

Second-Party Opinion

Vesteda Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Vesteda Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds is aligned with the categories recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics is of the opinion that investments in green buildings and energy efficiency improvements in the residential real estate market in the Netherlands will lead to positive environmental impacts and advance the UN Sustainable Development Goals (7) Affordable and Clean Energy and (11) Sustainable Cities and Communities.



PROJECT EVALUATION / SELECTION Vesteda has established a Green Finance Framework Group composed of company managers to carry out the evaluation and selection process. On at least an annual basis the group will evaluate existing and potential eligible assets to determine whether they meet the framework criteria. Eligible assets will be added to the portfolio and on a quarterly basis a compliance report will be developed by the Treasurer and sent to Vesteda’s Risk Committee to verify compliance. This is aligned with market practice.



MANAGEMENT OF PROCEEDS Vesteda’s Treasurer will manage proceeds on a portfolio basis. Pending full allocation of proceeds, unallocated funds will be managed according to treasury criteria. If assets are no longer eligible, Vesteda will remove the asset from the portfolio and will aim to replace it as soon as feasible. This is aligned with market practice.



REPORTING Vesteda intends to prepare an investor report on allocation of proceeds on an annual basis. The report will include the allocation of proceeds to the portfolio of eligible assets, including a breakdown of allocation to specific use of proceeds categories; the total outstanding volume of green finance instruments issued under the framework, the share of financing and refinancing and average lookback period; and, if necessary, the total unallocated amount. In addition, Vesteda is committed to reporting on relevant impact metrics. Vesteda’s allocation and impact reporting are aligned with market practice.

Evaluation date	26 April 2019
Issuer Location	Amsterdam, Netherlands

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3
Appendices	7

For inquiries, contact the Sustainable Finance Solutions project team:

Joshua Zakkai (Amsterdam)
 Project Manager
 joshua.zakkai@sustainalytics.com
 (+31) 20 205 00 79

Evan Bruner (Amsterdam)
 Project Support
 evan.bruner@sustainalytics.com
 (+31) 20 205 00 27

Jean-Claude Berthelot (Amsterdam)
 Client Relations
 jean-claude.berthelot@sustainalytics.com
 (+31) 20 205 00 15

Introduction

Vesteda (or “the Company”) is a commercial real estate investor and apartment rental agency with a focus on the Dutch residential real estate market. Vesteda has a total capital of €7.3 billion invested in real estate, and the company’s rental portfolio includes a total of approximately 27,800 units. Vesteda’s primary investment regions are the Randstad region and the Brabant metropolitan area, with its greatest share of investments located in Amsterdam and Rotterdam.

Vesteda has developed the Vesteda Green Finance Framework (the “Framework”) under which it is considering to issue multiple green bonds and potentially other products like green loans, green private placements, etc., and intends to use the proceeds to finance/refinance, in whole or in part, existing/future assets that will improve the sustainability of its residential real estate portfolio. The Framework defines eligibility criteria in the following area:

1. Green buildings

Vesteda engaged Sustainalytics to review the Framework (or Green Finance Framework), dated 29 April 2019, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP) and Green Loan Principles 2018 (GLP).¹ This Framework has been published in a separate document.²

As part of this engagement, Sustainalytics held conversations with various members of Vesteda’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the green finance instruments issued under the framework, including Vesteda’s inaugural green bond, which is expected to be issued in Q2 2019. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Vesteda Green Finance Framework and should be read in conjunction with that Framework. The opinion will be publicly available via the investor relations section of Vesteda’s corporate website.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

The Green Loan Principles are administered by the Loan Market Association and are available at https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

² The Vesteda Green Finance Framework is available on Vesteda’s website at: <https://www.vesteda.com/en/about-vesteda/investor-relations/credit-investors.aspx>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Vesteda Green Finance Framework

Summary

Sustainalytics is of the opinion that the Vesteda Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 (the "GBP") and the Green Loan Principles 2018 (the "GLP"). Sustainalytics highlights the following elements of Vesteda's Framework:

