

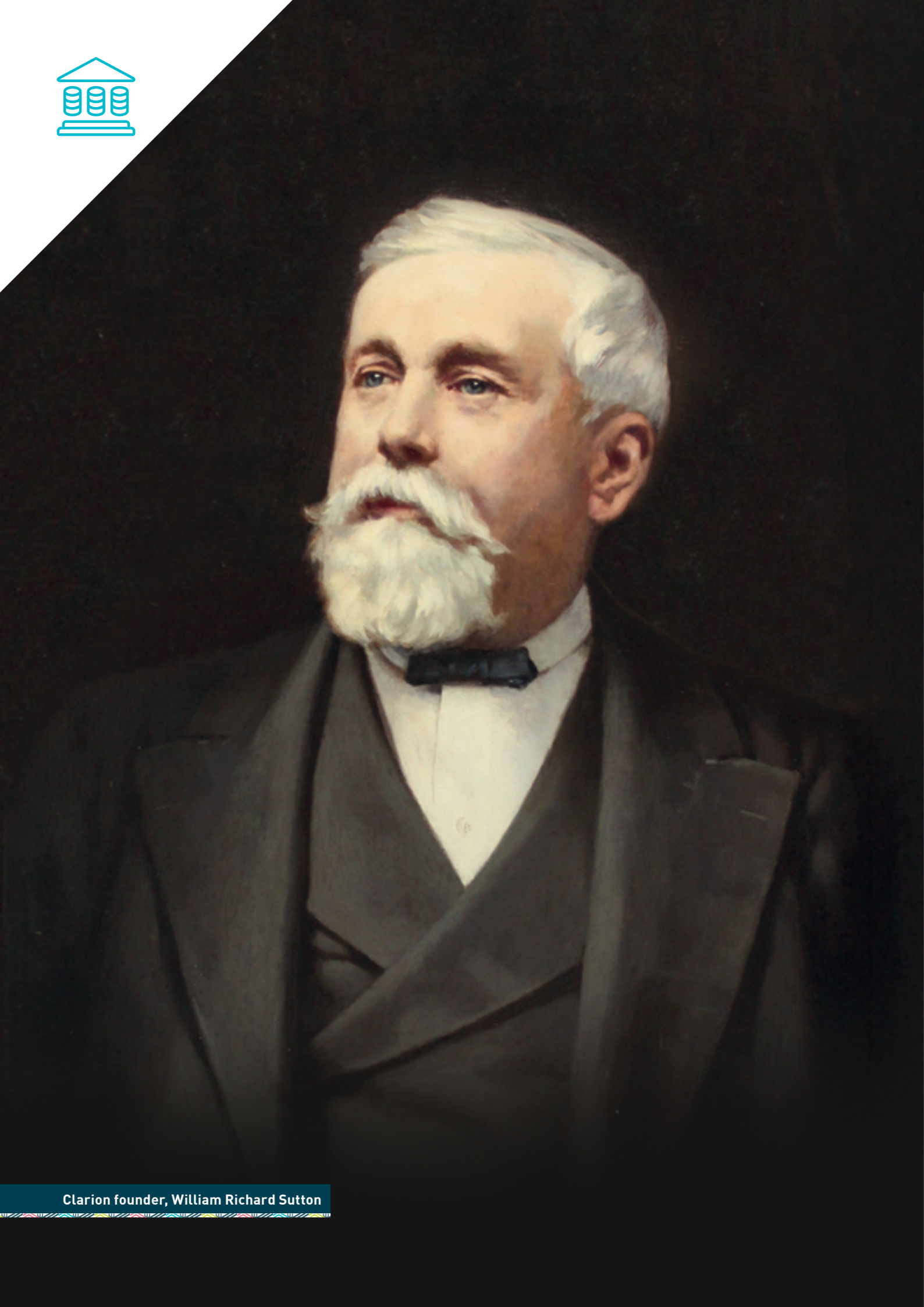


Clarion Housing Group Allocation and Impact Report

2025



1900-2025
CLARION HOUSING GROUP



Clarion founder, William Richard Sutton

INTRODUCTION

Clarion is a business built for social purpose, with a heritage stretching back to 1900, when our founder William Sutton left his fortune to provide social housing for the poor. Today, around 360,000 people across the UK live in a Clarion home. While much has changed over the past 125 years, our core purpose remains: to provide safe, affordable homes and support thriving communities.

