

# Vesteda

**Type of Engagement:** Annual Review

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## Introduction

In 2019, 2020 and 2021, Vesteda (the “Issuer”) issued two green bonds and signed a private placement, aimed at financing and refinancing the acquisition and ownership, construction and renovation of residential green buildings in the Netherlands. In October 2021, Sustainalytics provided a second-party opinion<sup>1</sup> on the Vesteda Green Finance Framework<sup>2</sup> (the “Framework”). In November 2022, Vesteda engaged Sustainalytics to review the assets funded through the green bonds and private placement (the “Nominated Assets”), and to provide an assessment as to whether the Nominated Assets met the use of proceeds criteria and reporting commitments outlined in the Framework.

## Evaluation Criteria

Sustainalytics evaluated the assets funded with proceeds from the green bonds and private placement based on whether the assets met the use of proceeds and eligibility criteria outlined in the Vesteda Green Finance Framework.

**Table 1: Use of Proceeds, Eligibility Criteria and associated KPIs**

Use of Proceeds	Eligibility Criteria	KPIs
Green Buildings <sup>3</sup>	<ul style="list-style-type: none"> <li>• <b>Energy efficient residential buildings:</b> <ul style="list-style-type: none"> <li>• The acquisition and ownership of existing buildings built before 31-12-2020 that: i) have received at least an Energy Performance Certificate (EPC) label A; or ii) belong to the top 15% of the Dutch residential building stock in terms of primary energy demand.</li> <li>• The construction of new buildings that: i) have been permitted before 1-1-2021 and constructed after 1-1-2021 and have an energy performance coefficient of at least 0.4;<sup>4</sup> or ii) have been permitted and constructed after 1-1-2021 for which the primary energy demand is at least 10% below the Dutch nearly zero-energy building (NZEB)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Estimated energy savings (in MWh/GWh and/or GJ/TJ) through the portfolio of energy efficient residential buildings in comparison with a representative average Dutch residential portfolio and the accompanying greenhouse gas emission avoidance (in tonnes of CO<sub>2</sub> equivalent).</li> <li>• Estimated energy savings (in MWh, GWh, GJ or TJ) through the portfolio of refurbished residential buildings and the accompanying greenhouse gas emission avoidance (in tonnes of CO<sub>2</sub> equivalent).</li> <li>• Total energy savings (in MWh, GWh, GJ or TJ) and the accompanying greenhouse gas emission avoidance (in tonnes of CO<sub>2</sub> equivalent).</li> </ul>

<sup>1</sup> Sustainalytics, “Vesteda Green Finance Framework Second-Party Opinion”, (2021), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/vesteda/vesteda-green-finance-framework-second-party-opinion-\(2021\)/vesteda-green-finance-framework-second-party-opinion-2021-update](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/vesteda/vesteda-green-finance-framework-second-party-opinion-(2021)/vesteda-green-finance-framework-second-party-opinion-2021-update)

<sup>2</sup> The Vesteda Green Finance Framework is available on Vesteda’s website at: <https://www.vesteda.com/en/corporate/investment/debt/green-bond-programme>

<sup>3</sup> The Nominated Assets are located in the Netherlands.

<sup>4</sup> Any new buildings constructed after the 2015 update to the Dutch Building Decree, which required a minimum of energy performance coefficient 0.4, will be among the top 15% buildings in the local market in terms of primary energy demand.

	<p>requirements.<sup>5</sup></p> <ul style="list-style-type: none"> <li>• <b>Refurbished residential buildings:</b> existing buildings which have realized a minimum 30% reduction of primary energy demand based on the buildings' baseline prior to the refurbishments; and achieved at least an EPC label C.</li> </ul>	<ul style="list-style-type: none"> <li>• If available, examples or case studies of Eligible Assets.</li> </ul>
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## Issuer's Responsibility

Vesteda is responsible for providing accurate information and documentation relating to the details of the assets that have been funded, including description of assets, amounts allocated and environmental impact.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the Nominated Assets. The work undertaken as part of this engagement included collection of documentation from Vesteda and review of documentation to assess conformance with the Vesteda Green Finance Framework.

Sustainalytics relied on the information and the facts presented by Vesteda with respect to the Nominated Assets. 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 Vesteda.

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

## Conclusion

Based on the limited assurance procedures conducted,<sup>6</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Assets are not in conformance with the use of proceeds and reporting criteria outlined in the Vesteda Green Finance Framework. Vesteda has disclosed to Sustainalytics that the proceeds from the green bonds and private placement were fully allocated as of June 30, 2022.

<sup>5</sup> For buildings larger than 5,000 m<sup>2</sup> upon completion, the building resulting from the construction undergoes testing for air tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. Alternatively, where robust and traceable quality control processes are in place during the construction process, these will be used as alternatives to thermal integrity testing. In addition, the life-cycle global warming potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.

<sup>6</sup> Sustainalytics' limited assurance process includes reviewing the documentation relating to the details of the funded assets, including description of assets, estimated and realized costs of assets, and asset impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to assets.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Eligibility Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the Nominated Assets to determine if assets are aligned with the use of proceeds criteria outlined in the Vesteda Green Finance Framework and above in Table 1.	All assets reviewed complied with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the Nominated Assets to determine if impact of assets was reported in line with the KPIs outlined in the Vesteda Green Finance Framework and above in Table 1. For a list of KPIs reported, please refer to Appendix 1.	All assets reviewed reported on at least one KPI per category.	None

## Appendix

### Appendix 1: Reported Impact

Green Buildings Financed	Percentage of Bond Proceeds Allocated	Proceeds Allocated (EUR million)	Number of Residential Buildings	Estimated Energy Savings (MWh/year)	Total CO <sub>2</sub> Savings (tCO <sub>2</sub> e)
Energy-Efficient Residential Buildings	87%	957	9,766	50,505	8,998
Refurbished Residential Buildings	13%	143	2,311	21,773	3,933
<b>Total</b>	<b>100%</b>	<b>1,100</b>	<b>12,077</b>	<b>72,278</b>	<b>12,931</b>

### Appendix 2: Allocation Reporting as of Q2 2022

	Energy-Efficient Residential Buildings	Refurbished Residential Buildings		Total
Portfolio of Eligible Assets (EUR million)	3,778	563		4,341
	Green Bond (May 2027)	Green Bond (Nov 2031)	Green Private Placement (Dec 2030-2035)	
Proceeds Allocated (EUR million)	500	500	100	1,100 <sup>7</sup>
Remaining Portfolio of Eligible Assets (EUR million)				3,241

<sup>7</sup> Vesteda informed Sustainalytics that EUR 400 million were used for financing and EUR 700 million for refinancing.

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