- Use of Proceeds:
 - The eligible use of proceeds category: green buildings is recognized as impactful by the GBP and GLP. Sustainalytics views positively investments into the improvement of the energy efficiency of the residential real estate sector in the Netherlands.
 - Vesteda has established eligibility criteria for the building stock that requires new and existing buildings to have at least an Energy Performance Certificate (EPC) label of A. This eligibility criterion is recognized as being aligned with Climate Bonds Initiative (CBI) standard low-carbon building criteria for the Netherlands, which Sustainalytics views as a robust proxy.³
 - Vesteda's green finance proceeds will also be invested in residential real estate assets for which a significant improvement in energy efficiency has been achieved. The proceeds will go towards refurbished residential buildings which have made an energy efficiency improvement of at least two EPC label steps up to a minimum EPC Energy Label of "C". The energy efficiency improvements are a result of measures such as insulation, energy-efficient glazing, high-efficiency boilers, and solar panels. Vesteda has provided Sustainalytics with data substantiating that two levels of improvement in the EPC label resulting in a minimum label of C will achieve a reduction in carbon intensity of at least 30% and aligns with the Low Carbon Building Criteria of the Climate Bond Standard.⁴
- Project Evaluation and Selection:
 - Vesteda's project evaluation and selection process is facilitated by the Green Finance Framework Group, which is comprised of the Program Manager Sustainability, the Appraisal Manager, the Manager Financial Control and Reporting and the Treasurer. Together, this group is responsible for evaluating, selecting and reviewing eligible assets. On at least an annual basis the group will assess asset eligibility and approved assets will be added to the portfolio. Quarterly reports will be made available to Vesteda's Risk Committee to ensure the compliance of eligible assets.
 - Based on the establishment of a multi-disciplinary team to review eligibility, and the commitment to ongoing review by the Risk Committee, Sustainalytics views this process as aligned with market practice.
- Management of Proceeds:
 - Vesteda's Treasurer will manage the green finance proceeds on a portfolio basis. The Company intends to ensure that the total value of the green finance proceeds do not exceed the balance of the eligible asset portfolio. If an asset becomes ineligible over the term of the bond, proceeds will be reallocated to eligible assets as soon as possible. Pending full allocation, unallocated proceeds may be temporarily invested in short term money market instruments in line with Vesteda's treasury department criteria. This process will be reviewed by Vesteda's Risk Committee on at least an annual basis until full allocation of proceeds.
 - Based on the commitment to ensure full allocation on a portfolio basis, and the disclosure of intended investments for unallocated proceeds, Sustainalytics views this management process as aligned with market practice.

³ Residential buildings must achieve an energy label 'A' to be eligible for Climate Bonds certification. New buildings constructed after the adoption of the Dutch Building Decree 2012 (Bouwbesluit 2012) are automatically eligible for Climate Bonds certification. Climate Bonds Initiative, "Low Carbon Buildings: Netherlands" at: <https://www.climatebonds.net/files/files/Netherlands%20-%20Residential%20Proxy.pdf>

⁴ The Climate Bond Initiative has established reduction targets of 30%-50% for refurbished buildings to align with a 2-degree global warming scenario (see: <https://www.climatebonds.net/standard/buildings/upgrade>). Sustainalytics considers that by investing in refurbishments that result in at least 30% improvements, Vesteda has selected projects which will deliver significant environmental benefits.

- Reporting:
 - Vesteda will report on the allocation of proceeds on an annual basis, until full allocation. The report will be made available to investors in the investor relations section of the Company’s website and will include the total allocation of proceeds to the eligible asset portfolio, including a breakdown of allocations for the specific use of proceeds categories; the total outstanding volume of green finance instruments issued; the share of financing vs. refinancing and the average lookback period of the portfolio;⁵ and, if necessary, the total amount of unallocated proceeds.
 - In addition, Vesteda will report annually on relevant impact metrics, which will be aligned with the Harmonized Framework for Impact Reporting and will include the estimated energy savings (in MWh/GWh and/or GJ/TJ) and the greenhouse gas emissions avoided (in tonnes of CO₂ equivalent). This report will also be included on the investor relations section of the company website.
 - Based on the commitment to annual reporting, including quantitative impact metrics, Sustainalytics considers these procedures to be aligned with market practice.

Alignment with Green Bond Principles 2018 and Green Loan Principles 2018

Sustainalytics has determined that Vesteda’s Green Finance Framework aligns to the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of Vesteda

Contribution of framework to Vesteda’s sustainability strategy

Vesteda has developed a “vision framework”, consisting of a purpose, mission, vision and core values. This framework identifies improving the quality and sustainability of the company portfolio as a key priority in the business strategy.⁶ Part of this priority encompasses the company’s commitment to outperform the Dutch government’s Energy agreement by investing into energy efficiency and renewable energy for the residential real estate portfolio.⁶ Vesteda’s objective is to reduce the consumption of energy and water, as well as reducing CO₂ emissions. The company has established targets for building EPC label performance and by the end of 2020 at least 80% of Vesteda’s homes will have an EPC label of A, B, or C, no more than 20% will have a D label, and there will be zero E, F, or G labels.⁶ As of 2015, the average energy label in the Netherlands was C.¹² In 2018, Vesteda reported energy performance improvements in 1,474 units and is making steady progress towards their 2020 goal with 84.3% of homes having an A, B, or C label, 9.6% with D and 6.1% with E, F, G.⁶ By targeting the more inefficient housing stock with the proceeds of green finance instruments for energy performance improvement, Vesteda will continue to make progress towards their 2020 goal.

