



Impact Report for Bonds and Loans

Aster Group Framework for Sustainable Finance


Impact Summary

Evaluation Date May 24, 2024


Issuer Location Wiltshire, United Kingdom

Sustainalytics has calculated the estimated impact achieved by the sustainability bond issued by the Aster Group in June 2023. Since issuance, GBP 238 million have been allocated in the Green Buildings category. The projects are located across the South of England and London. For a representative year of the bond's term to maturity, Sustainalytics has calculated 2,570 tonnes of avoided GHG emissions in CO₂e.


 **£238M**
Allocated funds

 **2,570**
Annual emissions avoided (tCO₂e)

 **2,498**
Homes

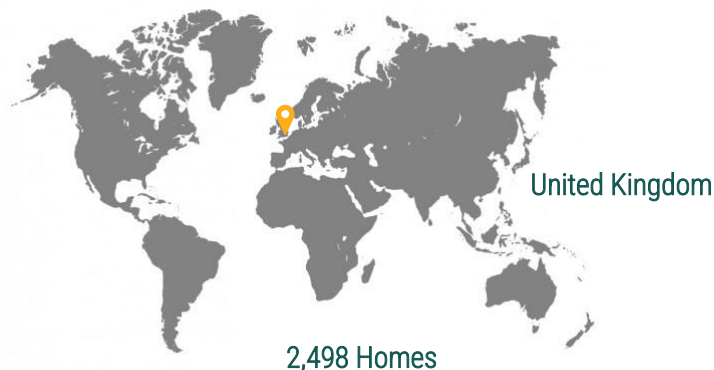
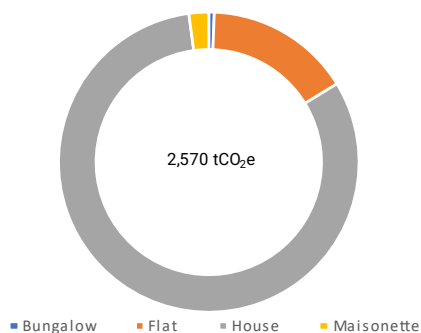
 **559**
Cars driven for one year

 **1**
Country

 **170K**
Trees, yearly sequestration



Avoided CO₂e emissions by Use of Proceeds and Location of Projects by Country



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Introduction

Aster Group Limited (“Aster” or the “Company”) as a developer of green building projects manages approximately 37,000 homes in the South of England and London. In 2023, Aster issued a sustainability bond and allocated the proceeds according to the Aster Group Framework for Sustainable Finance. Sustainalytics provided a Second-Party Opinion on the framework proposed by Aster, evaluating it as credible, impactful and aligned with the Sustainability Bond Guidelines 2021, the Green Bond Principles 2021, and the Social Bond Principles 2021.¹

In April 2024, Aster engaged Sustainalytics to quantify the environmental benefits of the projects financed with the proceeds from Aster’s sustainability bond. Using established methodologies, Sustainalytics has estimated avoided emissions from Aster’s green building projects. This report presents the details of our findings, including a description of the methodology used to calculate the impacts.

In addition, Aster engaged Sustainalytics to provide an allocation report that summarizes the allocation of the proceeds and their alignment with the Asters Framework for Sustainable Finance. The allocation report is published separately.

Scope of Work and Limitations

Aster has engaged Sustainalytics to calculate the environmental impacts of the projects financed with proceeds from the Framework for Sustainable Finance. For this work, Sustainalytics relied on the data provided by Aster on the amount allocated and the technical data on the projects financed.

Sustainalytics’ impact reporting is aligned with ICMA’s June 2023 Harmonised Framework for Impact Reporting.² The methodology and assumptions made for the impact calculation are outlined in the methodology chapter.

As part of this engagement, Sustainalytics exchanged information with Aster’s representatives to understand the sustainability impact of its projects. Through these exchanges, Aster’s representatives have confirmed that:

- (1) They understand it is the sole responsibility of Aster to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information;
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information.

¹ International Capital Market Association (ICMA), “The Principles, Guidelines and Handbooks” (2023), at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks>

² ICMA, “Handbook - Harmonised Framework for Impact Reporting”, (2023), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

Impact Findings

For reporting, Sustainability follows the ICMA Harmonised Framework for Impact Reporting,³ which synthesizes market expectations and outlines recommendations for impact reporting to create a standardized reporting structure and to enhance the understanding of the impact to all stakeholders, including investors.

Table 1 below provides a summary of the impact at the portfolio level, which Sustainability calculated from the allocation of proceeds from Aster's Framework for Sustainable Finance. Table 2 provides impact per building type. These metrics correspond to a representative year during the bond's term to maturity and are based on the share of project financing.

Table 1: Summary of Impact - Portfolio Level⁴

Allocated Amount	Bond Tenor	Financed Emissions Avoided	Financed Emissions Avoided/M GBP ⁵
GBP	Years	tCO ₂ e/year	tCO ₂ e/year/M GBP
238,218,808	9.5	2,570	10.92

Table 2: Impact of Green Building Projects by Building Type

Building Type	Number of Homes	Gross Building Area	Allocated Amount	Financed Energy Reduction	Financed Emissions Avoided	Financed Emissions Avoided/M GBP
		m ²	GBP	MWh/year	tCO ₂ e/year	tCO ₂ e/year/M GBP
House	1822	147,169	194,628,582	9,040	2,097	10.78
Flat	562	32,491	32,397,835	1,736	403	12.43
Maisonette	97	5,155	6,753,816	235	54	8.09
Bungalow	17	1,360	1,504,768	65	15	9.98
Other Development Expenditure ⁶	-	-	2,933,807	-	-	-
Total	2,498	186,175	238,218,808	11,076	2,570	10.92

³ ICMA, "Handbook - Harmonised Framework for Impact Reporting", (2023), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

⁴ Due to rounding, the numbers presented might not sum up to the exact amount in other tables.