In the past year, we've made significant progress on our path to net zero. Our partnership with Octopus Energy expanded, retrofitting ten 1950s homes in Kent with cutting-edge technology, and making them eligible for Octopus' innovative 'Zero Bills' tariff. These residents now face no energy bills for at least five years - a major milestone in affordable, sustainable housing.

In 2025 we also became the first UK housing association to publish a Climate Transition Plan, following 18 months of detailed work. It sets ambitious carbon-reduction targets backed by clear, actionable steps - cementing our leadership in environmental responsibility.

Through Clarion Futures, our charitable foundation, we passed a landmark £1bn in social value delivered since 2016. In the last year alone, we've ramped up support for residents entering green jobs - addressing both employment needs and skills shortages in the retrofit sector.

Community investment continues to be central to our work. From digital skills workshops to wellbeing spaces and grassroots partnerships, we're creating opportunities that change lives and strengthen neighbourhoods.

Crucially, none of this progress would be possible without the ongoing support of our investors, whose funding enables us to innovate, scale our impact, and stay focused on delivering long-term value for our residents and communities. Our Sustainable Housing Finance Framework, published in 2024, sets out how we use investors funds for sustainable aims. This Allocation and Impact report details how we have allocated funds raised so far under that framework.

Looking ahead, we're not shying away from the challenges - climate change, economic uncertainty, and regulatory pressures. But with the backing of our newly formed Foresight Group, strong partnerships across the sector, and the trust of our investors, we're building momentum. With clarity of purpose and a commitment to progress, we're confident that Clarion will continue to lead the way—creating homes, opportunities, and communities fit for the next 125 years and beyond.



OUR SUSTAINABILITY STRATEGY ON A PAGE



Recovering Nature



Energy and Carbon

We need to move towards renewable energy as fast as possible and in doing so reduce our carbon emissions to net zero



Resources and Materials

We need to use less and reuse more within a circular economy



Biodiversity and Nature

We need to implement biodiversity strategies to enhance and protect our natural environment



Restoring Social Equality



Social Value

We need to eliminate fuel poverty and deliver positive social impact through everything we do



Wellbeing and Placemaking

We need to build and manage places that improve the physical and mental health of our residents



Climate Resilience

We need to ensure our developments and communities are protected from the future risks of climate change



Rethinking Business



Disclosure and Sustainable Finance

We need to openly compare ourselves to other businesses and ensure we lead the way in transparent and honest communication of achievements and challenges



Equity, Diversity and Inclusion

We need to celebrate the richness of our diversity and reflect the communities we serve



