

Jigsaw Homes Group Limited

Sustainable Finance Framework

Use of Proceeds Report - 2024

Creating homes.
Building lives.



Jigsaw

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Victoria Mews
Southport, Merseyside

1 Chair's Introduction

I am very pleased to introduce Jigsaw Homes Group's second 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."

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 five years to the end of March 2026.

Against this backdrop, I am pleased to report that as at 31 March 2024, the Group has fulfilled all the requirements under its SFF and in the year ending 31 March 2024, the Group delivered a record level of 929 new units of much needed social and affordable housing.

As a housing association, Environmental, Social and Governance (ESG) considerations such as zero carbon targets, affordability, safety and resident voice continue to be at the heart of what we do. We have recently published our third report on our [ESG](#) credentials against the Sustainability Reporting Standard for Social Housing (SRS)¹. This report provides an easy-to-read but detailed analysis against the voluntary SRS reporting

framework, which covers 48 criteria across ESG considerations such as affordability, building safety, energy efficiency and customer satisfaction.

We completely acknowledge that the continued delivery of our development commitments needs to remain 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 second such reporting, hopefully it builds on our progress from last year and provides you with an easy-to-read account of our SFF—linked activities in the last two years or so 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.



Roli Barker

Group Chair

¹See: <https://esgsocialhousing.co.uk/> for further details.



Flatts Lane
Calverton, Nottinghamshire

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 members of the Group are:

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

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 36,537 homes² — principally social

²as at 31 March 2023

housing for rent. The location of homes managed by our members is shown in Figure 1 on this page. The Group is active in 31 local authority areas.

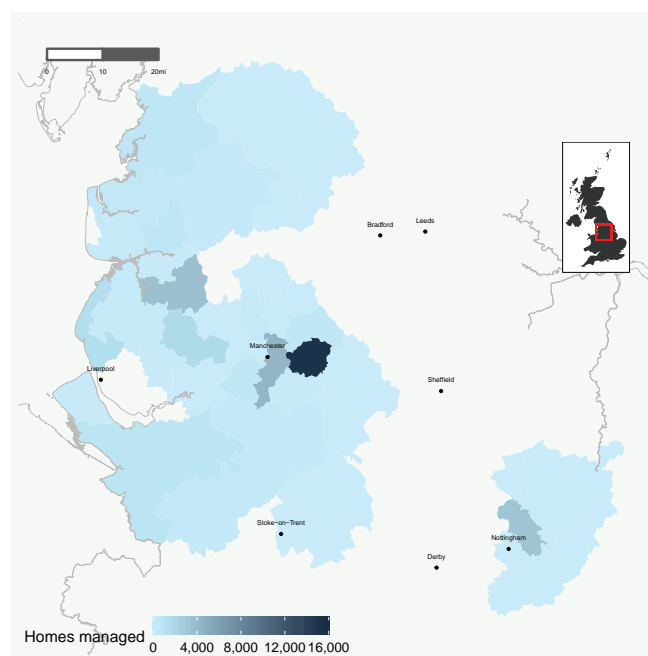


Figure 1: Location of housing stock (local authority areas).

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. In 2023/24 Jigsaw had defined 20 neighbourhood areas covering c.43% of the units it manages, each of which continues to receive 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](#).

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:

- 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.

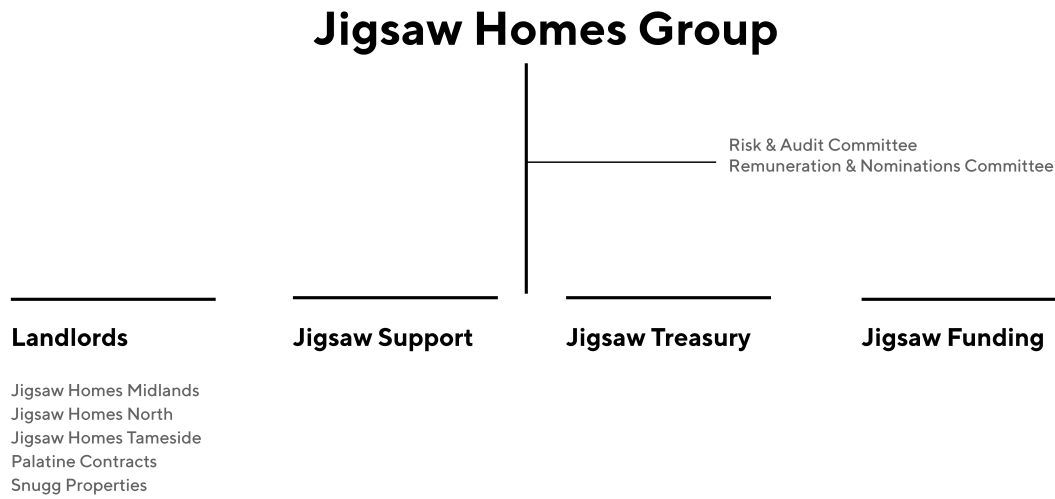


Figure 2: Corporate and governance structure — board meetings for the organisations that fall under Jigsaw North are held contemporaneously using overlapped meetings.



