

Sustainable Environment Development Loans (SED) Policy

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Introduction

Relendex is a real estate lender specialising in the provision of development finance to small and medium-sized local house builders. Relendex recognises the environmental impact of house building and wishes to promote sustainable construction methods and the provision of environmentally friendly, energy-efficient housing stock.

Sustainable Environment Development Loans

Relendex offers a discount to its Standard Loan interest rates to developers for projects that meet its criteria for sustainability and energy efficiency (Sustainable Environment Development Loans or 'SED' loans) by the Relendex Pricing Matrix from time to time in force.

Relendex's Standard Loan interest rates and the discount offered for SED loans each vary from time to time at Relendex's discretion.

SED Loan Criteria

Relendex considers both the outcome (energy efficiency) and the delivery (sustainability) of the project.

The criteria that a loan must meet to qualify as an SED loan are as follows:

- Outcome Criteria
 - An EPC rating of A or
 - An industry-recognised standard of construction methodology such as Passive House or
 - An industry-recognised certification such as Housing Quality Management (HQM)



- **Delivery Criteria**

The development must utilise recognised environmentally friendly construction techniques and / or energy efficient technology, for examples of which include the following:

- Timber frame/MMC
 - Reuse / recycling of building materials
 - Bioclimatic design
 - Ground or Air Source heat pumps
 - Wind turbines
 - Photovoltaic (solar) panels
 - Energy storage
 - Rainwater harvesting
 - Grey-water recycling
 - Triple glazing
- The above is not an exhaustive list and other recognised techniques and technology will also be considered.

Qualification and Assessment

To qualify as a Relendex SED loan the development must meet 1 or more of the Outcome Criteria or 5 or more of the Delivery Criteria.

The initial assessment of the project must be considered by the Business Development Manager (BDM) as part of their preliminary review of the loan application (in accordance with Relendex Enquiry Processing manual). The BDM must obtain sufficient documentary evidence to decide whether the proposed loan qualifies as an SED loan and price the loan accordingly.

Any Credit Proposal must include details of whether the loan qualifies as an SED loan and the reasons why.

Documentation

The Term Sheet and Facility Letter should include details of the criteria used to qualify the loan as an SED loan. They should also include default terms should those criteria not be met during either the delivery phase or on practical completion (see Monitoring below).

Monitoring

Relendex's monitoring surveyor (MS) will visit the project during the construction phase of the development and comment on the progress of the build. Additional comments on the specific SED loan delivery criteria that were advised by the developer and assessed by the BDM during their initial review should be made by the MS to confirm that the project utilises the methodology and technology expected. Should it not, the BDM or Underwriting Team must discuss with the developer the reasons why



and report to the Lending Director. If the loan fails to meet the SED loan criteria the interest discount should be removed and the loan re-priced.

If the loan has been designated as an SED loan based on the Outcome Criteria, a copy of the EPC or other certification must be obtained and retained on file. If the outcome criteria have not been met, the BDM or Underwriting Team must discuss with the developer the reasons why and report to the Lending Director.

If the loan fails to meet the SED loan criteria then the Repayment Fee (as set out in the Term Sheet) will be increased by an amount equivalent to the additional interest charge had the loan been priced exclusive of the SED loan discount, being in line with Standard Loans. As noted in the Documentation above the terms for not meeting the SED loan criteria will be set out in the Term Sheet. A “non-compliance” premium must be added to the Repayment Fee (as set out in the Indicative Terms, Term sheet, and Facility Letter).

Reporting

The loan must be recorded on Relendex’s CRM system (currently Salesforce) as an SED loan.

This subcategory must be capable of analysis such that regular and ad hoc reports can be obtained from Salesforce to support internal Relendex management.

Platform Listing

Sustainable Environment Development loans are listed on the Relendex platform under standard listing procedures but are identified by the designation “SED” loans.