

GPE.

Sustainable Finance Framework

September 2024





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Introduction to GPE





Introduction

“

This Sustainable Finance Framework further highlights our continuing journey and commitment to fully integrating sustainability across all aspects of our business”



GPE plc (GPE) is a FTSE 250 property investment and development company with a long history of creating and managing great spaces. Our purpose is to unlock potential, creating sustainable space for London to thrive.

First publicly quoted in 1959, we currently own a £2.3 billion portfolio of real estate in central London. We aim to deliver superior returns by unlocking the often hidden potential in commercial real estate in central London, creating great spaces for customers and long-term value for our shareholders.

Our customers have increasingly ambitious sustainability strategies, in part reflecting growing expectations from their employees who are looking to work for businesses that are able to demonstrate green credentials. Our customers are rightly expecting that the spaces they occupy and organisations they work with reflect those sustainability ambitions.

Accelerating regulation of our sector, both through the planning regime and the likely tightening of energy efficiency standards of buildings, potentially leading to a minimum standard of an EPC B rating by 2030, further demonstrates the urgent need for action. It is estimated that approximately 80% of existing office buildings in London are rated as C or below, we see this as an opportunity.

We are an experienced developer with a track record of delivering the highly sustainable buildings that customers demand. We also know how to reposition assets through refurbishment and renovation. It is what we do. Furthermore, we consider buildings with poorer sustainability performance to be a potential avenue for future

acquisitions, allowing us to create value by transforming unloved buildings into desirable, highly sustainable, prime real estate.

In order to continue to deliver on these goals, whilst minimising carbon emissions, we are embracing the principles of the circular economy. We use circular thinking in the design of all our spaces irrelevant of scope; looking to retain, repurpose and reuse as much of the existing building or space as possible whilst maximising recycled content and minimising the use of new materials.

Following the launch of our ESG-linked £450 million revolving credit facility (RCF) and £250 million term loan facility (Term Loan) in 2020 and 2023 respectively, our Sustainable Finance Framework (the Framework) allows us to further integrate sustainability across all aspects of our business. We have accordingly updated our Framework to bring it in line with the latest market standards and to better reflect GPEs sustainability journey.

As part of our commitment to communicating with transparency and honesty, our Sustainable Finance Committee will provide impact reporting in respect of all debt instruments issued under the Framework. This will be issued on an annual basis, to provide our stakeholders with a clear view of our sustainability related successes, challenges, risks and opportunities.

Nick Sanderson
Chief Financial & Operating Officer



Our business model and its impact

We apply our specialist skills to reposition properties:

Acquire

- Disciplined capital allocation approach; must be accretive to existing portfolio
- Tired, inefficient properties, often with poor EPC ratings, with angles to exploit
- Attractive central London locations supported by infrastructure improvements/local investment
- Discount to replacement cost and typically off-market
- Off low rents and low capital values per sq ft
- Optionality: flexible business plans
- Opportunity to enhance sustainability credentials



Reposition

- Through lease restructuring, the delivery of flexible space, refurbishment or redevelopment
- Deliver high quality sustainable spaces into supportive markets that meet and exceed customer needs
- Manage risk through pre-letting, joint ventures and forward sales
- Deliver climate resilient buildings that integrate market leading sustainability standards, flexibility and technological innovation
- Enhance the local environment and public realm
- Deliver a lasting positive social impact



Operate & Manage

- Deliver a 'Customer First' approach, providing efficient, resilient, healthy and innovative space to meet the demands of modern customers
- Provide a greater choice of spaces to appeal to a variety of customer needs, whether on a Ready to Fit, Fitted or Fully Managed basis
- Constantly evolving to lead emerging trends, including the use of technology to enhance the customer experience
- Detailed business plan for every property reviewed quarterly to maximise total returns over our cost of capital
- Strong sustainability credentials to maximise customer appeal, enhance the long-term property value and reduce obsolescence



Recycle

- Disciplined capital recycling through the sale of properties where we have executed our business plans, projected returns are insufficient or where we are able to monetise our expected future profits
- Create a legacy of high quality, sustainable buildings to benefit London and the communities in which they are located
- Reinvest proceeds into higher return opportunities
- Raise equity capital when investment opportunities are accretive and return excess equity capital to shareholders when reinvestment opportunities are limited





Our business model and its impact continued

Our business model is underpinned by:

Strong stakeholder relationships

- Intense, supportive, customer-focused approach to understand customers' needs. Utilising regular customer feedback to create bespoke action plans. For the year ended 31 March 2024, this was reflected in our Net Promoter Score of +30.2, significantly outperforming our industry average of +6.9
- Strong levels of customer satisfaction
- Open relationships with debt and equity providers based on a clear investment case and transparent disclosure
- Deep relationships and a collaborative approach with key suppliers including contractors and joint venture partners
- Positively engaging with local communities, including schools, colleges and universities, charities, community groups and local borough councils. In the year ended 31 March 2024, we created £1,494,000¹ of social value

1. Measured using the National Social Value Measurement Framework.



An opportunity rich portfolio

- 100% central London in attractive locations, well served by local infrastructure and with enduring customer demand
- Continual repositioning of buildings to improve the customer experience, future proof value and enhance the environment in which they are located
- Measures to improve the climate resilience of our buildings integrated within the design of our spaces
- Located in markets with high barriers to entry playing to our strengths
- Positioned for future growth with almost 24% of our portfolio in our development programme for the year ended 31 March 2024



Our culture and people

- Experienced management team supported by specialist in-house Portfolio Management, Customer Experience, Development, Investment, Leasing and Finance teams, together with support functions
- Entrepreneurial, collegiate and inclusive culture based on strong values with disciplined approach to risk management
- Reward linked to purpose, strategy and values with close alignment with stakeholders to deliver value and outperformance
- Effective governance structure
- Positive employee engagement



Our capital strength

- Consistently strong balance sheet and conservative financial leverage
- Low cost, diversified debt facilities and plentiful liquidity
- Evolving debt book to align with our values
- First Sustainable Finance Framework in place July 21
- Disciplined allocation of capital through analytical, risk adjusted IRR decision making
- Supports low and progressive dividend policy
- Tax efficient UK REIT structure





Sustainability: The Time is Now

Statement of Intent

The world of sustainability is complicated, but at GPE, our approach is simple – sustainability touches everything we do.

In May 2023 we updated our Sustainability Statement of Intent – “The Time is Now v2.0”. This update was undertaken to reflect changes in our business including our more customer focused approach, increased sustainability ambitions and a greater understanding of best-in-class sustainable practices.

Recognising the inextricable link between climate change, social impact and health and wellbeing, our Statement of Intent fully integrates sustainability across our business, supply chain and stakeholder relationships. Our updated Statement of Intent is underpinned by four pillars:

- Integrate climate resilience across our business
- Decarbonise our business to become net zero by 2040
- Put health and wellbeing front and centre
- Create a lasting positive social impact in our communities

To support our commitments, in 2024, we also updated our Roadmap to Net Zero, including targets to:

- Reduce the operational energy intensity of our investment portfolio by 47% by 2030 and 70% by 2040, as compared to our 2016 baseline

- Reduce the embodied carbon intensity of our new builds and deep refurbishment projects by 52% by 2030 and 85% by 2040, as compared to our 2020 baseline
- Engage with 80% of our customers (by energy consumption) and supply chain partners (by spend) by 2027 to help reduce their emissions
- Remove all fossil fuels connected with the energy that we use to power our buildings by 2030 (excluding back up generators for life safety systems, targeted for 2040)

Our £450 million unsecured RCF and £250 million unsecured Term Loan integrate our goals into our debt structure through three KPIs, including those relating to decarbonisation and biodiversity. The RCF was the first of its kind to be issued by a UK REIT. KPIs relating to energy use and embodied carbon are also integrated within the remuneration structure of our corporate bonus scorecard.

Governance

Oversight starts with our Board, typically meeting six times per year, with regular sustainability updates provided by our Chief Executive and Sustainability and Social Impact Director. In addition, the Board receives an update on progress towards our sustainability strategy as part of the Chief Executive’s report at each Board meeting. Three of our Board Committees oversee aspects of sustainability-

related governance. As a member of Executive Committee, our Sustainability and Social Impact Director is involved in all key asset-related decisions such as acquisitions, development appraisals, lettings and disposals. Furthermore, the Sustainability Committee provides a forum for management to discuss risks, opportunities and potential blockers to progress, while Operational Committees work to pre-empt potential challenges that may slow our progress. Our Committees ensure wide-scale involvement at all levels of the business, supporting a collaborative approach to sustainability.