Cavendish Wharf
Ashton-under-Lyne, Tameside

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.



Jigsaw Neighbourhood Engagement
Eco-friendly day of litter picking as part of Keep Britain Tidy's 'Great British Spring Clean' campaign.

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 31 March 2024, the monies allocated was as set out in Table 2 on the current page:

Eligible ICMA or LMA project category	FY2021	FY2022	FY2023	FY2024	Total
	£000	£000	£000	£000	£000
Green Buildings	72,692	97,298	122,819	145,172	437,980
Grand total used	72,692	97,298	122,819	145,172	437,980
Sustainable Finance Instrument	Date				
Jigsaw Funding PLC 2052 bond - issued	May—2022				260,000
Allocated proceeds above					260,000
Eligible projects identified, to which proceeds have not yet been allocated, but are available for future allocation					177,980
Total proceeds					437,980

Table 2: Use of proceeds in period.

At the same time Jigsaw Funding PLC issued their 2052 bond. £100m of retained bonds was also included as an option in the transaction which could be executed at a later date if decided. If Jigsaw Funding PLC wishes to execute these retained bonds, £100m from the unallocated proceeds of £178m could be allocated straight away to these.

5 Impact Metrics

Construction of New Social & Affordable Homes in the UK

For the period from 5 May 2022³ to 31 March 2024 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	FY2024	Total
New homes delivered						
Green Buildings	Construction of new homes with an EPC rating of B or above	368	553	649	898	2,468
Non Green Buildings	Construction of new homes with an EPC rating of C or below	2	31	22	31	86
Total Delivered	Construction of new Social and Affordable Housing in the UK	370	584	671	929	2,554
%age of new homes delivered						
Green Buildings	Construction of new homes with an EPC rating of B or above	99.5%	94.7%	96.7%	96.7%	96.6%
Non Green Buildings	Construction of new homes with an EPC rating of C or below	0.5%	5.3%	3.3%	3.3%	3.4%
Number of properties by category						
Social Housing	Construction of new Social Housing in the UK	85	104	126	246	561
Affordable Housing	Construction of new Affordable Housing in the UK	285	480	545	683	1,993
Total Delivered	Construction of new Social and Affordable Housing in the UK	370	584	671	929	2,554
Average rents as %age to PRS						
Social Housing	Construction of new Social and Affordable Housing in the UK	59.0%	47.3%	65.8%	60.8%	59.3%
Affordable Housing	Construction of new Social and Affordable Housing in the UK	76.1%	71.5%	72.6%	63.8%	69.5%
Total Delivered	Construction of new Social and Affordable Housing in the UK	72.2%	67.5%	71.5%	63.0%	67.4%

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.

Between April 2023 and March 2024 Jigsaw delivered 9 new homes rated at EPC A.

For an example of the impact our SFF activities

Please see the case study on our development at [Barnes Road in Skelmersdale](#).

³the 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 plc, 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 £100m remained undrawn.

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 Green Buildings projects to the value of £438m undertaken 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 have been allocated. A further £178m of eligible project expenditure has been incurred, to which the £100m of retained bonds is available for allocation.

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 on 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/>

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- (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.



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7 Disclaimer

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A. Case Studies

Jigsaw Development Delivering New Homes

More quality, affordable homes have been delivered for residents in Lancashire. All 60 two, three and four-bedroom homes on Barnes Road in Skelmersdale were allocated through West Lancashire Borough Council for affordable rent to help meet local housing need.

The £7.7 million development includes 12 allotments, a new community building and car park, as well as public open space, and - subject to planning permission - plans for a proposed Scout hut, providing an opportunity to revitalise the local community.

The homes benefit from private front and rear gardens as well as off-road parking with electric vehicle charging points.

Existing trees have been retained, where possible, alongside new landscaping and additional trees planted.

This development has brought a former disused playing field, which had been fenced off from public access for several years, back to life.



Creating homes. Building lives.

Jigsaw Homes Group Limited

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