In 2017, Vesteda applied for a renewable energy grant to expand the capacity of solar panels and was awarded a subsidy by the Dutch government to install panels on eight complexes.⁶ As of 2018, panels have been installed on two complexes and the other six are currently in progress, the total amount of panels installed will be 1,476.⁶ Sustainalytics views positively this initiative and the reporting of progress.

Based on the above points, Sustainalytics is of the opinion that by using the proceeds of green finance instruments to invest in improving the environmental performance of the company’s residential real estate portfolio, Vesteda’s Green Finance Framework will have a meaningful contribution to the company’s sustainability targets.

Well positioned to address common environmental and social risks associated with the projects

Overall, Sustainalytics acknowledges that financing improvements in green building assets has a positive impact. However, as with any infrastructure development project, environmental and social risks are present, including the risk to worker and tenant health and safety as well as those related to stakeholder engagement.

⁵ The Framework specifies that the “average lookback period is the average number years prior to the year of issuance when buildings became eligible.”

⁶ Vesteda, “2018 annual report”, (2019), at:

https://vestedareport.com/fbcontent.ashx/pub_1001/downloads/EN_2018_Vesteda%20Annual%20Report.pdf

Workers can be exposed to particulate matter (e.g. asbestos in old buildings), fire hazards, heavy equipment and other safety risks, while tenants can be exposed to open construction, fire hazards and elevator malfunctions. Additionally, stakeholders must be engaged to ensure tenant satisfaction and an adequate level of buy-in for new improvements, as well as ensuring that vulnerable social groups are not disproportionately impacted by construction or refurbishment projects. Vesteda reports on these issues with a high-level of transparency in their annual report, some of the key risk mitigation measures are as follows:

- Health & safety
 - Regarding worker health and safety, Vesteda is responsible for compliance with all Dutch health & safety regulations. These regulations require employers to develop health and safety policies that meet minimum requirements set by the government and provide a safe working place, identify and mitigate potential safety hazards, and provide proper training and education.⁷ The most relevant legislation for the assets funded by green finance transactions is the Working conditions law, or Arbeidsomstandighedenwet (Arbowet),⁸ which requires that an official inspector supervises and assesses compliance with the legislation. The law holds employers and employees collectively responsible for ensuring safe working conditions. Employers and employees create health and safety procedures that are then submitted to the government.
 - In addition to worker health and safety, tenant health and safety must be considered. Vesteda's Operations department is responsible for monitoring potential safety hazards and implementing precautionary measures. For example, Vesteda uses an internal risk map to identify the potential health and safety risks and determine the actions that need to be taken to ensure safety.⁶ The company also participates in rigorous fire safety training, undergoes routine lift inspection and assessments of heating/cooling systems. Additionally, asbestos was common in construction materials up until 1994, Vesteda has carried out inspections on its full portfolio and will take appropriate actions, including potential clean-ups and providing information for tenants/workers.⁶
- Stakeholder engagement
 - In 2018, Vesteda organized a variety of activities to engage stakeholders. For example, the company developed a communication plan to better understand how to increase engagement with tenants and garner their feedback on initiatives. Additionally, in combination with the company's focus on sustainability, "Doe Groen dagen" (Go Green events) were organized to strengthen the relationship with tenants and employees through gardening and public restoration activities. The company also engaged in extensive tenant satisfaction surveys, the results of which are reported with full transparency in the annual report.⁶

Based on the above policies, procedures and programs, Sustainalytics views Vesteda as having adequate measures in place to reduce the potential environmental and social risks related to the green buildings that will be financed using instruments issued under the Framework.

Section 3: Impact of Use of Proceeds

Investments in green buildings is recognized as impactful by the GBP and GLP. Sustainalytics has focused below on how the impact is specifically relevant in the local context.

