

Vesteda Green Bond: Allocation and impact report

In May 2019, Vesteda successfully issued its inaugural green bond. This bond marked the issuance of the second benchmark size bond under its €2.5 billion EMTN programme and the first EUR green bond by a residential fund. The €500 million bond has a term of 8 years and a coupon of 1.5%.

Vesteda sees corporate sustainability and social responsibility as vitally important for the long-term value development of its portfolio, the organisation and the society in which it operates. The focus on sustainability makes Vesteda eligible for financing itself by means of a green bond. This green bond underpins Vesteda’s sustainable strategy and helped to attract a broader group of investors with a strong focus on sustainable investment opportunities.

As outlined in its Green Finance Framework, Vesteda intends to use an amount equivalent to the net proceeds of green bonds and other finance instruments issued under this Framework to exclusively finance or refinance, in whole or in part, assets and activities in the category Green buildings. This includes new, existing and refurbished buildings that contribute to achieving its sustainability goals.

Vesteda has established eligibility criteria for the use of proceeds of green finance instruments that requires new and existing buildings to have at least an Energy Performance Certificate (EPC) label of A. Refurbished residential buildings, are required to have made an improvement of at least two EPC label steps up to a minimum EPC label of “C”, which will achieve a reduction in carbon intensity of at least 30%. As indicated by the certification of the inaugural green bond by the Climate Bonds Initiative (CBI), the eligibility criteria are aligned with the CBI low-carbon buildings criteria for the Netherlands



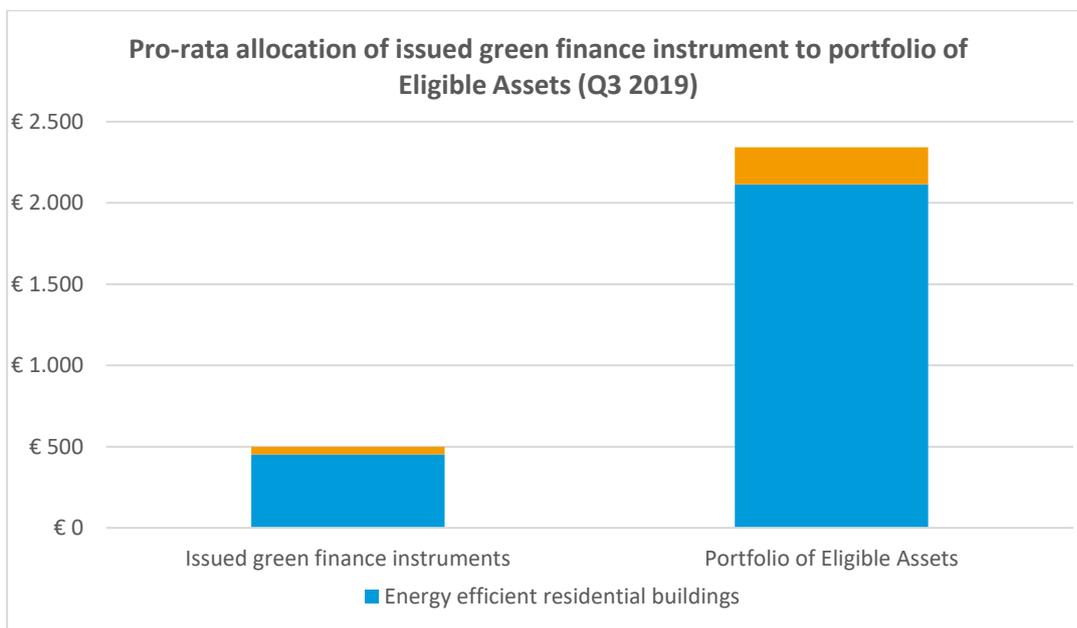
The table below provides an overview of the eligibility criteria and maps the use of proceeds categories to the UN Sustainable Development Goals (SDGs). All Eligible Assets are located in the Netherlands.

Eligibility Criteria	
Energy efficient residential buildings	Refurbished residential buildings
<ul style="list-style-type: none"> ✓ New and existing buildings with an EPC label \geq “A” issued by the Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland, RVO) 	<ul style="list-style-type: none"> ✓ Refurbished residential buildings: existing buildings which have made an improvement of at least two EPC label steps up to a minimum EPC label of “C” ✓ The EPC label improvements are a result of measures such as building insulation, energy-efficient glazing, high-efficiency boilers and the installation of solar panels, and result in an energy efficiency improvement of at least 30%
 	
c. € 2.1 billion	c. € 228 million

As Vesteda is committed to transparency, this report provides information on the allocation of the proceeds of its inaugural green bond and the environmental impact of its portfolio of Eligible Assets.

Allocation reporting as of Q3 2019

A) Portfolio of Eligible Assets	Value in EUR million
Portfolio of energy efficient residential buildings	2,115
Portfolio of refurbished residential buildings	<u>228</u>
Total	2,343
 B) Sustainable finance instruments issued	 Value in EUR million
Vesteda Inaugural Green Bond, May 2027	<u>500</u>
Total	500
 C) Remaining Portfolio of Eligible Assets	 Value in EUR million
Total (A-B)	1,843



D) Percentage of net proceeds of green finance instruments allocated to Eligible Assets:

