

# GREEN FINANCE FRAMEWORK

Allocation and Impact Report 2022



## INTRODUCTION

The Berkeley Group (“Berkeley”) presents its Allocation and Impact Report under its Green Finance Framework (“GFF”) for the year ended 30 April 2022.

Under its GFF, Berkeley has raised £660 million of Green Finance Instruments (“GFI”) during the year ended 30 April 2022:

— £400 million Green Bond with a maturity in August 2031

— £260 million Green Term Loan with a maturity in February 2027

This report is consistent with Berkeley’s GFF prepared in accordance with the ICMA Green Bond Principles (“GBP”) 2021 and LMA Green Loan Principles (“GLP”) 2021, or as subsequently amended, collectively Green Finance Principles (“GFP”).

Berkeley, through our long-term “Our Vision 2030: Transforming Tomorrow” strategy, is the only UK homebuilder delivering brownfield regeneration at scale.

We transform the most challenging and complex brownfield sites into welcoming and sustainable places, with homes and amenities for all. Returning neglected brownfield land to community use is a Government priority; helping to meet local housing needs, revive left behind places, energise local economies and relieve pressure on greenfield land.

**OUR VISION**  
**2030**  
TRANSFORMING TOMORROW

## GREEN FINANCE FRAMEWORK

In order for Berkeley to finance project developments and assets that will deliver environmental benefits in support of Our Vision 2030, the GFF supports the issuance of Bonds, Loans and other financing instruments.

This report is released in relation to the £400 million Green Bond and the £260 million Green Term Loan in issue as at 30 April 2022. This report is publicly available on Berkeley’s website and will be reissued annually. In this report, Berkeley is providing an update on the following:

<b>USE OF PROCEEDS</b>	01
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Front cover: First phase of affordable homes delivered with the London Borough of Brent at Grand Union, Alperton in January 2022

**Further information** about Our Vision: Transforming Tomorrow and the positive impacts for stakeholders from Berkeley’s regeneration development activity can be found within Berkeley’s Annual Report, available on its website.

## USE OF PROCEEDS

Berkeley utilises amounts equivalent to the net proceeds (the “Net Proceeds”) raised from any GFI in accordance with the GFF, to finance or refinance its development of a pool of projects and assets which meet (or are expected to meet) the criteria below (“Eligible Green Assets”).

As a home builder, the Green Development Pool consists of Eligible Green Assets under development, covering all costs of such developments that remain on Berkeley’s balance sheet at the relevant point of measurement.

The table below outlines the eligibility criteria for these Eligible Green Assets and their alignment with the UN Sustainable Development Goals (“SDGs”).



Prince of Wales Drive, Battersea

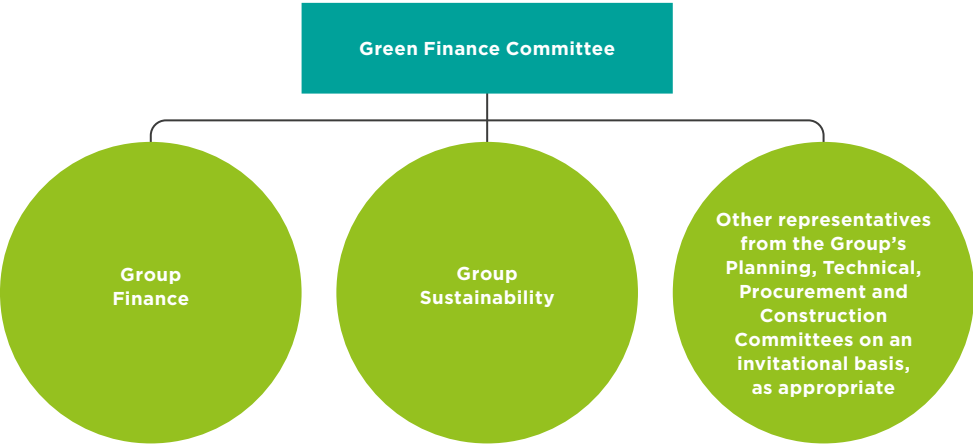
### Eligibility criteria for these Eligible Green Assets and their alignment with the UN Sustainable Development Goals (SDGs).

Type	IMCA Category	Eligibility criteria	UN SDGs	SDG Targets	Environmental targets
Green	Green buildings	All of the development costs associated with delivering private and affordable homes which are:  – EPC A or B rated  and  – Delivered on brownfield land	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div>	<div>7.3</div> <div>11.6 &amp; 11.7</div> <div>12.2</div> <div>13.1</div>	<div>Climate change mitigation</div> <div>Biodiversity conservation</div>



# PROCESS FOR ASSET EVALUATION AND SELECTION

Berkeley has established a Green Finance Committee (the “Committee”) that includes representatives from the following departments.



### Green Finance Committee

The Green Finance Committee is chaired by the Chief Financial Officer and convenes to:

- Review and approve Eligible Green Assets selected to be included within the Green Development Pool
- Monitor assets still included within the Green Development Pool to ensure ongoing compliance with the Green Finance Framework whilst any relevant Green Finance is outstanding
- Remove assets from the Green Development Pool, as the development costs are removed from Berkeley’s balance sheet as the properties are sold off, or no longer meet the Eligibility Criteria, and replace those with an equivalent eligible asset as soon as feasible
- Review annual allocation and impact reporting to facilitate reporting

White City Living, Hammersmith & Fulham

# MANAGEMENT OF PROCEEDS AND REPORTING

As established within the GFF, Eligible Green Assets are those delivering private and affordable homes that are EPC A or B rated and on brownfield land.

