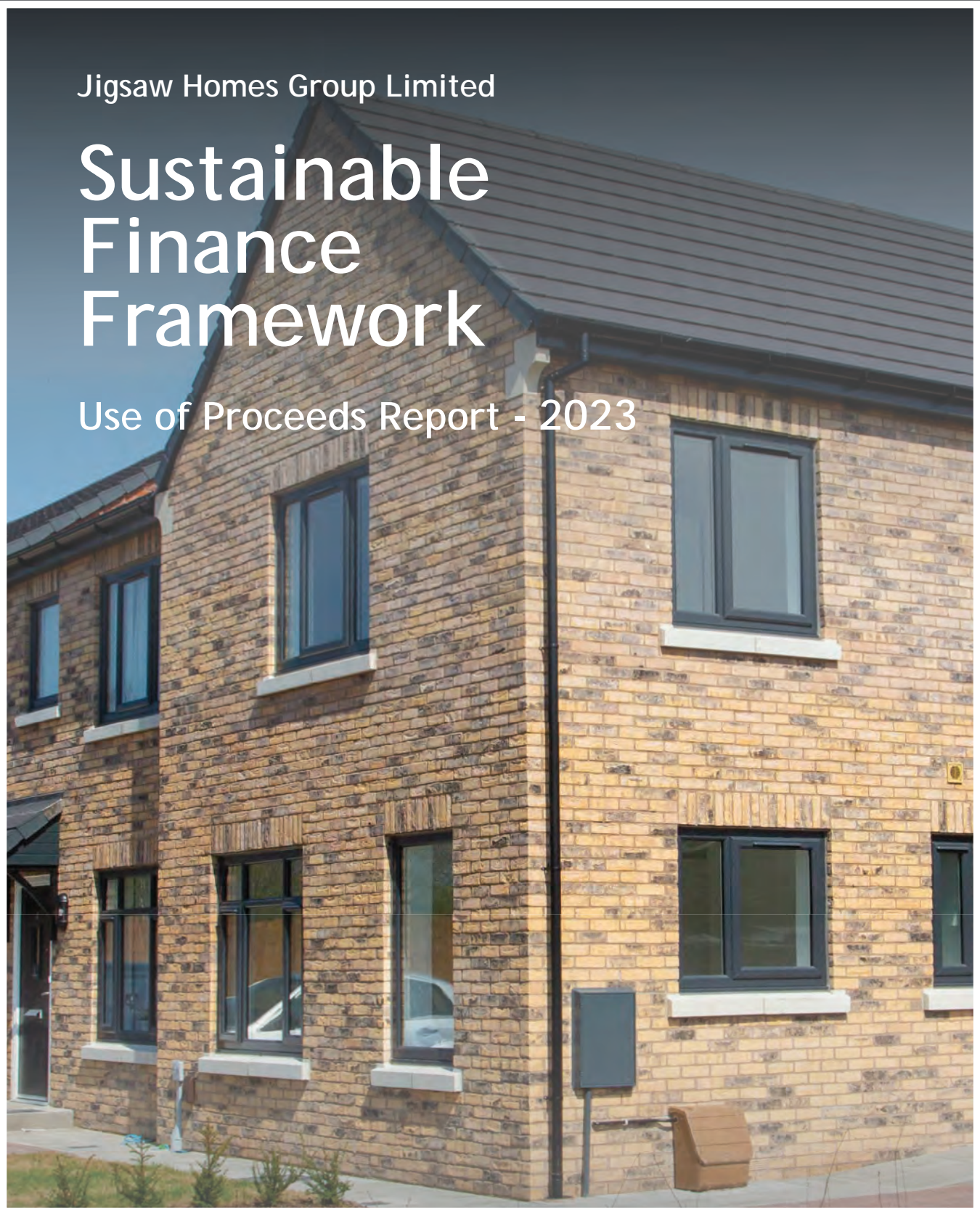


Jigsaw Homes Group Limited

Sustainable Finance Framework

Use of Proceeds Report - 2023



Creating homes.
Building lives.



