tower Hamlets	23	0	16	41%	-
	Preston Road	Brighton & Hove, East Sussex	8	0	20	78%	-
	London Lane	London Borough of Hackney	7	0	28	56%	-
	White City Living	London Borough of Hammersmith and Fulham	162	31	0	47%	-
	Rosemead	Wealden, East Sussex	30	0	13	78%	-
Green Building	Tabard Street	London Borough of Southwark	-	-	-	-	9
	Moorfields	London Borough of Islington	-	-	-	-	35
	Dalmeny Avenue	London Borough of Islington	-	-	-	-	39
	Bow River Village	London Borough of Tower Hamlets	-	-	-	-	73

	London Lane	London Borough of Hackney	-	-	-	-	14
<b>Total house delivered</b>			<b>376</b>	<b>31</b>	<b>253</b>	<b>-</b>	<b>170</b>



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