

Vesteda

POST-ISSUANCE VERIFICATION LETTER

LOW CARBON BUILDING CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: November 2019

Approved verifier: Sustainalytics

Contact address for engagement: De Entree 35-37, 1101 BH Amsterdam

Post-Issuance Engagement Leader: Evan Bruner, evan.bruner@sustainalytics.com, +31 20 205 0027

Scope and Objectives

In April 2019, Vesteda issued green bond aimed at financing green buildings and energy efficiency improvements in the residential real estate market in the Netherlands. In November 2019, Vesteda engaged Sustainalytics to review the assets funded through the issued green bond and provide an assessment as to whether the assets meet the Post-Issuance Requirements (Part A, Part B and Part C) of the Climate Bonds Standard.

Green bond assets include:

- **New and existing energy efficient residential buildings with APC Label \geq A**
- **Refurbished residential buildings with a two-label step improvement and minimum EPC Label of C**

Schedule 1 provides details of the green bond assets and Disbursement of Proceeds.

Compliance Evaluation Criteria

Post-issuance requirements under Climate Bonds Standards Version 2.1:

- **Part A: General Requirements** - All the requirements in Part A shall be met to be eligible for post-issuance certification.
- **Part B: Eligible Assets** - Part B requirements shall be met based on the assets associated with the bond and the specified eligibility criteria.
- **Part C: Requirements for Specific Bond Types** - Part C requirements shall be met to be eligible for post-issuance certification and are used selectively, depending on the type of bond in question.

Issuing Entity'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, total development cost of each asset, and disbursed amounts.

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 green buildings, and provided an independent opinion informing Vesteda as to the conformance of the green bond with the Post-Issuance Requirement and low carbon building criteria for residential buildings of the Climate Bonds Standard.

Sustainalytics has 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 if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Vesteda.

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.

Vesteda Green Bond

Verifier's Responsibility

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

The work undertaken as part of this engagement included conversations with relevant Vesteda employees and review of relevant documentation to confirm the conformance of Vesteda's green bond with the Post-Issuance Requirements (Part A, Part B and Part C) of the Climate Bonds Standard Version 2.1.

Exceptions

No exceptions were identified.

All assets aligned with the Post-Issuance requirements of the Climate Bonds Standard and were in conformance to the low carbon building residential criteria.

Conclusion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the allocation of proceeds from the Vesteda's green bonds, issued to fund eligible green assets, is not in conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

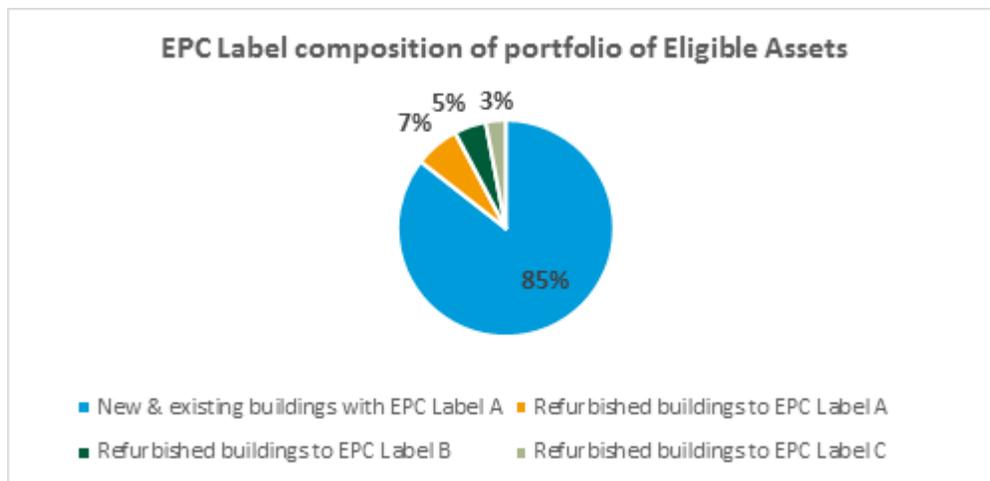
Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Compliance to Part A: General Requirements	Verification of 1,633 assets funded by the green bond in 2019 to determine if Part A: General Requirements were met (See Schedule 2A and 2A).	All 1,633 assets reviewed comply with the General Requirements.	None
Compliance to Part B: Eligible Assets & Assets	Verification of 1,633 assets funded by the green bond in 2019 to determine if assets fall into (i) one of the investment areas of the Climate Bonds Taxonomy (ii) meet the low carbon building residential technical criteria.	All 1,633 assets fall under the low carbon building residential criteria and meet the requirements of the low carbon building residential technical criteria.	None
Compliance to Part C: Requirements for Specific Bond Types	Bond Type Applicable: Use of Proceeds Bond.	The requirements of Project Holding, Settlement Period and Earmarking have been met.	None