Alignment with UN Sustainable Development Goals (UN SDGs or Global Goals)

As part of our review of material risks, we mapped the 17 UN SDGs against our strategy to consider how our sustainability priorities relate to those of the wider world. The UN SDGs or Global Goals are a collection of 17 interlinked global goals designed to be a “blueprint to achieve a better and more sustainable future for all”. Whilst the majority of the goals are relevant to our business, the four goals we and our stakeholders considered to have the most resonance to our business were:

Sustainable Development Goal	Our strategy
 <p>3 GOOD HEALTH AND WELL-BEING</p>	We are committed to ensuring that our buildings are designed and managed to support the health and wellbeing of our employees, occupiers and our local communities
 <p>10 REDUCED INEQUALITIES</p>	We are dedicated to reducing inequalities both within our organisation and in our communities by championing diverse skillsets, supporting social mobility partnerships and developing strategies for a just transition to a low carbon economy
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	We are focused on ensuring a lasting positive impact for the communities in which we are working to help our customers and communities thrive
 <p>13 CLIMATE ACTION</p>	We recognise that we have a role to play and are committed to reducing our impact through our long-term targets to address both climate change mitigation and adaptation

Net zero

Our target is to become a net zero carbon business by 2040



Sustainability: The Time is Now continued

Responding to Climate Change

As part of our Roadmap to Net Zero v2.0, we revised the ambitions laid out in our previous Roadmap to reflect better the developments in climate science since the initial release.

Acknowledging the efforts we have continued to make in transitioning our portfolio to net zero, while recognising this changing landscape in the requirements of a net zero future, our ambitions have increased to ensure that we continue to meet our Board mandate to challenge market norms and drive sustainability performance. Our updated roadmap therefore sets out our approach to delivering a net zero carbon portfolio by 2040 by:

1. Minimising embodied carbon impacts of new developments and refurbishment activities
2. Reduce the operational energy-use intensity (EUI) across the entire portfolio
3. Engaging with third-parties from across our value chain to deepen our reduction influence
4. Offsetting any residual emissions through the most robust mechanisms available, as a last resort

These updates align with the most recent requirements of the Science-Based Target initiative and will be used as the basis of updating our commitment by the end of 2025.

We have also increased our Internal Carbon Price levied on our Scope 1 and 2 emissions and the embodied carbon impact of our new developments to £150/tCO₂e. These funds will seed our Decarbonisation Fund, which supports investment in emissions reduction strategies across our portfolio, such as energy efficiency and innovation projects.

As one of the founding signatories to the Better Buildings Partnership's Climate Change Commitment¹ (the Commitment), we disclose our progress towards net zero carbon within our Sustainable Data Tables in our Annual Report². The Commitment aligns with our strategy to transition to a net zero carbon business and requires us to:

- Disclose our progress towards our net zero carbon pathway, including whole building performance and customer activities
- Publicly disclose the energy performance of our portfolio
- Demonstrate our commitment to building climate resilience across our portfolio

We continue to challenge ourselves and the industry through our circular economy projects at our completed 50 Finsbury Square development and at our ongoing, 2 Aldermanbury Square and French Railway's House & 50 Jermyn Street projects. Furthermore, digitisation initiatives are rapidly driving improvements in portfolio energy intensity.

Our 2 Aldermanbury Square development due to be completed in 2026 has achieved a NABERS UK Design Review Rating of 5.0 stars



1. www.betterbuildingspartnership.co.uk
 2. www.gpe.co.uk/sustainability/our-performance



Sustainability: The Time is Now continued

Climate Change Resilience

Climate change is the biggest long-term challenge we face and therefore we support the aims of the International Sustainability Standards Board (ISSB) to deliver clear, comparable and consistent disclosure exposure to climate-related risks and opportunities.

We are responding to physical risks by designing buildings that are adaptable, designed for longevity and incorporate nature-based solutions.

Our green walls, living roofs, terrace planting, courtyards and garden areas help to reduce the urban heat island effect and provide solar shading for our buildings and the local vicinity. Planting and other sustainable urban drainage systems support the resilience of our buildings from extreme weather events such as storms and high rainfall.

These nature-based solutions for mitigating our portfolio's exposure to climate change also align with our commitments to increasing biodiversity. During the financial year ended March 2024, we delivered a biodiversity net gain of 3.1% across our portfolio.

For our full disclosure aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) see www.gpe.co.uk/media/ar-2024

3.1%

Increase in biodiversity net gain across our portfolio during the financial year ended March 2024

To address our transitional risks, we are also:

- removing all fossil fuels connected with the energy that we use to power our buildings by 2030 (excluding back up generators for life safety systems – targeted for 2040)
- embracing the principles of the circular economy to reduce the need for demolition at the end of a building's life
- creating energy performance trajectories for each of our assets to ensure that investment is directed towards the right assets to improve EPC ratings, whilst also reducing operational energy intensity to meet the projected requirements of the Carbon Risk Real Estate Monitor (CRREM)

With increasing external focus on building certifications such as NABERS UK and energy performance to demonstrate climate resilience, we closely monitor progress on energy efficiency and performance ratings across our portfolio.

