

Impact Lending Framework



**PUMA
PROPERTY
FINANCE**

1 Introduction

Purpose of this Impact Lending Framework

Puma Property Finance established its Impact Lending Framework to provide tangible support to property developers across all sectors and geographies of the UK who are implementing impactful measures into their visions and designs.

It is no exaggeration to say that the path to a net zero, perhaps even a carbon-negative, economy is the defining challenge of our age. Future generations will judge us by whether we were able to temper, or to reconcile, humanity's seemingly endless thirst for economic growth with the finite resources provided by our planet.

Running parallel to this challenge is the growing inequality evident across the UK. The benefits of the economic recovery that the country has navigated since the Global Financial Crisis, have not been distributed evenly. Phrases such as "levelling up" and "left behind" point to an acute need to focus on those areas of the UK that would most benefit from increased investment in affordable housing and social infrastructure.

The built environment has a central role to play in tackling these challenges. Almost 40% of global carbon emissions come from our buildings.¹ And buildings, when thoughtfully planned and designed, can be transformational to places and improve people's lives. This is in the context of a world whose population continues to grow both in numbers and in wealth, bringing with that demands for more and better-quality housing, education facilities, workplaces and suitable accommodation for older people.

¹[World Green Building Council](#)

It is now time for the property finance industry, of which Puma Property Finance is a small part, to step up. As providers of the capital that fuels our construction industry, we are uniquely placed to encourage and incentivise the adoption of more sustainable and socially impactful practices in the construction process and the built environment as a whole. This Framework is our first step towards doing so.

About Puma Property Finance

Puma Property Finance exists to enable our people, our partners and society to prosper.

We provide flexible lending solutions to property developers and investors. Established more than a decade ago, we have supplied more than £1 billion of funding to projects all across the UK, in sectors ranging from care homes, retirement living and supported housing to student accommodation, hotels, offices and the residential market.

Many of our clients have been with us from inception. Up to 50% of our lending every year is to repeat clients, several of whom have taken out multiple loans with us to fund successive projects over the years. We believe that our focus on service, and our deep investment in relationships, are what continue to set us apart.

We are an organisation that is firmly focused on amplifying the successes of those we partner with, and standing alongside them when things don't go to plan. We believe that by working closely together we can create positive outcomes for all – for our clients, for our investors and for society as a whole.



Partnership with University College London

In 2023, we announced a new partnership with University College London ("UCL"), to establish the UK's first research centre focused on improving ESG practices in the built environment.

Despite the obvious centrality of the built environment when considering our carbon footprint, the construction industry has historically been slow in developing sustainability initiatives. The new Centre of Sustainable Governance and Law in the Built Environment seeks to address the challenge of building more with fewer emissions.

Puma's partnership with UCL will see the development of pioneering research, designed to improve understanding of sustainability practices in the built environment and drive forward solutions. This includes research to identify the best measurement tools to accurately measure the environmental and social impact of construction projects and buildings; to develop innovative financing models for property development; to improve knowledge transfer; and to decarbonise building stock.

The Centre sits within the Bartlett School of Sustainable Construction: the first built environment faculty in the UK, and one of the global leaders in the field. Our partnership enables us to further inform the conversation, and to help the property finance industry to arrive at solutions that promote the next generation of the built environment.



Our ESG vision and credentials

It is clear that the direction of travel in construction will be to use more sustainable methods and materials, in a bid to reduce our impact on the world around us. As a lender, we know we have a part to play in this – not only in a moral sense, but from an economic one as well. Ultimately, more sustainable buildings are more valuable, both now and in the future.

Built into our plans are not only how many developments we fund each year, but the quality of these developments, and the impact they will have on their local communities. All our loans are subject to our own strict ESG assessment, and we seek to promote sustainable developments with a minimal, and preferably neutral or even negative, carbon footprint.

Conscious also of the social impact of the developments we support, it is important for us to fund projects all across the UK, responding to where there is need and ensuring we deliver nationwide support to our clients. We are proud to have funded projects in every nation of the United Kingdom and over 96% of English counties.

2 The Impact Lending Framework

How it works

The Framework sets out the criteria under which prospective development projects can qualify for an Impact Loan. Further details of how the Framework is applied are set out in the table on pages 8/9.

Qualification as an Impact Loan will provide direct and tangible financial benefits to borrowers in the form of a fee reduction on final repayment of the loan. Borrowers will receive either 0.5% or 1.0% of the total drawn loan amount as a fee reduction, the amount being dependent on the criteria being addressed and the level achieved, subject (if applicable) to external verification.