Contents

1 Chair’s Introduction	2
2 About Jigsaw Homes Group	4
The Group’s Activities	4
Our Customers and Neighbourhoods	4
Corporate Structure and Governance	5
Vision, Mission and Corporate Values	5
Cooperation, Collaboration and Partnerships	5
3 Use of Proceeds	8
Background	8
Reporting	8
4 Allocation Reporting	11
5 Impact Metrics	12
Construction of New Social & Affordable Homes in the UK	12
6 Auditor’s Statement	13
7 Disclaimer	17
Appendices	19
A. Case Studies	19



Patricroft Road
Wigan, Greater Manchester

1 Chair's Introduction

I am very pleased to introduce Jigsaw Homes Group's first use of proceeds report including allocation and impact reporting against its *Sustainable Finance Framework (SFF)* which was issued alongside our inaugural £360m Sustainability Benchmark Bond completed in May 2022.

Our SFF forms an important part of a set of initiatives to enable Jigsaw Homes Group (the Group) to deliver its *Sustainability Strategy*. It was created to support the raising of financing to fund a range of environmentally and socially sustainable projects led by Jigsaw and its members in aid of fulfilling our mission of:

"Creating homes. Building lives."

As a housing association, Environmental, Social and Governance (ESG) considerations such as zero carbon targets, affordability, safety and resident voice are of course at the heart of what we do. We have recently published our second report on our ESG credentials.

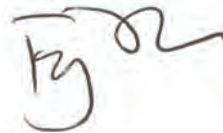
The nation's under-supply of good quality low-cost housing is well-documented. The social housing sector works to help increase the provision of new much-needed affordable housing. As one of the UK's major developers in the sector, Jigsaw has a strong track record of consistently delivering significant numbers of new affordable housing. We plan to continue to be an active developer of new social housing into the future and will work to fulfil our Development Strategy to build 4,000 new homes in the next five years.

We completely acknowledge that the continued delivery of our development commitments needs to be aligned with our investors whose investment strategies look to make a positive social and environmental impact. This SFF allows us to continue to work with and be accountable to, a broad range of like minded investors who will be valuable partners in supporting us in delivering our Sustainability Strategy.

To enable investors to follow our progress against the SFF and to provide insight into prioritised areas,

Jigsaw has committed to provide Allocation Reporting and Impact Reporting on an annual basis. As this is our first such report, hopefully it provides you with an easy-to-read account of our SFF-linked activities in the last 12 months and the 24 months prior to the date of our debut bond issuance.

We look forward to hearing any feedback you have, so please get in touch if you would like to know more. We would love to hear from you.



Fay Selvan

Group Chair



The Sandpiper

Thornton Cleveleys, Lancashire

2 About Jigsaw Homes Group

Our Group comprises like-minded organisations working in unison to tackle inequality throughout the North West and East Midlands.

The principal landlord members of the Group are:

- Jigsaw Homes Midlands
- Jigsaw Homes North
- Jigsaw Homes Tameside
- Jigsaw Support

The Group manages its treasury arrangements through two wholly owned subsidiaries Jigsaw Funding plc and Jigsaw Treasury Limited.

The Group's Activities

Our members build, renovate and manage quality low-cost housing for rent and sale. We play a wider role in making sure our residents thrive in their homes and benefit from living in healthy sustainable communities. Our largest members are three housing associations, regulated by the Regulator of Social Housing (RSH) and legally known as Registered Providers. The latest *Regulatory Judgement* by the RSH confirms that Jigsaw is fully compliant with the RSH's *Regulatory Standards* — our published ratings for governance and viability are 'G1' 'V1'.

We also provide a range of charitable and supported housing services to help people live independently and to successfully maintain their tenancies. This work is often funded through external contracts awarded to the Group's members, and delivered on a commercial basis. This activity is overseen by our specialist subsidiary, Jigsaw Support.

