



Sustainable Bond

Allocation and Impact Report 2022/23

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1. Executive Summary

- 1.1. Beyond Housing is a registered Community Benefits Society (CBS), we have a group turnover of c£91.4m in 2022/23. We own and manage c15,184 homes across nine local authorities in the north-east, housing over c30,000 customers. Our staffing numbers are c705 people, and we offer housing for rent and sale, including shared ownership.
- 1.2. Our five-year strategy is based on four strategic objectives:
 - Provide quality services to our customers – increase customer satisfaction, grow our independent living business, and have 65% of our customers using digital services.
 - Build new homes and keep our existing home in good condition – build circa 2,750 new homes, increase Tenant Satisfaction measures (TSM) customer satisfaction with the quality of our homes and repairs satisfaction and improve the Energy Performance Certificate (EPC) ratings for all our homes to EPC C or better by 2030.
 - Invest in our communities/neighborhoods to create a great place to live and work – offer the best information and advice to customers, be a leading training provider and create neighborhoods our customers are proud of.
 - A great place to work for our people – achieve Investors in People (IIP) accreditation, deliver an agile working environment, increase colleague satisfaction, and improve the health and wellbeing of our staff.
- 1.3. In 2022/23 on the balance sheet, we invested £38.1m on housing property for letting, £22.7m on completed shared ownership homes and £2.1m on new shared ownership properties under construction. We completed 210 homes and, in spite of challenges within our operating area, made a start on 48 homes working towards our overall program to meet nearly 2,750 homes by 2030/31. Of the 210 homes delivered in year, 141 were for affordable rent, 17 shared ownership and 2 rent to buy with 50 outright sales.
- 1.4. We continued the regeneration of the Church Lane, North Estate in Eston in 2022/23 with a budget to invest circa £16m into delivering the project to build c33 new homes, refurbish existing homes, create street and garden layouts, achieve EPC C targets and create green spaces.
- 1.5. We are committed to reducing our operating carbon footprint through our direct and indirect emissions. This includes gas, electricity, vehicles and travel. In our annual accounts we publish our annual emissions that have fallen year on year.

2. Bond Overview

2.1. In May 2021 Beyond Housing issued its first sustainable Environmental, Social & Governance (ESG) bond. The issuance, of £250m notional value, had a day-1 size of £165m, with net proceeds of £161.3m. In November 2022 £40m of the retained bond was issued through a forward purchase agreement with proceeds in November 2023. The retained portion, totaling £45m, makes up the balance of the notional value.

2.2. Beyond Housing Bond details at 31 March 2023.

Notional Value	£250million
Currency	Pound Sterling
Maturity	2051 (30 years)
Format	Secured, senior, bearer
Repayment	Bullet
Moody’s Rating	A2 retained (changed to unstable 2022)
Coupon	2.125%
Listing	International Securities Market (ICMA) of the London Stock Exchange

3. Allocation Summary

3.1. The proceeds from the issuances have been allocated in line with our Sustainable Bond Framework, including refinancing of existing assets as well as a proportion allocated to new developments. Assets refinanced by the proceeds of our Sustainable Bond were identified according to the criteria in our Framework. Refinancing accounted for 80% of net-proceeds of the initial issuance.

3.2. Of the net bond proceeds of £161.3m, we continue to allocate to existing housing stock and new homes added to further our balance sheet in 2022/23.

4. Impact

4.1. In meeting our ESG targets we align many of our activities to the ESG framework. Most of our properties c82% are Energy Performance Certification (EPC) C or above and we plan for all properties to be this by 2030. We install only energy A rated boilers, and our annual capital works program includes insulation, double glazing and kitchen, bathroom works ensuring 100% of our homes meet decency standards every year. We follow

stringent gas and electric testing safety protocols to ensure all properties are compliant. We survey our customer satisfaction annually as well as colleagues and we have had no ombudsman complaints. We ask all our larger contracts to outline their social values and sustainability standards in tendering. We invest in our communities recruiting c25-30 apprentices annually and provide neighborhood officers. We have waste disposal contracts with suppliers to recycle many of our materials. We have regulatory gradings from the Regulator Social Housing is G2/V1. Our Governance grading changed in 2022 to G2 when we self-reported legacy housing organisation incorrect rent matters, which are being resolved with the RSH.