Our Brief for Creating Sustainable Spaces (The Brief) provides a clear governance structure for the delivery of green building ratings. The Brief applies to all developments, refurbishments and fit outs, and includes certifications such as BREEAM, NABERS UK, WELL, Fitwel and SKA ratings.

Energy performance of existing buildings is a key focus, and from 2022-2024 we have delivered a portfolio metering improvement project in line with the NABERS UK specification to enhance the data obtained from our buildings and help us identify opportunities for further reductions.

Social Impact

Social impact and health and wellbeing are inextricably linked to environmental impact. Whilst green spaces can support climate change mitigation and adaptation through shading and reducing the urban heat island effect, they are also essential to bring diverse communities together and to support mental health and wellbeing.

Our approach to social impact is outlined in our Social Impact strategy. Launched in 2021, we have recognised that by investing in local initiatives and maximising social value, we create more inclusive and attractive spaces that are more sustainable in the long term, helping London to thrive. We are building on the already strong employee engagement in our community programme to further utilise the skills and expertise of the GPE team, to support the diverse communities in which we work.

The approaches outlined in this strategy are monitored and updated on an ongoing basis. Through our development activities, integrated social value guidelines encourage our supply chain to maximise apprenticeship and job creation opportunities and support local sourcing wherever possible.



Through the use of Ethical Labour Practice audits at our development sites and our support of organisations such as the Gangmasters and Labour Abuse Authority, we are enabling improved labour standards, as well as monitoring the payment of the London Living Wage across our supply chain partners.

To further support our positive impact on communities in London, we have been supporting our charity partner XLP since 2022 to help them create a positive future for young people growing up in inner city estates. During the financial year ended 31 March 2024, GPE employees donated 1,450 hours of their time to support the organisation's activities and we raised over £176,000 toward their cause.

For more on Social Impact see www.gpe.co.uk/sustainability/our-approach

1,450

Hours donated by GPE employees to support XLP activities

£176,300

Raised by GPE to support XLP's cause



Sustainability: The Time is Now continued

Health and Wellbeing

A sustainable building should also contribute to the wellbeing of our customers and the local community, supporting healthier, happier and more productive lives. We are integrating wellbeing considerations into the design of our spaces, supporting improvements in external air quality across our portfolio and the communities in which we operate.

Furthermore, we are improving our internal spaces to enhance our customers' experience and promoting initiatives that support the health and wellbeing of our people, customers and service partners.

Our Brief for Creating Sustainable Spaces ensures that our buildings are designed to enable the achievement of wellbeing ratings such as the WELL Building Standard or the Fitwel rating. It also brings together our focus on creating biodiverse outdoor space for our customers to promote social interaction and access to nature. The delivery of these accreditations is achieved through effective stakeholder management with regular feedback provided on key challenges and progress made.

We are constantly looking for ways to better consider the implications of the way we design and operate our spaces with particular regard to the health and wellbeing of our customers and employees.

As part of that focus we have taken part in a study led by researchers at the Institute of Sustainability Leadership, University of Cambridge, to provide our experience of exploring opportunities to deliver sustainable coworking spaces that improve inclusivity, and the wellbeing experience of a more diverse range of users. We have also continued to prioritise the improvement of air quality across our portfolio and communities through other means, such as reducing HGV use for deconstruction of a recent development project by 65% through the use of a barge on the River Thames.

Our health and wellbeing approach is not limited to our buildings. We actively promote initiatives to support the health and wellbeing of our people, local communities and supply chain partners, working to support health programmes and ensure ethical labour practices.

Looking forward:

- We will continue to deliver increases in biodiversity across the portfolio and establish a methodology for reporting the ecosystem service benefits
- We will review the integration of wellbeing certifications into our internal design briefs, ensuring benefits for the customer are paramount
- We will replicate the template of our own Health and Wellbeing Employee Impact Group with customers and suppliers

Continuous innovation to enhance occupiers' workplace experience

Framework rationale

Sustainability is at the core of GPE's business and as a continuation of our journey to fully integrate sustainability across all aspects of our business, this revised Framework provides alignment of our strategic priorities with our funding and financial strategy.

GPE seeks to collaborate with all of our stakeholders as it will not be possible to achieve our ambitious targets in isolation. We therefore look to attract investors who are supportive of these goals and continue to focus on enlarging our sustainable finance investor base. These stakeholders will be valuable partners in supporting our strategy to deliver healthy, productive and sustainable spaces, whilst creating a positive lasting social impact.

The Framework provides us with the flexibility to issue financial instruments to support our commitment to achieve a broad range of sustainability outcomes. We hope such instruments will be appealing to a broad range of members of the ESG-focused investor community.

