

# Southern Housing

**Type of Engagement:** Annual Review

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**Engagement Team:**

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## 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**

<b>Framework Requirements</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<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
<b>Total Allocated Amount</b>			<b>248.2</b>
<b>Total Unallocated Amount</b>			<b>0.0</b>
<b>Total Proceeds Raised</b>			<b>248.2</b>

## 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

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	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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