Loans may qualify under EITHER of two sets of criteria:

1. SUSTAINABILITY CRITERIA

Those criteria have been designed to encourage the adoption of sustainable methods of construction, and thoughtful design to enable efficient long-term building usage. Criteria have been designed to align with the LMA Green Loan Principles¹ and are measured using industry-recognised external standards.

2. SOCIAL IMPACT CRITERIA

These criteria have been designed to encourage investment into areas of higher deprivation or to support the provision of increased affordable housing. Criteria have been designed to align with the LMA Social Loan Principles.²

¹ Green Loan Principles – LSTA

² Social Loan Principles (SLP) – LSTA



Residential Impact Loans

Developments in the build-to-sell, build-to-rent, co-living and retirement living sectors will fall within the scope of the Residential Impact Loan criteria.

These developments can be ground-up, new-build projects or commercial-to-residential repurposing, whether via Permitted Development or otherwise.

Sustainability Criteria

Residential Loans must meet BOTH of the following criteria:

- Minimum EPC B for all units
- Minimum Silver rating under NextGeneration Project criteria (additional benefit for achieving Gold rating)

Social Impact Criteria

Residential Loans must meet EITHER of the following criteria:

- Minimum of 50% of units will be classified as affordable housing
- Project is located in a local authority ward ranked within the top three deciles of deprivation



Commercial Impact Loans

Developments in all sectors other than those qualifying as Residential Loans will fall within the Commercial Impact Loan criteria.

These developments can be ground-up, new-build projects or repurposing of existing commercial buildings. The Framework is not intended to apply to minor refurbishments, but more significant refurbishment projects may be considered, in particular where these are targeting a material improvement in core sustainability measures.

Sustainability Criteria

Commercial Loans must meet the following criteria:

- Project achieves EDGE Certificate level (additional benefit for achieving EDGE Advanced level)

Social Impact Criteria

Commercial Loans must meet the following criteria:

- Project is located in a local authority ward ranked within the top three deciles of deprivation

External verification

In order to ensure objective application of the Framework, we have partnered with independent third parties to verify that an Impact Loan has achieved the necessary criteria. This is only applicable for Loans applying under the Sustainability Criteria, where external verification is deemed necessary.

Puma has engaged JLL and Sintali, along with auditors such as SGS, to provide these verification services.

- JLL will be engaged to verify the performance of Residential Impact Loans against the NextGeneration Project criteria. JLL currently performs this task in its role as Secretariat of NextGeneration, which is an initiative between Homes England, the UK Green Building Council, Lloyds Bank and JLL, focused on UK housebuilders.
- Sintali will be engaged to verify the performance of Commercial Impact Loans against the EDGE criteria. Sintali is a specialist in EDGE certification with operations across the world, and will work alongside established auditors such as SGS. It is licensed to complete EDGE accreditations by IFC, part of the World Bank.

The costs of external verification will be borne by the borrower applying for an Impact Loan, although Puma can provide funding for this within the loan facility. The costs will be determined on a case-by-case basis, depending on the size and complexity of the project, but in most cases are not expected to exceed £5,000 for Residential Impact Loans and £15,000 for Commercial Impact Loans. A detailed rate card can be provided on request.

Puma does not give or receive any fees, commissions or other monetary or non-monetary benefits to or from the parties specified in relation to their role of verifier and/or conducting the assessment, nor any of the consultants suggested by those parties that a borrower may choose from to assist them in meeting the requirements of the Impact Lending Framework.

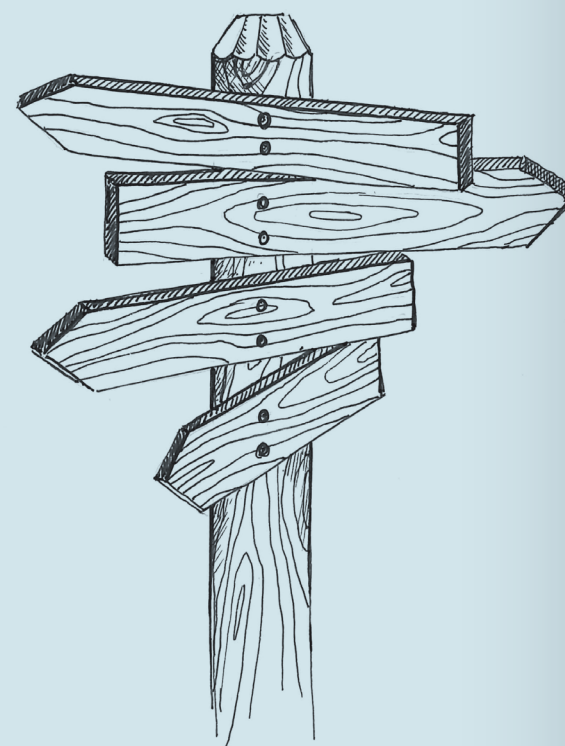
Process for Applying

Application under the Impact Lending Framework is at the option of the borrower. Puma can offer high-level advice to borrowers considering applying as part of the credit underwriting process. Please contact your relationship team at Puma for further details.