Our Customers and Neighbourhoods

The core of our business is centered on the management of 36,003 homes¹ — principally social

¹as at 31 March 2022

housing for rent. The location of homes managed by our members is shown in Figure 1 on this page. The Group is active in 29 local authority areas.

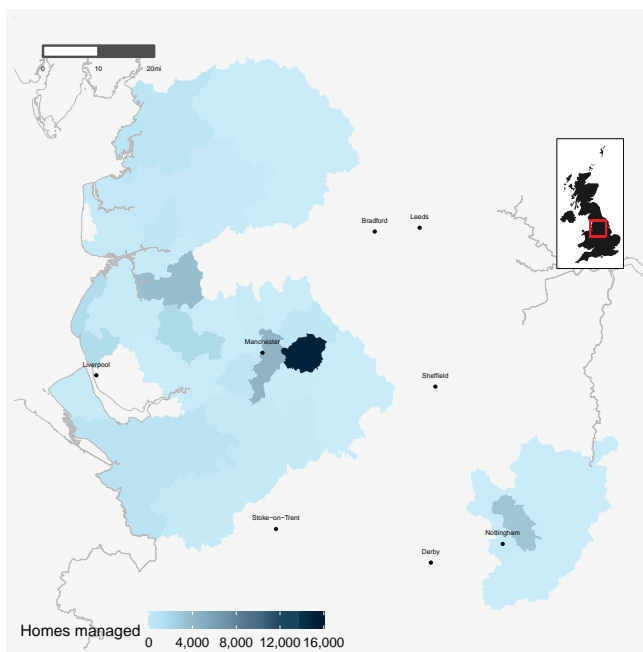


Figure 1: Location of housing stock (local authority areas).

We provide general needs housing to rent, housing for older people, supported housing, shared ownership accommodation and a relatively small number of properties for market rent. Our customers include families, young and older people in need of accommodation, and people with complex needs for whom the Group provides tailored support.

We work in a variety of environments including inner city areas, market towns, suburban and rural areas. We have defined 46 neighbourhood areas, each of which receives a bespoke management focus through the application of Neighbourhood Plans monitored by our landlords.

In comparison with the general population of the regions in which we work, our tenants on average have lower incomes, a higher incidence of disability, greater ethnic diversity and are older (almost one-third are over the age of 65). However accurate such general statements may be they risk masking the diversity of our customers, which will always be foremost in our mind when changing existing or developing new services.

Corporate Structure and Governance

Our current structure is shown in Figure 2 on the next page. Figure 2 highlights how the Group uses overlapped boards to simplify its governance arrangements and to make the best use of the shared skill-set of board members and directors.

We adopted the 2020 edition of the National Housing Federation’s *Code of Governance* in March 2021.

Further details about our executive and non-executive can be found on our [website](#).

- JV North — focused on pooling housing association buying power to procure development work; and
- Manchester Athena — focused on housing associations working together to deliver projects on employment, skills, and health and well-being.

Vision, Mission and Corporate Values

Vision

Our Vision is:

“We want everyone to live successfully in a home they can afford.”

Mission

We will do this by making a social impact focused on:

“Creating homes. Building lives.”

Corporate Values

We will ensure that the following values are evident through our work:

- Empowerment
- Collaboration
- Innovation

Cooperation, Collaboration and Partnerships

We recognise that we can often achieve more by working together with other organisations that share our aims. We are active members of the National Housing Federation, the Northern Housing Consortium and Homes for the North.