Ethics and Procurement

We need to uphold the highest standards across every aspect of the business



ALLOCATION REPORT

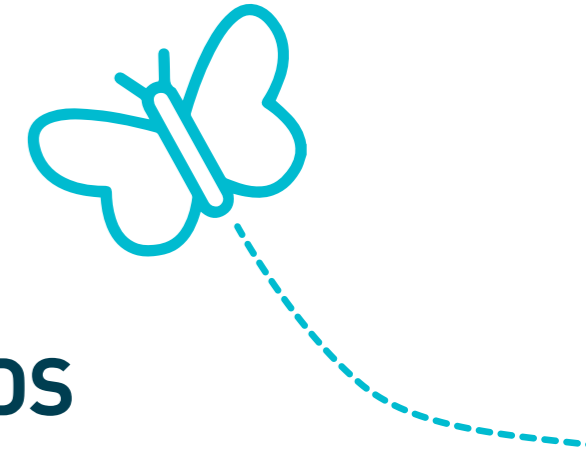
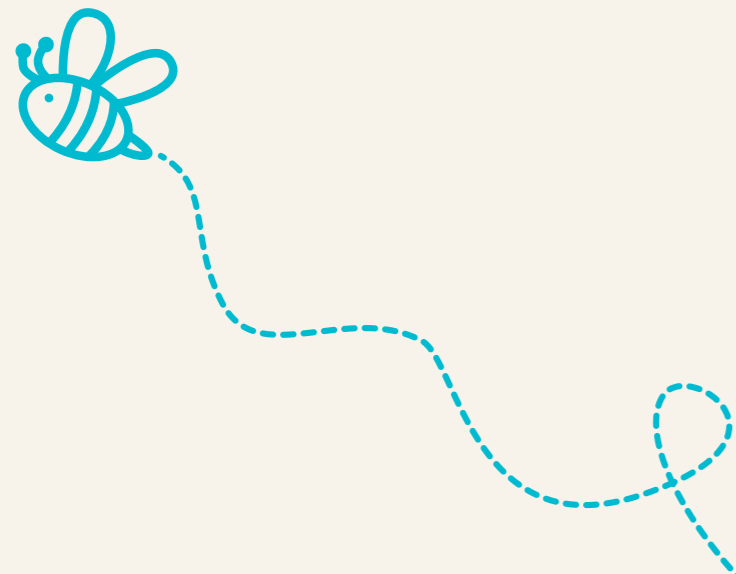
Prior to the Sustainability Bond issuance in May 2024, Clarion had issued £950m of Sustainability Bonds via one of Clarion’s Funding vehicles, Clarion Funding plc. These sustainability bonds were issued under the 2019 Sustainable Finance Framework and have all been fully allocated. Details of the allocation of proceeds can be found on Clarion’s [website](#) and in Clarion’s 2021-22 Social Impact Report and its successors.

TRANSACTION OVERVIEW

Clarion issued its first Sustainability Bond under the updated 2024 Sustainable Finance Framework in May 2024 via Clarion Funding plc.

Issuer	Clarion Funding Plc.
Currency	GBP
ISIN	XS2828820519
Notional amount	250,000,000
Issue date	21/05/2024
Maturity	30/05/2057
Coupon	5.375%
Rating	A3 / A- / A+
Net proceeds	£246,065,000
Allocated	£250,000,000
Allocated (%)	102%

As of October 2025, all eligible proceeds from the sustainability bond have been fully allocated to Eligible Projects, with 100% allocated to (refinancing) existing projects underway at time of issuance. A degree of prudence has been included, by allocating the full notional amount rather than the net proceeds of the bond.



ALLOCATION OF PROCEEDS

As set out in the 2024 Sustainable Housing Finance Framework, an amount equivalent to the net proceeds raised will be used to finance and / or refinance in whole or in part new or existing Eligible Projects as defined in the Framework. 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’). Allocation of proceeds will take place within 24 months of issuance and for Capex or Opex, a lookback period of up to 36 months prior to the time of debt issuance will be applied.

The proceeds of this Sustainability Bond will be allocated against eligible capital expenditure incurred between 1st April 2023 and 31st March 2025. Proceeds exclude any grants received and are net of any first tranche sales income from the sale of shared ownership properties. As such, 100% of the eligible proceeds are allocated to eligible expenditure.

We have detailed the allocation of eligible proceeds to the selected Eligible Project Categories and relevant eligibility criteria in the table below:

ICMA Eligible Project Category	Project Description and Relevant Eligibility Criteria	Financial Line Item	Amount allocated	No. of new homes funded
Green Buildings	Construction of new homes in the UK with an EPC Rating of B or above	Capex	£144,731,390	513 new homes with EPC Rating B or above
Affordable Housing	Construction of social and affordable housing in the UK as per the UK government regulatory definition	Capex	£105,268,610 ¹	449 new affordable homes
Total			£250,000,000	962 new homes

¹ Any eligible expenditure allocated against Green Buildings that achieved EPC B or above have been excluded from the Affordable Housing category to ensure no double counting occurs. Amount allocated is net of shared ownership first tranche sales income.