Importance of renewable energy and energy efficiency in green buildings

The building sector is responsible for approximately 40% of the EU's total primary energy consumption and 36% of CO₂ emissions – making it one of the most energy inefficient, carbon emitting sectors.⁹ In the Netherlands, the building sector is responsible for approximately 28% of the total energy consumption.¹⁰ An estimated 35% of EU buildings are more than 50 years old and 75% of the stock can be classified as inefficient. Renovation and refurbishment have the potential to reduce total energy consumption and lower CO₂ emissions by approximately 5%.⁹ However, the rate of buildings renovations is moving at a pace of only 0.4-1.2% per year,⁹ which is too slow to fulfill the ambitious goals that have been set in the Netherlands. The Dutch government has implemented agreements to make residential real estate housing more energy efficient and

⁷ OSH Wiki, "OSH System at a national level – Netherlands", at: https://oshwiki.eu/wiki/OSH_system_at_national_level_-_Netherlands

⁸ Ministerie van Sociale Zaken en Werkgelegenheid, "Arbowetgeving (Arbowet)" (2019), at: <https://www.arboportaal.nl/onderwerpen/arbowetgeving>

⁹ European Commission, "Energy Performance of Buildings", (2019), at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings>

¹⁰ EBN, "Energie in Nederland 2019", (2019), at: https://www.ebn.nl/wp-content/uploads/2019/03/EBN_Infographic-2019_14MRT19.pdf

has established a national goal of improving EPC labels by at least two performance levels on more 300,000 units per year until 2020 and from 2020 onward all new housing developments are expected to be nearly-carbon neutral.¹¹ However, it is worth noting that within the Netherlands there has been a greater focus on the development of new, low-carbon buildings, rather than on renovation and refurbishment, despite the potential cost savings.¹²

Based on the above, Sustainalytics is of the opinion that activities funded by Vesteda's green financing will be meaningful, impactful and will help the Netherlands achieve its climate targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. These green finance instruments advance the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Conclusion

Vesteda's Green Finance Framework will contribute to the company's sustainability goals by helping to reduce the overall environmental footprint of the company's residential building stock. The proceeds of green bonds and loans will finance low-carbon buildings and buildings which have made a significant improvement in energy efficiency following the installation of improved building insulation, energy-efficient glazing for windows, and high-efficiency water boilers and renewable energy upgrades via the installation of solar panels. In addition to contributing to the company's sustainability targets, these improvements will further contribute to the Netherlands' national climate targets as well as the UN SDGs, as shown above. Finally, Sustainalytics considers Vesteda's alignment of its eligibility criteria with the Low Carbon Building criteria of the Climate Bond Initiative to be a robust practice, ensuring that all investments associated with green bond and loan proceeds are aligned with a 2-degree global warming scenario. Based on this, Sustainalytics is of the opinion that Vesteda is well-positioned to issue a green bond and the Vesteda Green Finance Framework is credible, impactful and aligned with the GBP and GLP.

¹¹ Energie Akkoord, "The agreement on energy for sustainable growth: a policy in practice" (2016), at: <https://www.government.nl/topics/renewable-energy/documents/reports/2016/04/28/energy-report-transition-tot-sustainable-energy>

¹² Filippidou, F. et. al (2017), "Are we moving fast enough? The energy renovation rate of the Dutch non-profit housing using the national energy labelling database", at: <https://www.sciencedirect.com/science/article/pii/S0301421517304548>

Appendices

Appendix 1: Green Bond / Green Bond Programme - External Review Form Section 1. Basic Information

Issuer name:	Vesteda
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Vesteda Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	26/04/2019
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input checked="" type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify):</i> | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible use of proceeds category: green buildings is recognized as impactful by the GBP and GLP. Sustainalytics views positively investments into the improvement of the energy efficiency of the residential real estate sector in the Netherlands.

Vesteda has established eligibility criteria for the building stock that requires new and existing buildings to have at least an Energy Performance Certificate (EPC) label of A. This eligibility criterion is recognized as being aligned with Climate Bonds Initiative (CBI) standard low-carbon building criteria for the Netherlands, which Sustainalytics views as a robust proxy.