Applications may be made by borrowers at any stage prior to the completion of a new loan (post-completion applications are not permitted).

Processing of the fee reduction

Following verification that the necessary criteria have been met, and subject to the loan having been repaid in full, the fee reduction would be applied. In cases requiring external verification, this will be completed as soon as possible following completion of the project. Borrowers should be aware that they are likely to be required to provide technical data, including verifiable evidence, to the external verification partners.



The Framework

	RESIDENTIAL IMPACT LOAN	COMMERCIAL IMPACT LOAN
Sector	All residential sectors ³ to include: <ul style="list-style-type: none"> • Build-to-sell • Build-to-rent • Co-living • Retirement living (for sale or rental) 	All sectors not covered by the Residential Impact Loan
Activity	<ul style="list-style-type: none"> • New-build development • Commercial-to-residential repurposing (Permitted Development or otherwise) 	<ul style="list-style-type: none"> • New-build development • Refurbishment and/or repurposing of existing buildings
Location	UK-wide (see also Social Impact Criteria below)	UK-wide (see also Social Impact Criteria below)
Qualifying Criteria	Developments must meet EITHER the Sustainability Criteria OR the Social Impact Criteria	Developments must meet EITHER the Sustainability Criteria OR the Social Impact Criteria
Sustainability Criteria	Developments must meet BOTH of the following criteria: <ul style="list-style-type: none"> • Minimum EPC B for all units • Minimum Silver rating under NextGeneration Project criteria⁴ 	Developments must the following criteria: <ul style="list-style-type: none"> • EDGE Certified to minimum standard of 20%⁵
Social Impact Criteria	Developments must meet EITHER of the following criteria: <ul style="list-style-type: none"> • Minimum 50% of units (by number) qualify as affordable housing⁶ • Project is located in a local authority ward ranked within the top three deciles of deprivation for the appropriate country⁷ 	Developments must meet the following criteria: <ul style="list-style-type: none"> • Project is located in a local authority ward ranked within the top three deciles of deprivation for the appropriate country⁷
Financial Benefits	Fee reduction applied by Lender on full repayment of the loan, subject to external verification as applicable, as follows: <p>Sustainability Criteria:</p> <ul style="list-style-type: none"> • NextGeneration Silver rating – fee reduction of 0.5% of total drawn loan • NextGeneration Gold rating – fee reduction of 1% of total drawn loan <p>Social Impact Criteria</p> <ul style="list-style-type: none"> • Fee reduction of 0.5% of total drawn loan 	Fee reduction applied by Lender on full repayment of the loan, subject to external verification as applicable, as follows: <p>Sustainability Criteria:</p> <ul style="list-style-type: none"> • EDGE Certified (min 20% score) – fee reduction of 0.5% of total drawn loan • EDGE Advanced (min 40% score) – fee reduction of 1% of total drawn loan <p>Social Impact Criteria</p> <ul style="list-style-type: none"> • Fee reduction of 0.5% of total drawn loan

⁴ Multi-use developments will be deemed to be residential if at least 85% of the occupiable floor area will constitute residential accommodation.

⁵ External verification will be required from JLL in its capacity as Secretariat to NextGeneration [Projects – NextGeneration \(nextgeneration-initiative.co.uk\)](https://www.nextgeneration-initiative.co.uk)

⁶ External verification by Sintali as EDGE Certifier.

⁷ Affordable housing will be defined with reference to House of Commons Briefing Paper "What is affordable housing?": [CBP-7747.pdf \(parliament.uk\)](https://www.parliament.uk/publications/2019/07/cbp-7747)

⁸ For England, this is with reference to [Indices of Deprivation 2015 and 2019 \(communities.gov.uk\)](https://www.communities.gov.uk). For Scotland, use [SIMD \(Scottish Index of Multiple Deprivation\)](https://www.nrscotland.gov.uk). For Wales, use [WIMD – Explore \(gov.wales\)](https://gov.wales). For Northern Ireland, use [Home Page | NI Area Statistics | NISRA](https://www.nisra.gov.uk).

