

Vesteda Green Finance Framework

PRE-ISSUANCE VERIFICATION LETTER

RESIDENTIAL LOW CARBON BUILDING CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: April 2019

Approved verifier: Sustainalytics

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Scope and Objectives

Vesteda, has engaged Sustainalytics to review and verify that Vesteda's green bond meets the requirements under the Residential Low Carbon Building criteria of the Climate Bonds Standard.

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. The company's rental portfolio includes a total of approximately 27,800 units. The company is committed to improving the quality and sustainability of its real estate portfolio as a key priority in the business strategy. Vesteda has established targets for building EPC label performance and invests in the expansion of photovoltaic solar panels at its properties.

The proceeds of the Green Bond will be invested in line with the following eligibility criteria:

1. new and existing buildings that have an Energy Performance Certificate (EPC) label of A
2. refurbished and renovated residential real estate which have made an improvement of at least two EPC label steps up to a minimum EPC label of "C"

Climate Bonds Standards Criteria

Pre-issuance requirements under Climate Bond Standards Version 2.1:

- Low Carbon Building Criteria
 - Residential buildings

Issuing Entity's Responsibility

Vesteda was responsible for providing information and documents relating to:

- The details concerning the selection process for the top 15% of residential buildings;
- The details of the building stock;
- The management systems for internal processes and controls for green buildings, including: tracking of proceeds, managing unallocated proceeds and earmarking funds to Nominated Projects;
- The details of commitments for reporting prior to issuance, including: investment areas, management of unallocated proceeds and frequency of periodic Assurance Engagements

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Vesteda's Green Bond, issued to finance Nominated Projects, and provided an independent opinion informing Vesteda as to the conformance of the Green Bond with the Pre-issuance requirements and residential low carbon building criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by Vesteda. Sustainalytics is not responsible if any aspect of the Nominated Projects referred to in this opinion including estimates, findings,

opinions, or conclusions are incorrect. Thus, Sustainalytics shall not be held liable if any of the information or data provided by Vesteda management and used as a basis for this assessment were not correct or complete.

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

Verifier's Responsibility

The work undertaken as part of this engagement included conversations with relevant Vesteda employees and review of relevant documentation to confirm the Green Bond's conformance with the Climate Bonds Certification Pre-Issuance Requirements, which include:

- Conformance of Vesteda's Green Bond with the Climate Bonds Standard Version 2.1;
- Conformance with the Technical Criteria on low carbon buildings
- Conformance with the Internal Processes & Controls requirements
- Conformance with Reporting Prior to Issuance requirements

Basis of the Opinion

Sustainalytics conducted the verification in accordance with the Climate Bond Standard Version 2.1 and with International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Information.

Sustainalytics planned and performed the verification by obtaining evidence and other information and explanations that Sustainalytics considers necessary to give limited assurance that Vesteda's Green Bond meets the requirements of the Climate Bond Standard. Upon reviewing evidence and other information, Sustainalytics is of the opinion that Vesteda will ensure compliance with Climate Bond Standard requirements.

Conclusion

Vesteda has developed the Vesteda Green Finance Framework with the intention of further financing the company's sustainability efforts aimed at reducing the overall environmental impact of its real estate portfolio. The company has adopted an approved proxy methodology for the identification of the top 15% of the building stock in the Netherlands: new or existing buildings with an Energy Performance Certificate label of A or greater as issued by the Netherlands Enterprise Agency. Furthermore, Vesteda has substantiated to Sustainalytics that its investments in achieving a two-step improvement in EPC label up to a minimum EPC label of C will result in reductions in CO2 emissions of >34%, which is the threshold requirement in the Low Carbon Buildings upgrade Criteria for a bond with a tenor of 10 years. Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material aspects, (the issuer)'s green bond is not in conformance with the Climate Bond Standard's Pre-Issuance Requirements

Schedule 2A: Pre-Issuance General Requirements

Selection of Nominated Projects and Assets:	<p>1.1 Statement on the environmental objectives of the bond</p> <p>1.2 Confirmation that Nominated Projects and Assets meet the Climate Bonds criteria</p> <p>1.3 Document a list of Nominated Projects and Assets</p> <p>1.4 Confirmation that Nominated Projects and Assets will not be nominated to other Climate Bonds</p> <p>1.5 Confirmation that Net Proceeds of the Green Bond shall not be greater than the value of the Nominated Projects and Assets</p>
Internal Processes and Controls	<p>2.1.1 Tracking of proceeds</p> <p>2.1.2 Managing of unallocated proceeds</p> <p>2.1.3 Earmarking funds to Nominated Projects and Assets</p>
Reporting Prior to Issuance	<p>3.1.1 Investment area of Nominated Projects and Assets</p> <p>3.1.2 Intended types of temporary investments for the management of unallocated proceeds</p> <p>3.1.3 Approach of Verifier</p> <p>3.1.4 Whether periodic Assurance Engagement will be undertaken, and the expected frequency of any periodic Assurance Engagements</p>

Schedule 2B: Conformance to the Pre-Issuance Requirements

Procedure Performed	Factual Findings	Error or Exceptions Identified
Verification of requirements specified under Selection of Nominated Projects and Assets	<p>1.1 The objective of the bond is to primarily use proceeds to finance residential green buildings in the Netherlands with an EPC label of at least A or buildings that have undergone refurbishment resulting in at least two levels of improvement in EPC label, up to a minimum level of C.</p> <p>1.2 The Nominated Projects and Assets meet the low carbon residential building criteria of the Climate Bond Standard.</p> <p>1.3 The Nominated Projects and Assets include:</p> <ul style="list-style-type: none"> • Energy efficient residential buildings • Refurbished residential buildings <p>1.4 Vesteda's management confirms that the projects shall not be nominated to other Climate Bonds.</p> <p>1.5 Vesteda's management confirms that the net proceeds of the bond shall not be greater than the value of the projects.</p>	None
Verification of requirements specified under Internal Processes and Controls	<p>2.1.1 Vesteda's management confirms that proceeds will be segregated and tracked in a systematic manner and will be exclusively used to finance Nominated Projects.</p> <p>2.1.2 Vesteda's management confirms that unallocated proceeds will be managed according to its treasury criteria.</p> <p>2.1.3 Vesteda's management has confirmed that the proceeds from the bond will be assigned to a portfolio of loans that meet the use of proceeds eligibility criteria. . The Green Finance Framework Group at Vesteda is responsible for this process.</p>	None
Verification of requirements specified under Reporting Prior to Issuance	<p>1.6 3.1.1 Vesteda's management confirms that the proceeds of the transaction will primarily be used to finance residential green buildings in the Netherlands with an EPC label of at least A or buildings that have undergone refurbishment resulting in at least two levels of improvement in EPC label, up to a minimum level of C.</p> <p>3.1.2 Vesteda's management confirms that unallocated proceeds shall be held in accordance with treasury criteria.</p> <p>3.1.3 The bond's offer letter confirms that an approved third-party verifier has been appointed to confirm the bond's conformance with pre-issuance requirements of the low carbon residential building criteria of the Climate Bonds Standard.</p> <p>3.1.4 The bond's offer letter confirms that an approved third-party verifier will conduct post-issuance assurance exercise within a year's time to reaffirm conformance of the bond with the low carbon residential building criteria of the Climate Bonds Standard.</p>	None

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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

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