⁵ This metric measures the impact efficiency, how many tCO₂e are avoided for every million GBP invested, this makes it possible to compare the impact of different building types.

⁶ The allocated amount covers all construction and other building costs for the period in question. The number of homes on which impact is assessed were completed in that same period, but some of the costs are allocated to homes whose impact was not accounted for in the report. This is due to the continuous nature of projects when compared with the number of units completed in a specific reporting period.

Methodology

Sustainalytics has developed its own methodologies for quantifying GHG avoidance and other metrics, including by leveraging publicly available best-in-class methodologies, protocols and frameworks. Our estimation practices and general principles rely on the GHG Protocol.⁷ Our methodologies are based on guidance provided by the International Financial Institutions⁸ on calculation methodology and global emissions. In addition, we rely on the Partnership for Carbon Accounting Financials' Global Accounting Standard⁹ for guidance on estimation where data is not readily available and assumptions must be made. Finally, the UN's Clean Development Mechanism¹⁰ provides guidance and information, and serves as the foundation for these and other methodologies, including those implemented in this report.

Green Buildings

We assume that green buildings consume less energy than a mix of existing buildings and new construction. The avoidance of greenhouse gas emissions is then calculated using:

- a) The emissions of the green building projects. To the extent available, the reporting is based on metered energy consumption. If such information is not available, estimates for the relevant projects are based on building certificates, standards or country-level averages.
- b) The baseline emissions, or emissions occurring in the absence of the projects. This figure is based on the estimated energy intensity of comparable buildings, or in the case of refurbishments, the prior emissions.
- c) Financed project avoided emissions are calculated by using the share of project financing of the total project emissions avoided from the above calculations.

Data Sources and Assumptions

- For the projects included in this report, building data including gross building area, location and green building certificates were provided by Aster and used as inputs for the calculations.
- The average energy intensity for buildings included in this report was estimated by Sustainalytics using SAP scores and EPC ratings provided by Aster.
- Based on location and building characteristics such as type and size, the energy intensity of a baseline building is estimated using a combination of country averages and publicly available statistical models.¹¹
- The emissions factors for the project and baseline properties are based on the average energy mix for buildings in the UK.
- The grid emissions factors for the countries in which the projects are located were sourced from IFI.¹² To account for emissions from upstream activities, Sustainalytics applies an additional, indirect emissions factor.¹³

⁷ Greenhouse Gas Protocol, "About Us", (2023), at: <https://ghgprotocol.org/>

⁸ International Financial Institutions (IFI), "Members of the International Financial Institutions on Greenhouse Gas Accounting", at: https://unfccc.int/sites/default/files/resource/IFIs_membership_for_UNFCCC_%27white_pages%27_0.pdf

⁹ Partnership for Carbon Accounting Financials (PCAF), "About", (2023) at: <https://carbonaccountingfinancials.com/>

¹⁰ UNFCCC, "CDM Methodologies Booklet – Fourteenth edition", (2022), at: <https://cdm.unfccc.int/methodologies/documentation/index.html>

¹¹ IFC's EDGE model is used for statistical modelling of buildings, available at: <http://www.edgebuildings.com>

¹² UNFCCC, "IFI TWG – List of methodologies", at: <https://unfccc.int/climate-action/sectoral-engagement/ifis-harmonization-of-standards-for-ghg-accounting/ifi-twg-list-of-methodologies>

¹³ UK Government, Department for Business, Energy & Industrial Strategy, "Government conversion factors for company reporting of greenhouse gas emissions", at: <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

Appendix 1: Impact of Green Building Projects

Building type	Number of homes	Gross Building Area	Allocated Amount	Share of Total Project Financing	Energy Intensity	Energy Reduction	Financed Direct Emissions ¹⁴	Financed Indirect Emissions ¹⁵	Financed Emissions Avoided	Financed Emissions Avoided/M GBP
		m ²	GBP	%	kWh/m ²	MWh/year	tCO ₂ e/year	tCO ₂ e/year	tCO ₂ e/year	tCO ₂ e/year/M GBP
House	1,822	147,169	194,628,582	100	132,300	9,040	2,073.32	393.40	2,097.17	10.78
Flat	562	32,491	32,397,835	100	41,534	1,736	465.55	88.34	402.69	12.43
Maisonette	97	5,155	6,753,816	100	7,682	235	79.34	15.05	54.63	8.09
Bungalow	17	1,360	1,504,768	100	1,419	65	22.05	4.18	15.02	9.98
Other Development Expenditure	-	-	2,933,807	-	-	-	-	-	-	-
Total	2,498	186,175	238,218,808	100	73	11,076	2,640.26	500.97	2,569.52	10.92

¹⁴ Financed direct emissions refer to the financed part of project emissions.

¹⁵ Financed indirect emissions refer to the financed indirect part of project emission.

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