Vesteda's green finance proceeds will also be invested in residential real estate assets for which a significant improvement in energy efficiency has been achieved. The proceeds will go towards refurbished residential buildings which have made an energy efficiency improvement of at least two EPC label steps up to a minimum EPC Energy Label of "C". The energy efficiency improvements are a result of measures such as insulation, energy-efficient glazing, high-efficiency boilers, and solar panels. Vesteda has provided Sustainalytics with data substantiating that two levels of improvement in the EPC label resulting in a minimum label of C will achieve a reduction in carbon intensity of at least 30% and aligns with the Low Carbon Building Criteria of the Climate Bond Standard.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |

- Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs
 Other *(please specify)*:

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Vesteda's project evaluation and selection process is facilitated by the Green Finance Framework Group, which is comprised of the Program Manager Sustainability, the Appraisal Manager, the Manager Financial Control and Reporting and the Treasurer. Together, this group is responsible for evaluating, selecting and reviewing eligible assets. On at least an annual basis the group will assess asset eligibility and approved assets will be added to the portfolio. Quarterly reports will be made available to Vesteda's Risk Committee to ensure the compliance of eligible assets.

Based on the establishment of a multi-disciplinary team to review eligibility, and the commitment to ongoing review by the Risk Committee, Sustainalytics views this process as aligned with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Vesteda's Treasurer will manage the green finance proceeds on a portfolio basis. The Company intends to ensure that the total value of the green finance proceeds do not

exceed the balance of the eligible asset portfolio. If an asset becomes ineligible over the term of the bond, proceeds will be reallocated to eligible assets as soon as possible. Pending full allocation, unallocated proceeds may be temporarily invested in short term money market instruments in line with Vesteda's treasury department criteria. This process will be reviewed by Vesteda's Risk Committee on at least an annual basis until full allocation of proceeds.

Based on the commitment to ensure full allocation on a portfolio basis, and the disclosure of intended investments for unallocated proceeds, Sustainalytics views this management process as aligned with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

Vesteda will report on the allocation of proceeds on an annual basis, until full allocation. The report will be made available to investors in the investor relations section of the Company's website and will include the total allocation of proceeds to the eligible asset portfolio, including a breakdown of allocations for the specific use of proceeds categories; the total outstanding volume of green finance instruments issued; the share of financing vs. refinancing and the average lookback period of the portfolio; and, if necessary, the total amount of unallocated proceeds.

In addition, Vesteda will report annually on relevant impact metrics, which will be aligned with the Harmonized Framework for Impact Reporting and will include the estimated energy savings (in MWh/GWh and/or GJ/TJ) and the greenhouse gas emissions avoided (in tonnes of CO₂ equivalent). This report will also be included on the investor relations section of the company website.

Based on the commitment to annual reporting, including quantitative impact metrics, Sustainalytics considers these procedures to be aligned with market practice.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (*please specify*):

Information reported:

- Allocated amounts
- Green Bond financed share of total investment
- Other (*please specify*):

Frequency:

- Annual
- Semi-annual
- Other (*please specify*):

Impact reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (*please specify*):

Frequency:

- Annual
- Semi-annual
- Other (*please specify*):

Information reported (expected or ex-post):

- GHG Emissions / Savings
- Energy Savings
- Decrease in water use
- Other ESG indicators (*please specify*):

Means of Disclosure

- Information published in financial report
- Information published in sustainability report
- Information published in ad hoc documents
- Other (*please specify*):
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.vesteda.com/en>
<https://www.vesteda.com/en/about-vesteda/investor-relations/investorweb.aspx>
https://vestedareport.com/fbcontent.ashx/pub_1001/downloads/EN_2018_Vesteda%20Annual%20Report.pdf
<https://www.vesteda.com/en/about-vesteda/investor-relations/credit-investors.aspx>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input checked="" type="checkbox"/> Certification |
| <input checked="" type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognized external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialized research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

© Sustainalytics 2019. All rights reserved.

The intellectual property rights to this Second-Party Opinion (the “Opinion”) are vested exclusively in Sustainalytics. Unless otherwise expressly agreed in writing by Sustainalytics, no part of this Opinion may be reproduced, disseminated, comingled, used to create derivative works, furnished in any manner, made available to third parties or published, parts hereof or the information contained herein in any form or in any manner, be it electronically, mechanically, through photocopies or recordings, nor publicly released without the “Green Bond Framework” in conjunction with which this Opinion has been developed.

The Opinion was drawn up with the aim to provide objective information on why the analyzed bond is considered sustainable and responsible, and is intended for investors in general, and not for a specific investor in particular. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.

As the Opinion is based on information made available by the client, the information is provided “as is” and, therefore Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date, nor assumes any responsibility for errors or omissions. Any reference to third party names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner.

Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, nothing contained in this Opinion shall be construed as an investment advice (as defined in the applicable jurisdiction), nor be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond, nor to have focused on the effective allocation of the funds’ use of proceeds.

The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider. The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit www.sustainalytics.com

Or contact us info@sustainalytics.com

