

Bromford.

Use of Proceeds

Year ended 31 March 2024



Bromford Housing
Group Limited

Introduction

Bromford Housing Group Limited is a housing association that for the past 60 years has provided affordable homes for people who can't access market housing. But it's not just about the homes, we care about the people who live in them as well, which is why our purpose is to invest in homes and relationships so people can thrive. Through our neighbourhood coaching approach we have individual relationships with more than 110,000 customers living in our existing portfolio of over 47,000 homes. And we plan to do more. Over the eight years to 2032 we plan to build c11,000 further new houses, bungalows and apartments, providing homes to thousands more people.

We care about the people who live in our homes and want each of them to be able to achieve their goals in life. We know this will be different for each customer but want to do what we can to help them to thrive.

The Bromford Strategy sets out our course for how we will do this, not just for the years to 2027 but for many years to come. We will take a place-based approach to tailoring how we work to the needs and aspirations of the individual communities in which we work. And we will use our size, our influence and our resources to maximise the social and economic impact we have in these places.



Sustainable finance framework and related reports

We published our first Sustainable Finance Framework (“SFF”) document in 2021 and a further update in May 2023. This Use of Proceeds is issued under the criteria in the 2023 report. The SFF is regularly kept under review and a refreshed version is being issued in October 2024 as well. The two tranches of funding issued in the year to 31 March 2024 represent the first issued under the SFF.

Our Sustainability Impact Report for the year ended 31 March 2024 has also been published in October 2024 and outlines the significant impact that Bromford brings to the communities and customers which it serves, funded from a variety of sources. This Use of Proceeds Report should be read in conjunction with that report.

We have an ambition to remain a leading developer of affordable properties with the intent to build around 11,000 such properties between April 2024 and March 2032. These are planned to reflect high environmental standards and to reinforce the already high levels of Bromford properties at close to 90% that already have achieved an EPC C rating or better, which is regarded as one of the highest in the sector. Bromford will naturally continue to invest in modernising its existing property portfolio.

However the majority of new funding obtained will be used for the development of new affordable properties and this report reflects the two tranches of funding issued under the SFF in the last financial year. This report does not cover other Sustainability Linked Loans or facilities which have been entered into with Key Performance Indicators agreed with individual counterparties. Reporting against those will be made via periodic Trading Statements.



Use of proceeds and allocation

The £149.6m funding that is covered by this report is as follows:-

- Recouping of part of 2020 LGIM Private Placement Maturity May 2061 £49.6m
- 2023 Private Placement Maturity November 2033 £80m
- 2023 Private Placement Maturity November 2035 £20m

Set out below is a summary of how the Bromford Housing Group has allocated all of the proceeds to expenditure on projects in the financial year to March 2024.

The Bromford Housing Group operates through a number of companies.

One of these is Bromford Developments Limited (“BDL”) which often acquires land and subsequently undertakes much of the groundworks and construction activities on sites. It will later transfer the sites to the other Registered Provider entities for them to carry out their primary activities, predominantly Bromford Housing Association (“BHA”). BDL will also at times provide construction services on a cost plus basis to BHA.

Accordingly some of the expenditure identified by BHA and included in this report was incurred initially by BDL in the relevant period of up to two years prior to the funds raised in 2023.

Allocation of proceeds against ICMA category		LGIM – 2023 to 2024	PP – 2023 to 2024
ICMA category	Projects	Expenditure (£m) in 2023 to 2024	Expenditure (£m) in 2023 to 2024
Affordable housing (social)	Construction of new affordable homes in the UK	49.6	100.0

Allocation of proceeds against ICMA category		Development scheme		Sustainable funding instrument	
ICMA category	Eligible project	Scheme	Number of homes impacted	Instrument	Amount allocated (£'000)
Affordable housing (social)	Construction of new affordable homes in the UK	Park Lane, Cradley Heath	89	2023 Private Placement (£100m)	£11,439
Affordable housing (social)	Construction of new affordable homes in the UK	Douglas House, Cheltenham	71	2023 Private Placement (£100m)	£6,245