We have updated our Framework, first published in July 2021, to ensure that it:

- Aligns with market best practices
- Reflects our updated sustainability strategy and ambitions
- Aligns with the latest versions of the International Capital Market Association (ICMA) and Loan Market Association (LMA) principles

100%

Of our new developments must achieve a minimum Gold certification under the WELL Building Standard



2

The Framework





Core Components

The Framework sets out how GPE intends to issue Sustainable Debt Instruments (SDI) to finance projects that have a positive environmental and/or social impact while supporting our business strategy.

SDIs may include:

- Green Debt Instruments
- Social Debt Instruments
- Sustainability Debt Instruments

SDIs can constitute a broad range of debt instruments including Bonds, Private Placements, Bank Loans, and other financing products.

We have devised the Framework to align with internationally recognised principles. Bonds issued under the Framework will be aligned to the ICMA Green Bond Principles 2021 with 2022 Appendix (GBP), ICMA Social Bond Principles 2023 (SBP) or ICMA Sustainability Bond Guidelines 2021 (SBG) or as they may be subsequently amended. Loans issued under the Framework will be aligned to the LMA Green Loan Principles 2023 (GLP) or LMA Social Loan Principles 2023 (SLP) or as they may be subsequently amended.

The ICMA and LMA documents include clear principles and guidelines, based around the following four core components:

- 1. Use of Proceeds**
- 2. Project Evaluation and Selection**
- 3. Management of Proceeds**
- 4. Reporting**

GPE may also issue other sustainability-linked instruments that do not align with the Framework as they do not include a specific use of proceeds commitment. Examples of this include our RCF and Term Loan, both of which include three ESG-linked KPIs aligned with our sustainability strategy.

GPE continues to monitor developments in relation to the UK Green Taxonomy, and may update or revise this Framework to recognise relevant environmentally sustainable economic activities, including eligibility criteria, as applicable.

Collaborative workspace
at 16 Dufours Place










1. Use of Proceeds

GPE intends, over time and as appropriate opportunities arise, to issue SDIs under the Framework. The net proceeds of these SDIs will be used to maintain a portfolio of qualifying projects (Eligible Projects), such that the value of the Eligible Projects is at least equal to the net proceeds.

For a project to be defined as an Eligible Project, it is required to meet the eligibility criteria included in the tables below, which show both Eligible Projects focused on green initiatives (Eligible Green Projects) and Eligible Projects focused on social initiatives (Eligible Social Projects). The tables also illustrate the alignment of Eligible Projects to GPE's four pillar approach to sustainability (see page 7) as well as the UN SDGs. **(continued on following page)**

- Using a methodology aligned with the most up to date approaches required by the GLA and RICS.
- In line with industry best practice benchmarks defined by the **Carbon Risk Real Estate Monitor (CRREM) v2 pathway**. Projects can include but are not limited to: refurbishment of space to include improved insulation, window replacement, the adoption of systems for optimising energy management, for example through improved mechanical and electrical systems or the installation of digital twin technology.

Eligible Green Projects

Eligible ICMA/LMA project categories	Alignment with GPE's four pillar approach	Project description and eligibility criteria	Reference financial line item	Alignment to UN SDG
Green buildings		<ul style="list-style-type: none"> Financing and refinancing of commercial buildings that meet high sustainability standards Eligibility thresholds include: <ol style="list-style-type: none"> Building certification: BREEAM Outstanding or Excellent rating (New construction or Refurbishment and fit-out) Minimum energy performance certificate (EPC) of 'B' NABERS UK 5 star rating or higher (in design) 	Capex (at development stage) Asset value (latest valuation)	
Green buildings	 	<ul style="list-style-type: none"> Purchases of sustainable construction materials which result in a reduction in embodied carbon, such as: <ul style="list-style-type: none"> Cross laminated timber Responsible steel Earth friendly concrete Use of technology that results in a reduction in embodied carbon such as the use of Building Materials passports to support the circular economy Eligibility thresholds include buildings with embodied carbon of 450-500kgCO₂e/m² GIA up to practical completion (in line with our 2030 ambition outlined in our updated Roadmap to Net Zero¹) 	Capex	
Energy efficiency		<ul style="list-style-type: none"> Refurbishments of existing buildings, or floors within buildings resulting in substantial improvement of energy efficiency Eligibility thresholds include: <ol style="list-style-type: none"> Increase in EPC rating to a minimum certificate of 'B' Reduction in office energy intensity (kwh/m² GIA) to a maximum value of 123 by 2030² Attainment of a SKA Gold rating 	Capex	







 Continued

1. Use of Proceeds continued

Dependent on the nature of the Eligible Project, the investment can be measured through asset value, capital expenditure (Capex) or operating expenditure (Opex¹).