100%

E) Share of financing vs refinancing

100% refinancing

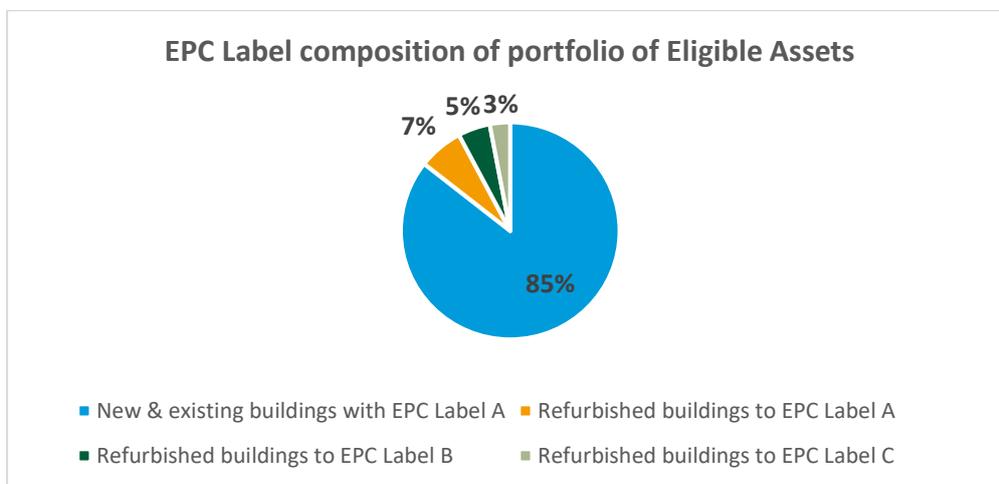
F) Average lookback period of the portfolio

New & existing energy efficient residential buildings: 3 years

Refurbished residential buildings: 2 years

Impact reporting as of Q3 2019

A) EPC Label Composition of portfolio of Eligible Assets



B) Estimated energy savings and accompanying greenhouse gas emission avoidance

On the request of Vesteda, Real Estate consultant Nibag has calculated the environmental impact of the portfolio of Eligible Assets in terms of both energy savings and CO₂emission avoidance.

For the portfolio of Energy Efficient Residential homes, Nibag compared the primary energy usage and related CO₂emissions of portfolio of Eligible Assets with a comparable average portfolio of residential homes in the Netherlands (using EPC Label C and the accompanying average energy usage and related CO₂emissions as a benchmark). For the portfolio of refurbished residential buildings, the primary energy savings and CO₂emission avoidance was calculated based on all individual home improvements in terms of final EPC-label. The improvements in primary energy usage and related co₂ emissions are based on the publicly available report “Relatie tussen energielabel, werkelijk energieverbruik en CO₂-uitstoot van Amsterdamse corporatiewoningen” (Majcen D., Itard L. (2014)).

All calculations indicate the theoretical primary energy reduction and related co₂ emission avoidance.

C) Overview of the impact of Vesteda’s 2019 Green finance portfolio:

The table below provides an overview of the environmental impact of the total portfolio of Eligible Assets.

	Total CO2 savings A-label buildings (excl. 2 label steps) in comparison with a representative average Dutch residential portfolio	c. 6.3 million kg*
	Total Energy savings A-label buildings (excl. 2 label steps) in comparison with a representative average Dutch residential portfolio	c. 35 GWh*
	Total CO2 savings of existing buildings which have made an improvement of at least two EPC label steps	c. 1.6 million kg
	Total Energy savings of existing buildings which have made an improvement of at least two EPC label steps	c. 9 GWh

*The amount excludes refurbished buildings which improvement led to an EPC Label of "A". These improved buildings are included in refurbished residential buildings portfolio

D) Impact reporting as per the ICMA Harmonized Framework for Impact Reporting:

As Vesteda is committed to transparency and the application of industry standards, the table below provides our impact reporting in line with the ICMA Harmonized Framework for Green Bond Impact Reporting (June 2019).

Eligible Project Category Green Bond Principles (GBP)	Eligible portfolio (EURm)	Share of Total Financing	Eligibility for Green Bonds	Green Building component	Allocated amount	Number of residential buildings (#)	Total of square meters	Estimated energy savings (MWh per year)	Total of CO2 savings (in tonnes of CO2 equivalent)
a/	b/	c/	d/	e/	f/	e/	e/	e/	e/
Energy efficient residential buildings	2.115	100%	100%	100%	451	6.553	652.117	35.504	6.326
Refurbished residential buildings	228	100%	100%	100%	49	1.103	108.573	8.986	1.624
Total	2.343	100%	100%	100%	500	7.656	760.690	44.491	7.950

a/ Eligible category

b/ Signed/budgetted amount committed by the issuer for the portfolio or portfolio components eligible for Green Bond financing

c/ This is the share of the total project cost that is financed by the issuer.

d/ This is the share of the total portfolio value that is Green Bond eligible

e/ The share of assets having a Green Building Component

f/ This represents the amount of green bond proceeds that has been allocated for disbursements to the project/portfolio

e/ Impact indicators

**Greenhouse gas emission avoidance per EUR 1 million invested:
3,39 tonnes of CO₂ equivalent**

E) Below you can find some examples of Eligible Assets/ projects:

All below mentioned projects have an EPC of 0.4, equivalent to the highest energy label of A+++

“De Draai”:



Project of 31 energy-neutral, all electric single-family homes which are included in the portfolio of Energy Efficient Residential Homes. These homes have an average size of 123m² and are mid-market rental homes. As these homes have heat-pumps and solar panels, they are extremely energy efficient and without natural gas connection.

“Bensdorp” in Bussem:



The Bensdorp complex is a former chocolate-factory that is transformed into a complex with sustainable houses.

“Punt Sniep” in Diemen:



Punt Sniep has an average EPC of -0,107 or a negative EPC

If there any questions please contact Vesteda at below contact details.

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