Affordable housing (social)	Construction of new affordable homes in the UK	Graven Hill	50	2023 Private Placement (£100m)	£9,711
Affordable housing (social)	Construction of new affordable homes in the UK	Parkview, Bristol	91	2023 Private Placement (£100m)	£8,438
Affordable housing (social)	Construction of new affordable homes in the UK	Old Gloucester Road	85	2023 Private Placement (£100m)	£8,433
Affordable housing (social)	Construction of new affordable homes in the UK	Innsworth	455	2023 Private Placement (£100m)	£7,382
Affordable housing (social)	Construction of new affordable homes in the UK	Hampton & Newton	44	2023 Private Placement (£100m)	£3,608
Affordable housing (social)	Construction of new affordable homes in the UK	Pirton Fields, Churchdown, Gloucester	163	2023 Private Placement (£100m)	£6,013
Affordable housing (social)	Construction of new affordable homes in the UK	North Worcester Golf Club	47	2023 Private Placement (£100m)	£5,789
Affordable housing (social)	Construction of new affordable homes in the UK	Beaconside	105	2023 Private Placement (£100m)	£5,760
Affordable housing (social)	Construction of new affordable homes in the UK	Twigworth Green, Glos	145	2023 Private Placement (£100m)	£5,379
Affordable housing (social)	Construction of new affordable homes in the UK	East St, Bristol	50	2023 Private Placement (£100m)	£5,182
Affordable housing (social)	Construction of new affordable homes in the UK	Apley, Telford	118	2023 Private Placement (£100m)	£4,833
Affordable housing (social)	Construction of new affordable homes in the UK	The Hem, Telford	43	2023 Private Placement (£100m)	£4,722
Affordable housing (social)	Construction of new affordable homes in the UK	Pearl Lane	57	2023 Private Placement (£100m)	£4,645
Affordable housing (social)	Construction of new affordable homes in the UK	Resettlement Homes, South Gloucestershire Council	22	2023 Private Placement (£100m)	£2,448
Affordable housing (social)	Construction of new affordable homes in the UK	Deanslade	176	LGIM Private Placement Recoupon (£50m)	£4,638

Affordable housing (social)	Construction of new affordable homes in the UK	Cribbs Triangle	33	LGIM Private Placement Recoupon (£50m)	£4,624
Affordable housing (social)	Construction of new affordable homes in the UK	Apley, Telford Additional Phase	20	LGIM Private Placement Recoupon (£50m)	£3,258
Affordable housing (social)	Construction of new affordable homes in the UK	North Yate PL24-27, Additional Phase	21	LGIM Private Placement Recoupon (£50m)	£2,905
Affordable housing (social)	Construction of new affordable homes in the UK	Sycamore Road	54	LGIM Private Placement Recoupon (£50m)	£937
Affordable housing (social)	Construction of new affordable homes in the UK	Cheltenham Road, Evesham	45	LGIM Private Placement Recoupon (£50m)	£4,340
Affordable housing (social)	Construction of new affordable homes in the UK	Rawnsley Road	60	LGIM Private Placement Recoupon (£50m)	£4,168
Affordable housing (social)	Construction of new affordable homes in the UK	Resettlement Homes, Tewkesbury	12	LGIM Private Placement Recoupon (£50m)	£2,389
Affordable housing (social)	Construction of new affordable homes in the UK	Bishopton Lane	75	LGIM Private Placement Recoupon (£50m)	£3,611
Affordable housing (social)	Construction of new affordable homes in the UK	Sulis Down, Bath	68	LGIM Private Placement Recoupon (£50m)	£3,556
Affordable housing (social)	Construction of new affordable homes in the UK	Woods Lane, Cadley Heath	34	LGIM Private Placement Recoupon (£50m)	£3,478
Affordable housing (social)	Construction of new affordable homes in the UK	North Yate PL24-27 (S106)	86	LGIM Private Placement Recoupon (£50m)	£3,417
Affordable housing (social)	Construction of new affordable homes in the UK	North Yate (S106)	42	LGIM Private Placement Recoupon (£50m)	£3,415
Affordable housing (social)	Construction of new affordable homes in the UK	The Paddocks	42	LGIM Private Placement Recoupon (£50m)	£3,398
Affordable housing (social)	Construction of new affordable homes in the UK	North Yate, Ladden Gardens	74	LGIM Private Placement Recoupon (£50m)	£2,972

The proceeds have been allocated as follows:

- - 100% allocated to social projects
- - 0% used for refinancing
- - 100% allocated to new projects
- - 0% of unallocated proceeds remain

The projects to which the expenditure was allocated are expected to impact c.2,500 homes and c.9,500 customers over the lives of the schemes.

Limited Assurance Report

In line with our Sustainable Finance Framework (2023), this report has been reviewed and verified by an external party to confirm that the affordable housing project set out in the Use of Proceeds table and described in this report meets the Use of Proceeds criteria and the reporting requirements outlined in the Framework. Their review can be found at the end of this document.