3 Sustainability Criteria

NextGeneration Project criteria

The NextGeneration methodology is overseen and managed by Homes England and the UK Green Building Council. Originally targeting the UK's 25 largest housebuilders, it has now developed the NextGeneration Project criteria to be applicable to all residential developments.

NextGeneration Project generates a sustainability award if pre-qualification issues and core requirements are met alongside the following thresholds:

- **Bronze:** 1+ additional criteria met
- **Silver:** 4+ additional criteria met
- **Gold:** 7+ additional criteria met

Full details of the criteria can be found on the NextGeneration website ([Projects – Next Generation](#)) or on request from Puma, and have been summarised below.

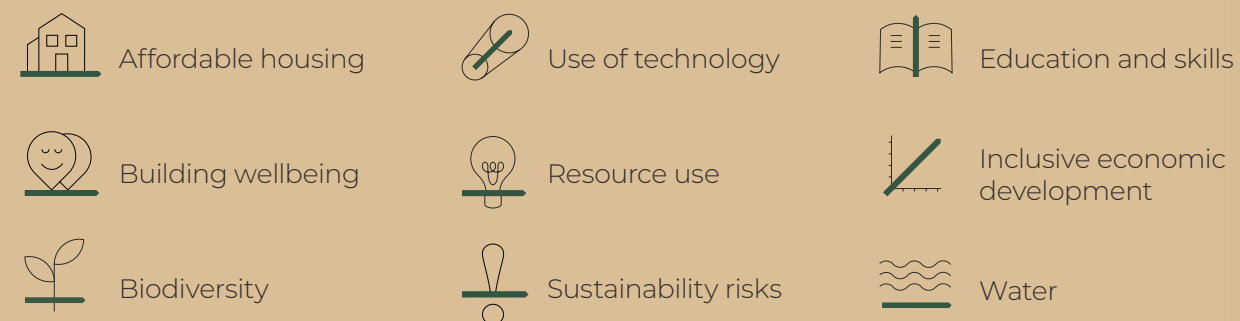
PRE-QUALIFICATION ISSUES

- No environmental prosecution in the previous 12 months
- No receipt of an Improvement Notice, Prohibition Notice or Health and Safety prosecution in the previous 12 months

CORE REQUIREMENTS

- Energy and Carbon: minimum 86 average SAP rating across all homes in the development
- 100% completed units supplied by non-fossil fuel sources (for Gold award only)

ADDITIONAL CRITERIA



EDGE criteria

EDGE is a green building certification system focused on making buildings more resource-efficient. EDGE enables design teams and project owners to assess the most cost-effective way to incorporate energy and water savings options into their buildings.

Developed by the International Finance Corporation, a member of the World Bank, EDGE is intended to offer a globally applicable standardised approach through a fast and easy-to-use mass-market tool. EDGE focuses on three measures: Water, Energy and Embodied Materials.

The EDGE methodology works by benchmarking projects against standard buildings in a comparable asset class and location. It is highly adaptable to a range of commercial projects.

Three levels of accreditation are available under EDGE:

- **EDGE Certified**
Minimum 20% reduction in energy, water and embodied energy in materials
- **EDGE Advanced**
Minimum 40% reduction in energy use and at least 20% reduction in water and embodied energy use
- **Zero Carbon**
Achieving carbon neutrality

Further details of the criteria can be found on the EDGE website ([EDGE Buildings](#)) or on request from Puma.

EXTERNAL VERIFICATION PARTNERS

JLL is one of the global leaders in real estate services, employing over 102,000 people around the world. Its global sustainability programme is a market leader and includes its role as Secretariat for the NextGeneration initiative.

jll.co.uk

Sintali is an environmental verification body, which was founded to verify the impact of the built environment around the world. Sintali acts as a global certification partner for IFC's EDGE green building program, transforming the built environment and creating a pathway to ensure that every building on this planet is green.

sintali.com

SGS is the world's leading testing, inspecting and certification company. With 98,000 employees operating from a network of 2,650 offices around the world, it is recognised as the global benchmark for sustainability, quality and integrity.

sgs.com



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Get in touch

We're here to help

If you'd like to know more or would like to speak to one of our team about a project, then please contact us on **020 7647 8160** or email us at **enquiry@pumapropertyfinance.co.uk**

For further information, please visit **www.pumapropertyfinance.co.uk**

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