We are also party to two joint venture companies with other housing associations:

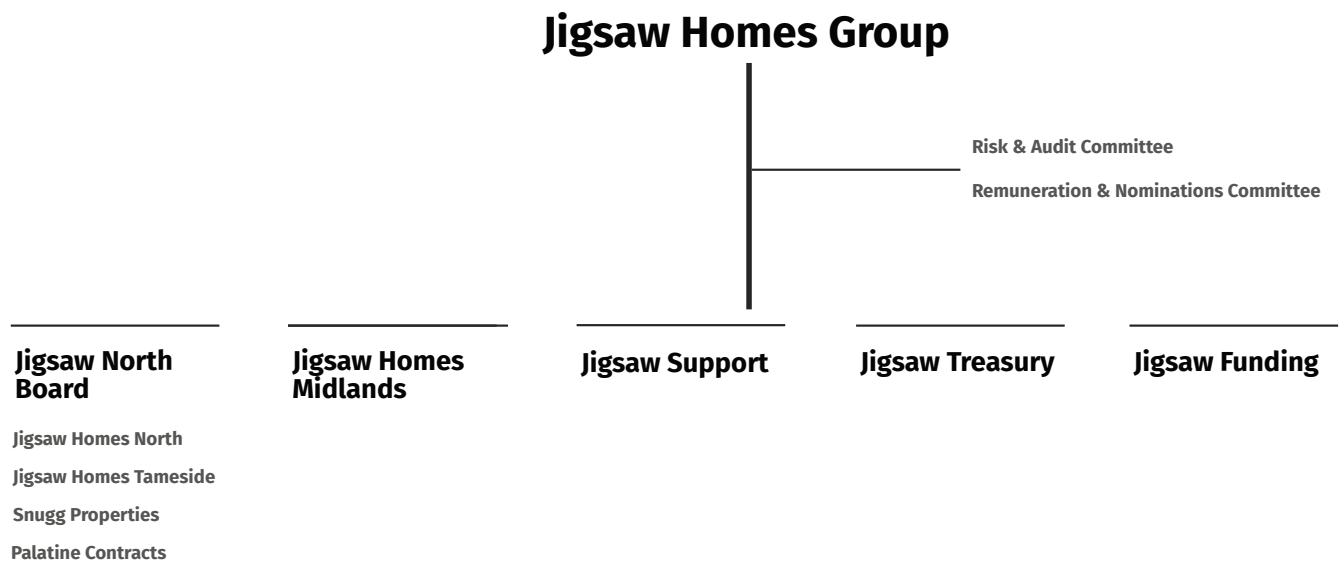


Figure 2: Corporate and governance structure — board meetings for the organisations that fall under Jigsaw North are held contemporaneously using overlapped meetings.



Knot Drive
Warton, Lancashire

3 Use of Proceeds

Background

In April 2022 Jigsaw Homes Group (Jigsaw or the Group) published its Sustainable Finance Framework SFF. In May 2022 Jigsaw via its special purpose vehicle Jigsaw Funding plc completed its inaugural £360m Public Bond in accordance with the SFF. £260m was drawn in May 2022 and it held retained bonds of £100m.

Jigsaw intends to allocate an amount equal to the net proceeds from its sustainable debt instruments to eligible sustainable projects, selected in accordance with the eligibility criteria and project evaluation and selection process in the sff (Eligible Projects).

Eligible assets are monitored regularly together with regular allocation of the net proceeds to Eligible Projects.

It is Jigsaw's intention to allocate an amount equivalent to the net proceeds raised under the SFF to Eligible Projects within 36 months of the sustainability bond's issuance. Dependent on the nature of the project, the investment in the Eligible Projects can be measured through asset value, capital expenditure (Capex) or operating expenditure (Opex). For capital or operating expenditures, a look-back period of up to 24 months prior to the time of debt issuance will also be applied.

Reporting

Jigsaw commits to transparency in all that it does and as such commits to being fully transparent through its annual reporting against the SFF. As such Jigsaw has committed to provide Allocation Reporting and Impact Reporting (together Reporting) on an annual basis until full allocation of the proceeds, and thereafter in case of any material change to the allocation.

The Reporting will include:

- the amount of net proceeds allocated to each Eligible Project ("Allocation Reporting"); and

- expected key performance indicators ("KPIs") (qualitative and/or quantitative environmental indicators) where feasible ("Impact Reporting").

Allocation Reporting

The Allocation Reporting will report on the allocation of proceeds from the sustainability bond to Eligible Projects and assets.