External Reviewer: **DNV Business Assurance Services UK Limited**

Date of external review: **October 2024**

Bromford.

Independent Limited Assurance Report

to the Directors of Bromford Housing Group Ltd

Bromford Housing Group Ltd (“Bromford”) commissioned DNV Business Assurance Services UK Limited (“DNV”, “us” or “we”) to conduct a limited assurance engagement over Selected Information presented in its Use of Proceeds report (the “Report”) covering the allocation of proceeds from two tranches of funding issued in the year to 31st March 2024.



Our Conclusion: On the basis of the work undertaken, nothing came to our attention to suggest that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information, and is to be read in the context of this Independent Limited Assurance Report, in particular the inherent limitations explained below.

Selected Information

The scope and boundary of our work is restricted to the claims and assertions relating to the allocation of proceeds from two tranches of funding included within the Report (the “Selected Information”), as listed below. The Selected Information is in respect of the period ended 31st March 2024, covering a look-back period of up to 36 months and a look-forward period of up to 24 months.

Selected Information	Funding Tranches	Currency	Allocated Proceeds
Claims and assertions relating to the allocation of net proceeds to the Eligible Projects Category, Affordable Housing, as per Bromford’s Sustainable Finance Framework – May 2023.	LGIM Private Placement dated 10 th August 2023	GBP	49.6 million
	Private Placement dated 6 th October 2023	GBP	100 million

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used Bromford’s [Sustainable Finance Framework – May 2023](#) (the “Criteria”).

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on Bromford’s website for the current reporting period or for previous periods.

Standard and level of assurance

We performed a **limited** assurance engagement of specified data and information using the international assurance best practice including the International Standard on Assurance Engagements (ISAE) 3000 – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised) issued by the International Auditing and Assurance Standards Board. To ensure consistency in our assurance process, we conducted our work in accordance with DNV’s assurance methodology, VeriSustain™, applying only the pertinent sections of the protocol relevant to the specific purpose of the activity. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO IEC 17029:2019 – Conformity Assessment - General principles and requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed.

DNV Supply Chain and Product Assurance

DNV Business Assurance Services UK Limited is part of DNV – Supply Chain and Product Assurance, a global provider of certification, verification, assessment and training services, enabling customers and stakeholders to make critical decisions with confidence.

Inherent limitations

DNV’s assurance engagements are based on the assumption that the data and information provided by Bromford to us as part of our review have been provided in good faith, is true, complete, sufficient, and authentic, and is free from material misstatements. Because of the selected nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance, and reporting practices of the Company’s suppliers, contractors, and any third parties involved.



Disclaimers

The assurance provided by DNV is limited to the selected indicators and information specified in the scope of the engagement. DNV has not conducted an assessment of the reporting organisation's overall adherence to reporting principles or the preparation of the Sustainability Compliance Certificate. Therefore, no conclusions should be drawn regarding the reporting organization's compliance with reporting principles or the quality of the overall submission. The assurance provided by DNV is based on the selected indicators and information made available to us at the time of the engagement. DNV assumes no responsibility for any changes or updates made to the indicators or information after the completion of the assurance engagement.

Use and distribution of our Independent Limited Assurance Report

This report is intended solely for the information and use of the Directors of Bromford and is not intended to be and should not be used by anyone other than these specified parties. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.

Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Conducting interviews with Bromford management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Review of supporting evidence for key claims and assertions relating to the allocation of funds under the Sustainable Finance Framework;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately recorded, collated and reported;
- Reviewing that the evidence, measurements and their scope provided to us by Bromford for the Selected Information is prepared in line with the Criteria;
- Reading the Report and narrative accompanying the Selected Information within it with regard to the Criteria.

In performing these activities, we did not come across any limitations to the agreed scope of work.

For and on behalf of DNV Business Assurance Services UK Limited

London, UK
23rd October 2024

Digitally signed by
Maudarbaccus, Shuhaib

Shuhaib Maudarbaccus
Lead Verifier
DNV Business Assurance Services UK Limited

Digitally signed by
Paul O'Hanlon

Paul O'Hanlon
Technical Reviewer
DNV Business Assurance Services UK Limited



Responsibilities of the Directors of Bromford and DNV

The Directors of Bromford have sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to Bromford in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

Our competence, independence and quality control

DNV established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV holds other audit and assurance contracts with Bromford, none of which conflict with the scope of this work. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.