For Capex and Opex, a look-back period of up to 36 months prior to the SDI issuance will be applied. GPE intends to allocate an amount equivalent to the SDI net proceeds to Eligible Projects within 24 months of issuance. GPE also intends to consider how proceeds are allocated, aiming to prioritise Capex and Opex spend where possible.

Eligible Green Projects continued



Eligible ICMA/LMA project categories	Alignment with GPE's four pillar approach	Project description and eligibility criteria	Reference financial line item	Alignment to UN SDG
Renewable energy	 	<ul style="list-style-type: none"> – Development, construction and/or installation of renewable energy, including: <ul style="list-style-type: none"> – solar power – ground and air source heat pumps – battery storage technology 	Capex Opex	
Sustainable water and wastewater management		<ul style="list-style-type: none"> – Investments into improved water efficiency to reduce water demand and increase resilience to climate change reducing water consumption through: <ul style="list-style-type: none"> – efficient cooling strategies e.g. passive cooling strategies – water efficient washroom facilities e.g. low flow taps – use of rainwater harvesting irrigation for green spaces – building rainwater and greywater harvesting systems – installation of sustainable urban drainage systems such as blue roofs – automatic meter reading devices and leak detection systems 	Capex Opex	 

1. Where GPE is a joint investor, owning a proportion of an asset, the pro rata asset value / Capex / Opex will be allocate.



1. Use of Proceeds continued

Eligible Green Projects continued

Eligible ICMA/LMA project categories	Alignment with GPE's four pillar approach	Project description and eligibility criteria	Reference financial line item	Alignment to UN SDG
Terrestrial and aquatic biodiversity	<p>Integrating climate resilience across our business</p> <p>Putting health and wellbeing front and centre</p>	<ul style="list-style-type: none"> Investments into nature-based solutions to increase climate resilience and support biodiversity net gain including the installation of green walls, biodiverse roofs, terraces and gardens which contribute to an increase in the biodiversity net gain of a property by more than 10%¹ 	Capex Opex	
Pollution prevention and control	<p>Creating a lasting positive social impact in our communities</p> <p>Putting health and wellbeing front and centre</p>	<ul style="list-style-type: none"> Projects to reduce transportation emissions to our buildings supporting improved air quality in our community. Including: <ul style="list-style-type: none"> Investments in consolidation centres and prefabrication at our construction sites to reduce construction vehicle emissions Creation of waste consolidation centres within our buildings to reduce waste collections 	Capex Opex	

1. This is also expected to increase health and wellbeing for our occupiers and communities. Such projects involve appropriate design and selection of species.

1. Use of Proceeds continued

Eligible Social Projects

ICMA/LMA Category for Use of Proceeds	Alignment with GPE's four pillar approach	Eligibility criteria and example projects	Targeted populations of Social Impact Projects	Reference financial line items	Alignment to UN SDG
Access to Essential Services		<ul style="list-style-type: none"> – Financing the construction, regeneration and redevelopment of public realm spaces – defined by the London Plan¹ i.e. “Publicly accessible space between and around buildings, including streets, squares, forecourts, parks and open spaces” – Eligible projects may include open courtyards, gardens, connective walkways, publicly accessible roof top gardens and terrace 	– Low income households	Capex Opex	
Access to Essential Services		– Financing the provision of affordable workspace (as defined by borough council planning regime), which is specifically targeted at under-represented groups ² , in particular women and gender minorities, people with disabilities and marginalised ethnic groups within local communities	– Under-represented groups ²	Capex Opex	
Employment generation		<ul style="list-style-type: none"> – Funding to support people from under-represented backgrounds and local communities with limited access to education in their professional and personal development, resulting in tangible outcomes – May include the following targeted programmes: <ul style="list-style-type: none"> – apprenticeships – work placements – internships – education and skills initiatives 	<ul style="list-style-type: none"> – Under-represented groups² – Local communities 	Opex	

1. The London Plan 2021, launched by the Mayor of London, is the Spatial Development Strategy for Greater London. It sets out a framework for how London will develop over the next 20–25 years and the Mayor’s vision for Good Growth.

2. These may include women and gender minorities, people with disabilities, and marginalised ethnic groups within local communities.



2. Project Evaluation and Selection

Eligible Projects are required to provide clear environmental benefits and/or social impact and, first and foremost, to comply with applicable environmental and social laws and regulations. In addition to this, they will need to align with GPE's sustainability strategy, which aims to manage and mitigate environmental, social and governance risks.