The reporting will include:

- The type of financing instruments used and the respective outstanding amounts.
- Total amount of proceeds allocated to Eligible Projects, per category.
- The amount and/or percentage of new and existing projects (share of financing and refinancing).
- Any further information on how unallocated proceeds have been held.

Impact Reporting

Jigsaw has committed to share the progress and positive impact delivered with the SFF in its Impact Reporting. We report on the impact metrics ("KPIs"), methodology and key assumptions used to calculate metrics and targets, quantitatively measure the progress made against them where feasible and where available, case studies will be provided.

Impact Metrics

The KPIs against which Jigsaw reports the impact of the Eligible Projects is set out in Table 1 on the following page:

Eligible ICMA / LMA project category	Project description and eligibility criteria	Reference financial line item	Potential KPIs reporting metric	Alignment to the SRS
Green buildings	Construction of new homes with an EPC (Energy Performance Certificate) rating of B or above / SAP 81 or above	Capex	% of new homes with an EPC rating of B or above	T6: Climate Change Core criteria C15
	Renovation of existing homes that improve unit EPC ratings by two notches or more subject to a minimum EPC rating of C / SAP 69	Capex/Opex	Change in distribution of EPC ratings of existing homes	T6: Climate Change Core criteria C15
	Refinancing of existing homes – subject to a minimum EPC rating of B or above / SAP 81 or above	Asset Value	Number of existing homes with an EPC rating of B or above	T6: Climate Change Core criteria C15
Affordable housing	Construction of new Social and Affordable Housing in the United Kingdom	Capex	Number of new affordable properties by category and average rents charged relative to private sector rents	T6: Climate Change Core criteria C15
	Refinancing of existing Social and Affordable Housing in the United Kingdom	Asset Value	Existing number of affordable properties by category and average rents charged relative to private sector rents	T6: Climate Change Core criteria C15

Table 1: Examples of impact metrics and alignment to SRS.



The Spinnings
Preston, Lancashire

4 Allocation Reporting

In April 2022 Jigsaw published its Sustainable Finance Framework (SFF). In May 2022 Jigsaw completed its inaugural £360m Public Bond in accordance with the SFF. £260m was drawn in May 2022 and it holds retained bonds of £100m.

For the period of up to 24 months prior to the time of debt issuance (5 May 2022) to 28 February 2023, the monies allocated was as set out in Table 2 on the current page:

Eligible ICMA or LMA project category	FY2021	FY2022	FY2023	Total
	£000	£000	£000	£000
Green Buildings	72,692	97,298	101,710	271,700
Grand total used	72,692	97,298	101,710	271,700
Sustainable Finance Instrument	Date			
Jigsaw Funding plc 2052 bond	May–2022			360,000
Allocated proceeds				271,700
Unallocated proceeds				88,300

Table 2: Use of proceeds in period.

Unallocated drawn proceeds are held as cash deposits in line with the Group's Treasury Management Strategy.

5 Impact Metrics

Construction of New Social & Affordable Homes in the UK

For the period from 5 May 2022² to 28 February 2023 and the 24 months prior, Jigsaw's activities in the construction of new Social and Affordable homes was as set out in Table 3 on this page.

Eligible project category	Project description and eligibility criteria	FY2021	FY2022	FY2023	Total
New homes delivered					
Green Buildings	Construction of new homes with an EPC rating of B or above	368	553	450	1,371
Non Green Buildings	Construction of new homes with an EPC rating of C or below	2	31	22	55
Total Delivered	Construction of new Social and Affordable Housing in the UK	370	584	472	1,426
%age of new homes delivered					
Green Buildings	Construction of new homes with an EPC rating of B or above	99.5%	94.7%	95.3%	96.1%
Non Green Buildings	Construction of new homes with an EPC rating of C or below	0.5%	5.3%	4.7%	3.9%
Number of properties by category					
Social Housing	Construction of new Social Housing in the UK	285	480	413	1,178
Affordable Housing	Construction of new Affordable Housing in the UK	85	104	59	248
Total Delivered	Construction of new Social and Affordable Housing in the UK	370	584	472	1,426
Average rents as %age to PRS					
Social Housing	Construction of new Social and Affordable Housing in the UK	59.0%	47.3%	54.3%	53.0%
Affordable Housing	Construction of new Social and Affordable Housing in the UK	76.1%	71.5%	78.5%	74.9%
Total Delivered	Construction of new Social and Affordable Housing in the UK	72.2%	67.5%	75.5%	71.3%