4.2 Some of our Housing Projects

We developed 30 new two-bedroom apartments at the Boho Village development in Middlehaven. The apartments were delivered in partnership with Middlesbrough Development Company Ltd (MDC) and contractor, Equans. The purchase was supported by Homes England with grant funding totaling £1.1m. All the apartments are equipped with air source heat pumps, efficiently reducing carbon emissions by extracting renewable heat from the environment to generate hot water and heating in the home. This project supports Middlesbrough Borough Council's commitment to restoring and regenerating Middlehaven as the centre of thriving businesses and homes that it once was. With the multi-million-pound investment, the council 's ambitious Middlehaven Development Framework has included bold ideas providing education, housing, retail and leisure facilities.

A number of our customers will benefit from improved energy efficiency, following the award of a grant from the Government's Social Housing Decarbonisation Fund (SHDF). Beyond Housing joined a consortium, led by the Tees Valley Combined Authority, in submitting a successful bid to Wave 1 of the national scheme, through which around 20,000 social housing homes which do not currently reach the Energy Performance Certificate C rating will be upgraded to increase thermal efficiency and reduce carbon emissions. The £2.6 million SHDF grant award from the Department for Business, Energy and Industrial Strategy, supported by additional match funding of £2.25 million from partners, including Beyond Housing, will help to deliver necessary improvements to 231 homes across the Tees Valley region. A total of 60 homes, located across our communities in the Redcar and Scarborough areas, will have energy-saving external wall insulation fitted, ensuring they will be suitable for the installation of clean heating systems in the future. Five properties, which currently have inefficient electric heating systems in place, will be fitted with new air source heat pumps straight away.

During the year we started selling the first homes are selling at the final phase of our flagship Mill Meadows development in Filey. Marketed under the trade name Viola Homes, the 112 homes in the third phase of the 296-home site are all for open market sale. This is a first for our organisation, as we delivered the earlier phases of the development to include affordable properties for both rent and shared ownership. The third phase will also deliver a shop.

The homes in the final phase at Mill Meadows will be exclusively marketed through Viola Homes, alongside our other new build homes for open market sale, shared ownership and rent to buy across Teesside and North Yorkshire. The recent launch of the show homes at Mill Meadows marks the first major milestone for Viola Homes since its launch in October 2021. The new, family-friendly homes at Mill Meadows consist of two, three, four and five-bedroom houses and bungalows, and will be built alongside new play areas, public open space, highways and other infrastructure. The first homes released for sale are reserved, with high customer interest in further releases. Mill Meadows is situated in the coastal town of Filey, in North Yorkshire between Scarborough and Bridlington. This final phase of the £45million development will run for three years, with handover of the final homes scheduled for February 2024.

5. Audit/Limited Assurance (BDO)

- 5.1 In line with investor requirements, the allocation and impact report has been independently audited by BDO (Beyond Housing's external auditors) and a report provided to the board and M&G investments.

6. Important Information

6.1 This report:

- Has been prepared by Beyond Housing for information purposes only
- It does not form a legal investment, tax, accounting or other financial advice
- Is intended to provide non-exhaustive, indicative and general information it is not intended to be full comprehensive
- Should be read in conjunction with the Annual Report and Accounts 2022/23.

- 6.2 This report has been prepared based on reviews and analysis of our loan and data statistics. The report contains backward and forward-looking information. Information has been provided by third parties and the borrower. The information is relevant only on the respective dates.

- 6.3 Beyond Housing makes no representation, warranty, assurance of any kind, expressed or implied, or takes no responsibility or liability as to the fairness, accuracy, reliability, reasonableness, correctness or completeness of any opinions or conclusions in the report.

- 6.4 The report offers no security or investment advice.

- 6.5 Beyond Housing is not liable for any loss, damage, liability or expense incurred or suffered that is claimed to have resulted from the use of this report by the recipients, including without limitation and direct, indirect, special or consequential damages.