To ensure that the Framework and the SDIs are managed appropriately and effectively, GPE has also formed a Sustainable Finance Committee (the Committee). The Committee, which will meet at least every six months, is chaired by our Chief Financial and Operating Officer and includes senior representatives from our finance and sustainability teams. Final decision-making by the Committee is made via collective Committee consensus. The Committee will be supported by other members of the GPE team as required, such as project and development managers, technical services specialists and building surveyors.

GPE has policies in place which define minimum standards for business processes and projects, including those financed with proceeds issued under this Framework. The policies include our Supplier Code of Conduct and our brief for Creating Sustainable Spaces, and cover GPE's approach to mitigating environmental, social and governance risks associated with Eligible Projects.

The Committee's responsibilities in respect of the Framework include:

- Ongoing review and updating of the Framework to ensure its continuing alignment with relevant market standards and best practices as well as GPE's sustainability strategy and other policies in common use (e.g. our Supplier Code of Conduct and our Creating Sustainable Spaces Brief)
- Selection of Eligible Projects and reviewing the ongoing eligibility of projects previously aligned with the Framework
- Management of proceeds from SDIs
- Oversight of reporting on the use of proceeds from SDIs and their impact

The Committee is also responsible for wider sustainability matters, including:

- Review of the allocation of funds from GPE's Decarbonisation Fund
- Review of the impact of sustainable finance legislation (eg EU Taxonomy, Sustainable Finance Disclosure Regulations, Task Force on Climate-related Financial Disclosures etc) on GPE's business strategy

The Committee will report to the Executive Committee at least annually.

The remit of the Sustainability Committee includes:

- Oversight of environmental and social risk management policies in respect of Eligible Projects
- Development of mitigants to possible negative social and/or environmental impacts of Eligible Projects, where relevant

The Committee



Chair
Nick Sanderson
Chief Financial
& Operating
Officer



Janine Cole
Sustainability
and Social
Impact Director



Martin Leighton
Joint Director
of Finance



Frank Blande
Senior
Sustainability
Lead



Holly Reynolds
Senior
Corporate
Finance and
Tax Manager



3. Management of Proceeds

As long as SDIs issued under the Framework are outstanding, GPE aims to allocate an amount equivalent to the net proceeds of the SDIs towards Eligible Projects.

If a specific project is sold or no longer meets the definition of Eligible Projects, GPE will aim to replace the project with another Eligible Project within six months. GPE aims to ensure that the total quantum of SDIs will not exceed the total value of Eligible Projects.

Pending the allocation of SDI net proceeds to Eligible Projects, or where the total quantum of SDIs exceeds the total value of Eligible Projects, GPE will temporarily hold the unallocated proceeds as cash deposits in line with GPE's Treasury Policy.

We will maintain a register of Eligible Projects and the allocation of proceeds to those Eligible Projects. The Committee will take primary responsibility for managing this process and will assess the management of proceeds at least annually.

16 Dufours Place, W1,
our first Flex+ offering



4. Reporting

As stated in Section 2, Use of Proceeds, GPE intends to allocate an amount equivalent to the SDI net proceeds to Eligible Projects within 24 months of issuance.

Post the issuance of an SDI, GPE intends to release an Allocation Report and an Impact Report on at least an annual basis, until full allocation has been achieved. The intended content of these reports is set out in pages 18-21.

In the case of a material change in the make-up of the Eligible Projects, a new Allocation Report and Impact Report will be provided in a timely manner.

Allocation Report

In the Allocation Report, GPE will include:

1. The amount issued and outstanding for each type of SDI
2. The total value of Eligible Projects
3. A breakdown of Eligible Projects per ICMA/LMA category
4. With regards to Capex and Opex, the split between refinancing and financing
5. The balance of any unallocated proceeds held as cash deposits or used for the short-term repayment of other debt instruments

This information will be provided on our **company website** and will be reviewed by an independent third party (see page 23).

4. Reporting continued

Impact Report

The Impact Report will provide qualitative and quantitative performance measures and examples associated with each category of Eligible Projects. Where feasible and appropriate, GPE will include underlying methodologies for the calculation of the impact metrics. Measures that may be included within impact reporting are noted in the adjacent table.

Where GPE is a joint investor, owning a proportion of an asset, the pro rata impact will be reported.