Table 3: Impact metrics.

For the purposes of reporting how Jigsaw's average rents for the affordable housing developed under the SFF compare to the the private rental sector (PRS), the mean PRS rent as reported by the [Office for National Statistics](#) as at each period end has been used as the benchmark.

It is pleasing to report that in this initial reporting period, Jigsaw delivered 13 new homes rated at EPC A.

For an example of the impact our SFF activities

Please see the case study on our development at [Rowan Wood, Longridge, Lancashire](#).

²the date of the issuance of the bond aligned to the SFF

6 Auditor's Statement



Introduction

In May 2022, Jigsaw Homes Group Limited (Jigsaw), via its special purpose vehicle Jigsaw Funding, completed its inaugural £360m Public Bond in accordance with the Sustainable Finance Framework (Framework) that it issued in April 2022. £260m was drawn in May 2022 and it held retained bonds of £100m.

Jigsaw is using the funds for the financing or refinancing of existing and/or future schemes that support access to affordable and sustainable housing in England.

In March 2023 Jigsaw engaged TIAA to review the schemes funded through the issued Bond and to provide an assessment as to whether they met the use of proceeds criteria outlined in the Framework. TIAA has provided a second party opinion on the Allocation and Use of Proceeds.

Evaluation Criteria

TIAA evaluated the schemes and assets funded with proceeds from the 2022 sustainable bond based on whether the schemes:

- Met the Use of Proceeds Eligibility Criteria as outlined in the Jigsaw Homes Group Limited Sustainable Finance Framework; and
- Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criterion outlined in the Framework.

Issuing Entity's Responsibility

Jigsaw is responsible for providing accurate information and documentation relating to the details of the schemes that have been funded, including description of schemes, amounts allocated, and scheme impact.

Independence and Quality Control

TIAA, a distinctive provider in the world of corporate governance business assurance, conducted the verification of Jigsaw's sustainability bond use of proceeds. The work undertaken as part of this engagement included collection of documentation from Jigsaw employees and review of documentation to confirm compliance with the Jigsaw Homes Group Limited Sustainable Finance Framework (Framework). TIAA has relied on the information and the facts presented by Jigsaw with respect to the nominated schemes. TIAA is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Jigsaw. TIAA made all reasonable efforts to ensure the highest quality and rigour during its assessment process.

Conclusion

Based on the limited assurance procedures conducted, nothing has come to TIAA's attention that causes us to believe that, in all material respects, the schemes funded with proceeds from Jigsaw's sustainability bond, are not in conformance with the use of proceeds and reporting criteria outlined in the Jigsaw Homes Group Limited Sustainable Finance Framework. Jigsaw has disclosed to TIAA that of the total £360m issuance, £260m proceeds were allocated and a balance of drawn unallocated proceeds of £100m will be held as cash deposits in line with Jigsaw's Treasury Management Policy.

