

# Aster Group

**Type of Engagement:** Allocation Review

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## Introduction

In June 2023, Aster Group (“Aster”) issued a 9.5-year, GBP 250 million sustainability bond (the “Sustainability Bond”) aimed at financing and refinancing affordable housing and green building investments in the United Kingdom. In April 2024, Aster engaged Sustainalytics to review the projects funded through the Sustainability Bond and to provide an assessment as to whether the projects met the Use of Proceeds criteria outlined in the Aster Group Framework for Sustainable Finance (the “Framework”).<sup>1</sup> Sustainalytics has calculated the estimated impact achieved by the Sustainability Bond in a separate report.

## Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the Sustainability Bond based on whether the projects and programmes met the use of proceeds and eligibility criteria of the Framework.

**Table 1: Use of Proceeds Categories and the Eligibility Criteria**

Use of Proceeds Category	Eligibility Criteria
<b>Affordable Housing</b>	Construction and refurbishment of social housing buildings: <ul style="list-style-type: none"> <li>Projects must be located in the United Kingdom</li> <li>Units must comply with the government’s definition of affordable housing.</li> </ul>
<b>Green Buildings</b>	Construction of social housing buildings: <ul style="list-style-type: none"> <li>Projects must be located in the United Kingdom</li> <li>EPC and EIR rating B or above.</li> </ul>

## Issuer’s Responsibility

Aster is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects and amounts allocated.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings to investors, conducted the verification of the use of proceeds from the Sustainability Bond. The work undertaken as part of this engagement included collection of documentation from Aster’s representatives and review of said documentation to assess conformance with the Aster Group Framework for Sustainable Finance.

Sustainalytics relied on the information and facts presented by Aster with respect to the funded projects. Sustainalytics is not responsible, nor shall it be held liable, for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Aster.

Sustainalytics made all efforts to ensure the highest quality and rigour during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

<sup>1</sup> Aster Group, “Aster Group Framework for Sustainable Finance”, at: <https://s3.eu-west-1.amazonaws.com/aster.co.uk/esg-20/Aster-Framework-for-Sustainable-Finance.pdf>

## Conclusion

Based on the limited assurance procedures conducted,<sup>2</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not meet the use of proceeds criteria outlined in the Aster Group Framework for Sustainable Finance Framework. Aster has disclosed to Sustainalytics that the proceeds from the sustainability bond were fully allocated as of 31 March 2023.

## Detailed Findings

**Table 2: Detailed Findings**

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the projects funded with proceeds from the sustainability bond in 2023 to determine if the projects meet the use of proceeds criteria outlined in the Aster Framework for Sustainable Finance.	All projects reviewed comply with the use of proceeds criteria.	None

<sup>2</sup> Sustainalytics' limited assurance process includes reviewing the documentation relating to the details of projects, including the description, estimated and realized costs, and project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendices

### Appendix 1: Allocation Reporting

Use of Proceed Category	Eligibility Criteria	Allocation (GBP)
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>2,578 units meet the Affordable Housing criteria, of which a proportion also meet the criteria for Green Buildings:</li> <li>2,498 units meet the criteria of minimum EPC B and minimum EIR B.</li> </ul>	248,583,257 <sup>3</sup>
<b>Green Buildings</b>		
<b>Total Allocation (GBP)</b>		248,583,257

<sup>3</sup>GBP 248,583,257 has been allocated to units that meet the eligibility criteria for affordable housing. GBP 235,285,001 of the allocation to affordable housing is allocated to units that also meet the eligibility criteria for green buildings. Additionally, GBP 2,933,807 has been allocated to “other development expenditure”, which consists of units that are currently still under construction. These units will meet the criteria for affordable housing, and except for a few possible exceptions will also meet the criteria for green buildings.

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