Berkeley includes the costs associated with development of green buildings within inventories on its balance sheet. Given Berkeley’s focus on the regeneration of inherently sustainable large, complex brownfield projects at scale the majority of inventory on its balance sheet consist of green buildings at various stages of development. As Berkeley completes the sale of green buildings (homes) under the GFF the associated development costs come off Berkeley’s inventory on the balance sheet.

To identify assets eligible for allocation within the Green Development Pool, Berkeley has considered Eligible Green Assets currently under development and held on its balance sheet that have had completions (home sales) during the year ended 30 April 2022 and have an EPC certificate rated A or B.

Therefore, the allocation does not consider other Eligible Green Assets which have inventory balance on Berkeley’s balance sheet at 30 April 2022 but which do not yet have completions. Once completions occur on those additional Eligible Green Assets, supported by the issuance of EPC certificates rated A or B, they will be considered to be available to be allocated to the Green Development Pool.

The amount of inventory on the sites allocated to the Green Development Pool at 30 April 2022 totals £2.1 billion and therefore exceeds the Net Proceeds from GFI. The table to the right sets out the main brownfield developments included within the Green Development Pool:

1. Includes Eligible Green Assets that completed during the year  
Δ KPMG, our independent assurance provider, has provided limited assurance over the selected information in this table denoted by the symbol (Δ) using the assurance standard ISAE (UK) 3000. See “KPMG Limited Assurance Report to The Berkeley Group on its Impact and Allocation Report under its GFF for the year ended 30 April 2022.

Green Development Pool	
Sites in Green Development Pool with over £50m of inventory as at 30 April 2022	
White City Living	
Prince of Wales Drive, Hammersmith and Fulham	
Grand Union, Brent	
The Green Quarter, Ealing	
London Dock, Wapping	
West End Gate, Paddington	
250 City Road, Islington	
Clarendon, Haringey	
Royal Exchange, Kingston	
Huntley Wharf, Reading	
Snow Hill Wharf, Birmingham	
South Quay Plaza, Docklands	
Amount allocated to Green Development Pool	£2,057m
Net proceeds	£660m
Total completions in year ended 30 April 2022 <sup>1</sup>	2,991
Proportion EPC A or B	88%

**Full Allocation of net proceeds**  
Prior to the implementation of the GFF during the year ended 30 April 2022, the balance sheet value of Eligible Green Assets at 30 April 2021 was in excess of Net Proceeds raised through the GFI, therefore Net Proceeds have been used to wholly refinance development activity.

Inventory for Eligible Green Assets has been allocated to the Green Development Pool in proportion to the percentage of completed EPC certificates rated A or B rated against total inventory for each Eligible Green Asset. Each Eligible Green Asset has then been allocated to Net Proceeds of £660m on a weighted basis against total inventory within the Green Development Pool.

£660m Total proceeds raised under the Green Finance Framework
£660m Total proceeds allocated against refinanced Eligible Green Assets <sup>Δ</sup>
£nil Balance of unallocated proceeds

# CASE STUDIES

Reviving under-used spaces, which include redundant gasworks and industrial estates, is vital to re-energising our cities and town centres. It creates an increasingly sustainable, socially inclusive, lower carbon model of modern living, with land, energy, resources and infrastructure used more efficiently and responsibly.



This derelict industrial site is being transformed into a welcoming new part of Alperton, centred around a beautiful canal-side piazza and landscaped open spaces.

A network of walking and cycling routes are reconnecting the neighbourhood with its surrounding community, along with a waterside meadow, shops, cafes, restaurants, offices, a health centre, nursery and new 5,000 square feet community centre.

## AT A GLANCE

**22 acre**

brownfield site

**3,350**

mixed-tenure homes | health centre | nursery

**5,000 sq ft**

community centre

**50%**

public open space

**540**

new trees | diverse seasonal planting

**600**

permanent jobs

**+240%**

target net biodiversity gain | riverside meadow | grassland habitats

**Innovative**

multi-level light industrial building delivered with SEGRO

**Rooftop photovoltaic panels**

green and brown roofs | combined heat and power

**100%**

EPC A or B certificates in year ended 30 April 2022



'Fortress Wapping' was previously the headquarters and print works for the News International media group.

Today, it is being transformed into an exciting new neighbourhood with 1,800 mixed-tenure homes and 6 acres of landscaped public spaces, including a new civic square and pedestrian street.

The Grade II Listed Pennington Street Warehouse is being sensitively restored to become the commercial and cultural heart of the community, alongside a new secondary school and GP surgery.

## AT A GLANCE

**15 acre**

brownfield site

**1,800**

mixed-tenure homes | secondary school | nursery

**184,000 sq ft**

commercial space including restored Pennington Street Warehouse

**6 acres**

of public open space

**170**

new trees

**+436%**

net biodiversity gain

**Community event spaces**

public artworks | interactive fountains | water features


**99%**

EPC A or B certificates in year ended 30 April 2022



## Third party assurance

KPMG has been engaged to provide an independent limited assurance opinion over certain information (as indicated by the symbol  $\Delta$ ) in accordance with ISAE (UK) 3000.

 **The limited assurance report is available on Berkeley's website at the following link, and we recommend that it is read in full.**

**[www.berkeleygroup.co.uk/about-us/investors/debt-investors](http://www.berkeleygroup.co.uk/about-us/investors/debt-investors)**



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