Eligibility Criteria	Testing Carried out	Findings	Errors or omissions identified
Use of Proceeds Criteria	Selection of a significant sample of schemes and properties funded by the bond. Confirmation, through underlying prime documentation, of criteria compliance and expenditure recording.	Prime documentary evidence confirmed allocation of scheme expenditure and compliance with eligibility criteria.	None
Reporting KPIs	Selection of a significant sample of schemes funded by the bond. Confirmation, through underlying prime documentation, the appropriateness and reporting of at least one KPI per scheme.	All schemes reviewed reported on at least one appropriate and relevant KPI per use of proceeds criterion.	None

Note: TIAA limited assurance process includes reviewing the documentation relating to the details of the schemes that have been funded, including description of schemes, estimated and realised costs of schemes, and scheme impact, which were provided by Jigsaw. Jigsaw is responsible for providing accurate information. TIAA has not conducted on-site visits to schemes and properties. Wherever available for the sampled properties, individual EPC ratings have been obtained from the government website <https://find-energy-certificate.service.gov.uk>

Disclaimer

The information, methodologies and opinions contained or reflected herein are provided for information only and

- (1) do not constitute an endorsement of any company, product or scheme;
- (2) do not constitute investment advice, financial advice or a prospectus;
- (3) must not be interpreted as an offer or indication to make any kind of business transactions;
- (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and
- (5) have not and cannot be incorporated into any offering disclosure.

TIAA's second party opinion is based on information made available by Jigsaw and therefore is not warranted by TIAA as to its merchantability, completeness, accuracy, relevance or fitness for a particular purpose. The information reflects TIAA's opinion at the date of its submission to Jigsaw. TIAA accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Jigsaw is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.



Cromwell Road
Ellesmere Port, Merseyside

7 Disclaimer

This document is intended to provide non-exhaustive, general information. This document may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Jigsaw or any group company. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Jigsaw as to the fairness, accuracy, reasonableness or completeness of the information in this document.

This document may contain statements about future events, projections, expectations, prospects and estimates that are forward looking statements (together, “forward looking statements”). None of the forward looking statements in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such forward looking statements have been prepared are correct or exhaustive or fully stated in the document. Jigsaw undertakes no obligation to update, modify or amend this document, to reflect actual changes in assumptions or changes in factors affecting forward looking statements or to otherwise notify any addressee if any forward looking statement set forth herein changes or subsequently becomes inaccurate.

This document is not intended to be and should not be construed as providing legal or financial advice. It does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation regarding any securities. Nothing contained herein shall form the basis of any contract or commitment whatsoever. This document has not been approved by any security regulatory authority.

The distribution of this document may be subject of legal restrictions in some countries. Persons who might come into possession of it must inquire as to the existence of such restrictions and comply with them.

The addressee is solely liable for any use of the information contained in this document and Jigsaw shall have no responsibility for any damages,

direct, indirect or otherwise, arising from the use of this document by the addressee.

Any reference to “Jigsaw” means Jigsaw Housing Group Limited and/or its subsidiary companies (collectively referred to as the “Group”).



Calder View
Catterall, Lancashire

A. Case Studies

Rowan Wood Longridge, Lancashire

The development offers an elegant collection of luxury 3 & 4 bedroom semi-detached and detached homes in the semi-rural location of Longridge.

Situated within close proximity to Preston City, this development also benefits from the natural beauty of Lancashire's countryside.

These stunning energy efficient homes are constructed to the highest specifications and provide quality, contemporary family living.



Paul and his wife Carole purchased a 25% share in a 3 bedroom home at Rowan Wood.

This is Paul's story...

"Before moving, we had lived for many years in a remote rural property, renting from a country estate.

We were drawn to Shared Ownership because of the affordable entry into purchasing our own property. Both being in our mid 60's, it also helped that a few mortgage lenders had recently launched mortgages into retirement and we were able to get an affordable mortgage on our 25% share meaning our deposit was doable.

Our life has changed for the better since we moved into our new property in the summer. The house is lovely and warm and dry and makes really good use of the energy we are using, pretty essential these days."



Creating homes. Building lives.

Jigsaw Homes Group Limited

Cavendish 249
Cavendish Street
Ashton-under-Lyne
OL6 7AT

<https://www.jigsawhomes.org.uk>
0300 111 1133
info@jigsawhomes.org.uk

Regulated by the Regulator of Social Housing Registration No. LH4345

Registered under the Co-operative and Community Benefit Societies Act 2014 Registration No. 29433R