IMPACT REPORTING

Our Sustainable Housing Finance Framework sets out how the impact from these investments can be quantified in a number of ways. Below we set out some key metrics to demonstrate this impact.

GREEN BUILDINGS

Average SAP score across properties by project

As required by the framework, all spend in the green buildings project category is for properties achieving EPC B or equivalent SAP score of 81. As shown below, in all projects we have achieved average SAP scores comfortably above this requirement.

Project Name	Amount Allocated	Average SAP Score
Ashdon Road, Saffron Walden	£7,820,413	83.5
Barne Barton	£15,327,173	82.6
Chelsea	£1,126,475	81.2
Croxley Green Hill	£14,514,099	85.8
Goodmayes	£24,808,910	85.4
North Road Stevenage	£23,209,870	82.8
Old Marshfoot Farm, Hailsham	£7,095,882	84.3
Sherford	£27,417,174	84.6
Springstead Village, Cherry Hinton	£10,400,765	85.8
Towerlands Park, Braintree	£13,010,628	85.2
Total	£144,731,390	

Proportion of EPC A and B properties by local authority area

When delivering properties, our aim is to balance the delivery of the most environmentally effective homes possible while also ensuring we deliver at a scale which enables the maximum amount of people to benefit from a Clarion home. As a result, most of our homes achieve EPC B, but projects in East Sussex and Hertfordshire have gone beyond this and achieved the higher standard of EPC A.

Local Authority	Amount Allocated	EPC A	EPC B
Cambridgeshire County Council	£10,400,765	-	100%
Devon County Council	£27,417,174	-	100%
East Sussex County Council	£7,095,882	36%	64%
Essex County Council	£20,831,041	-	100%
Hertfordshire County Council	£37,723,970	8%	92%
London Borough of Redbridge	£24,808,910	-	100%
Plymouth City Council	£15,327,173	-	100%
Royal Borough of Kensington and Chelsea	£1,126,475	-	100%
Total	£144,731,390		





VETERANS' SELF BUILD SCHEME AT BARNE BARTON, PLYMOUTH

The Veterans' Self-Build Scheme at Barne Barton is a pioneering initiative that has been empowering homeless and vulnerable veterans by involving them directly in the construction of their future homes. The project is part of the wider regeneration of Barne Barton, a historically significant naval estate in Plymouth, and is delivered through a partnership between Alabaré, Latimer (Clarion Housing Group), Clarion Futures, Lovell Construction, and Plymouth City Council.

Barne Barton has deep military roots, once serving as the UK's largest Royal Navy housing estate. Over time, the area experienced economic decline and social challenges. The regeneration programme aims to transform the estate into a vibrant, inclusive neighbourhood with over 200 new homes, improved infrastructure, and community spaces.

Recognising the high concentration of veterans in Plymouth, the Veterans' Self-Build Scheme was launched in Summer 2024 to ensure that those who served are not only supported but actively involved in rebuilding their community.

Veterans have participated in a 12–14 month full-time programme, gaining industry-recognised construction qualifications. Participants have worked under professional supervision and receive holistic support from Alabaré's wellbeing team.

Veterans will be offered the opportunity to rent homes they helped build, fostering pride, ownership, and long-term stability. The scheme is embedded within the broader regeneration of Barne Barton, ensuring alignment with community needs and aspirations.

Impact

- Veterans involved in the scheme have reported improvements in their mental health, confidence, and career prospects.
- The initiative has offered a clear pathway out of homelessness by combining housing opportunities with potential employment.
- Clarion has also gained valuable insights into community-led development models that can be replicated in future regeneration projects.