This report will be made available on our company website at www.gpe.co.uk/investors





Eligible Green Projects

ICMA/LMA Category for Use of Proceeds	Alignment with GPE's four pillar approach	Potential KPI reporting metrics at the category level
Green buildings	 	<ul style="list-style-type: none"> – Number and % of buildings by Gross Internal Area (GIA) with Outstanding and Excellent BREEAM certifications – Number and % of buildings by area (GIA) that are EPC A and B rated – Number and % of buildings by area (GIA) with a NABERS UK Design for Performance rating of 5 star or above
Green buildings		<ul style="list-style-type: none"> – Embodied carbon of Eligible Projects (kgCO₂/m²)
Energy efficiency		<ul style="list-style-type: none"> – Number and % of buildings by area (GIA) where EPC rating has been improved to a minimum level of EPC B – Number and % of buildings by area (GIA) where building energy intensity has been reduced to a maximum of 123 kWh/m² GIA by 2030¹ – Number and % of buildings by area (GIA) which is SKA Gold rated

1. In line with industry best practice benchmarks defined by the **Carbon Risk Real Estate Monitor (CRREM) v2 pathway**. Projects can include but are not limited to: refurbishment of space to include improved insulation, window replacement, the adoption of systems for optimising energy management, for example through improved mechanical and electrical systems or the installation of digital twin technology.

4. Reporting continued





Eligible Green Projects continued

ICMA/LMA Category for Use of Proceeds	Alignment with GPE's four pillar approach	Potential KPI reporting metrics at the category level
Energy efficiency		<ul style="list-style-type: none"> – Number and % of buildings by area (GIA) where EPC rating has been improved to a minimum level of EPC B – Number and % of buildings by area (GIA) where building energy intensity has been reduced to a maximum of 123 kWh/m² GIA by 2030¹ – Number and % of buildings by area (GIA) which is SKA Gold rated
Renewable energy	 	<ul style="list-style-type: none"> – Additional on-site renewable electricity capacity (kW) added or generated (kW) – Carbon emissions avoided (kgCO₂e)
Sustainable water and wastewater management		<ul style="list-style-type: none"> – Absolute water consumption of Eligible Projects (m³) – Water intensity of Eligible Projects (m³/m²) – Volume of water usage avoided (m³) – Volume of water reused (m³)

1. In line with industry best practice benchmarks defined by the **Carbon Risk Real Estate Monitor (CRREM) v2 pathway**. Projects can include but are not limited to: refurbishment of space to include improved insulation, window replacement, the adoption of systems for optimising energy management, for example through improved mechanical and electrical systems or the installation of digital twin technology.

4. Reporting continued

Eligible Green Projects continued

ICMA/LMA Category for Use of Proceeds	Alignment with GPE's four pillar approach	Potential KPI reporting metrics at the category level
Terrestrial and aquatic biodiversity conservation	 	<ul style="list-style-type: none"> – Portfolio increase in biodiversity net gain¹ of eligible projects
Pollution prevention and control	 	<ul style="list-style-type: none"> – Number of buildings and % of buildings by floor area (GIA) using waste and delivery consolidation centres – Number of developments using prefabrication and consolidation centres – Reduction in vehicle movements as a result of consolidation centres/ prefabrication at our development projects

1. Assured by qualified ecologist using the most up to date Metric methodology from DEFRA, and a qualitative assessment for ecosystem service delivery.

4. Reporting continued

Eligible Social Projects

Eligible ICMA/LMA project categories	Alignment with GPE's four pillar approach	Potential KPI reporting metrics at the category level
Access to essential services		<ul style="list-style-type: none"> - Number of public realm spaces developed - Square footage of public realm spaces developed¹
Access to essential services		<ul style="list-style-type: none"> - Number of affordable work spaces provided - Number of affordable work spaces provided to people from under-represented backgrounds or members of the community with limited access to education
Employment generation		<ul style="list-style-type: none"> - Number of people supported through apprenticeships, work placements, internships and education and skills initiatives - Number of full time jobs created

1. The London Plan 2021, launched by the Mayor of London, is the Spatial Development Strategy for Greater London. It sets out a framework for how London will develop over the next 20–25 years and the Mayor's vision for Good Growth.



External Review

Second Party Opinion

DNV Business Assurance Services UK Limited (DNV) has been appointed to confirm the alignment of the Framework to the components of the ICMA GBP, SBP and SBG as well as the LMA GLP and SLP. DNV has provided a Second Party Opinion (SPO) in this regard. The SPO, including the full scope of its review, is available at www.gpe.co.uk/investors.

Assurance/External review of allocation

GPE intends to request an independent third-party assurance report in respect of:

- the Allocation Reports detailed in page 17 to 21 above
- GPE's internal tracking system for the allocation of funds more generally

This report will be made available on our company website at www.gpe.co.uk/investors.

Amendments to the Framework

Following reviews of this document by the Sustainable Finance Committee, the Framework may be updated or expanded to maximise alignment with emerging market standards and understanding of market best practice.

Following any material changes to the Framework, we will obtain a refreshed SPO from an SPO provider.

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