Voices from the Project

“Since arriving on site, I feel like I’ve found a real purpose. Getting up every day for work gives me something to look forward to, and I feel so much better in myself. I’m excited to learn my next trade and keep building my future.”

- Chris Sheppard, Veteran Alabaré participant on the Barne Barton site

“This great project creates opportunities for the veteran community in Barne Barton... It’s a testament to what can be achieved when organisations come together with a shared purpose.”

- Clare Miller, Chief Executive, Clarion Housing Group

“We know how much those veterans’ benefit... not just from the skills and qualifications they will gain, but from the shared endeavour, the creativity, and the structure, all of which have a positive impact on mental health and wellbeing.”

- Andrew Lord, Chief Executive, Alabaré

“We are proud to help veterans rebuild their lives while contributing to the regeneration of a community with such a rich military history.”

- Ross Field, Regional Managing Director, Lovell





AFFORDABLE HOUSING

The Government define affordable housing as social rented, affordable rented and intermediate housing (including shared ownership), provided to eligible households whose needs are not met by the market.

Eligibility is determined by measures of local incomes and local house prices, and is determined by local councils.

The tenures included within the Affordable Housing spend include:

- Social rent
- Affordable rent
- Shared ownership

Number of units delivered per local authority

Clarion is one of only a few truly national housing associations, and we are proud to deliver the benefits of new, sustainable and affordable housing across the country. Clarion works with a range of local authorities and seeks to target areas with the greatest need for affordable housing.

Local Authority	Amount Allocated	No. of new homes
Cambridgeshire County Council	£2,594,239	12
Devon County Council	£35,328,645	186
East Sussex County Council	£11,941,067	61
Essex County Council	£6,903,963	35
Hertfordshire County Council	£9,338,463	36
London Borough of Havering	£11,263,182	32
London Borough of Redbridge	£10,776,628	44
Royal Borough of Kensington and Chelsea	£17,122,422	42
Total	£105,268,610	449

Share of new lettings allocated to low-income groups

All spend allocated to the Affordable Housing project category is for affordable tenures as defined by the UK Government and as set out below. We estimate over 1,900 people will be impacted directly by this spend, being provided with a much needed safe and secure home upon which to help build their lives.

Tenure Type	Amount Allocated	Number of residents impacted ²
Shared Ownership	£55,411,946 ³	1,339
Affordable Rent ⁴	£49,856,664	573
Total	£105,268,610	1,912

² Estimated based upon number of bed spaces per property

³ Net of shared ownership first tranche sale income

⁴ Includes social rent and affordable rent tenures



EXTERNAL REVIEW

DNV Business Assurance Services UK Limited (DNV) has been appointed to provide independent assurance in respect of the Sustainable Bond allocations detailed in this report. This independent assurance report is available on our [website](#).





NEW GREEN HOMES IN THE HEART OF LONDON - SUTTON DWELLINGS

The Sutton Estate is a 100% social rented estate in the heart of Chelsea. Originally built in 1913, four blocks have been completely remodelled, creating 81 one, two and three bedroomed properties, fit for modern living. A ground source heat pump (GSHP) provides low carbon, low-cost heating, utilising our delivery partner Kensa's innovative Shoebox heat pump technology inside every new flat.

The heat pumps required the drilling of 27, 180-metre-deep boreholes between the densely packed buildings. The remaining homes across the estate have been refurbished with new windows, roofs, door entry systems, lift upgrades and new kitchens and bathrooms.

Public realm enhancements have included improved green space, play facilities and secure cycle parking, delivering a biodiversity net gain while improving the environment for our residents. The landscaping includes natural stone hard landscaping along with soft landscaping that directs rainwater to the garden.

Our work on the Sutton Estate has received 'Building with Nature' accreditation in recognition of the green infrastructure design, implementation and maintenance. The development of the Sutton Estate has been completed in partnership with the people who live there, with the first residents moving into their new homes in late 2024.



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