Vesteda Green Bond

Schedule 1: Detailed Overview of Nominated Assets and Assets

Vesteda used the green bond proceeds for refinancing residential buildings with an EPC label \geq A and for refurbishments which improved the energy performance with at least a two-label step improvement. These investments significantly increased to total size of the portfolio of Eligible Assets. The bond proceeds were used explicitly for refinancing and covered 1,633 buildings.



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: 228

Total: 2,343

B) Sustainable finance instruments issued (Value in EUR million)

Vesteda Inaugural Green Bond, May 2027: 500

Total: 500

C) Remaining Portfolio of Eligible Assets (Value in EUR million)

Total (A-B): 1,843

Vesteda Green Bond

Schedule 2A: Post-Issuance General Requirements of the Climate Bonds Standard

Nominated Assets & Assets	<p>4.1 Statement on the environmental objectives of the bond</p> <p>4.2 Nominated Assets meet the Climate Bonds criteria</p> <p>4.3 Confirmation that Nominated Assets and Assets will not be nominated to other Climate Bonds</p>
Use of Proceeds	<p>5.1 Net Proceeds of the bond allocated to the Nominated Assets</p> <p>5.2 Funds allocated to Nominated Assets within 24 months of issuance of the bond</p> <p>5.3 Estimate of the share of the Net Proceeds used for financing and re-financing</p> <p>5.4 Net Proceeds of the bond shall be tracked by the Issuer following a formal internal process</p> <p>5.5 Net Proceeds of the bond shall be no greater than the total investment or the total Fair Market Value of the Nominated Assets & Assets at the time of issuance</p>
Non-Contamination of Proceeds	<p>6.1 Tracking of proceeds</p> <p>6.2 Managing of unallocated proceeds</p> <p>6.3 In the case of a Force Majeure, the Issuer may apply to the Climate Bonds Standard Board for an extension to the asset allocation period</p>
Confidentiality	<p>7.1 Information about the Nominated Assets & Assets provided to the Verifier and to the Climate Bonds Standard Board</p> <p>7.2 Issuer should disclose information about the bond and the Nominated Assets & Assets to the market</p>
Reporting Post-Issuance	<p>8.1 Report containing the list of Nominated Assets & Assets to which proceeds of the bond have been allocated</p>

Vesteda Green Bond

Schedule 2B: Conformance to the Post-Issuance Requirements of the Climate Bonds Standard

Procedure Performed	Factual Findings	Error or Exceptions Identified
Verification of Nominated Assets & Assets	<p>4.1 The objective of the bond is to primarily use proceeds to finance low carbon energy efficient residential buildings.</p> <p>4.2 Vesteda's management confirms that the nominated assets meet the Eligibility Criteria.</p> <p>4.3 Vesteda's management confirms that the assets shall not be nominated to other Climate Bonds.</p>	None
Verification of requirements specified under Use of Proceeds	<p>5.1 Net Proceeds of the bond have been allocated to the 1,633 Nominated Assets.</p> <p>5.2 Vesteda's management has confirmed that funds have been allocated to Nominated Assets within six months of the issuance.</p> <p>5.3 Vesteda's management has confirmed that all Net Proceeds of the bond were used for refinancing only.</p> <p>5.4 Vesteda's management has confirmed that Net Proceeds of the bond shall be tracked by the Issuer following a formal internal process.</p> <p>5.5 Vesteda's management has confirmed that the Net Proceeds of the bond shall be no greater than the total investment in the Nominated Assets or the Total Development Cost of the Nominated Assets.</p>	None
Verification of requirements specified under Non-Contamination of Proceeds	<p>6.1 Vesteda's management confirms that the proceeds have been segregated and tracked in a systematic manner and were exclusively used to finance Nominated Assets.</p> <p>6.2 Vesteda's management confirms that pending the investment of proceeds, unallocated proceeds may be temporarily invested in short term money market instruments in line with Vesteda's treasury department criteria.</p> <p>6.3 N/A</p>	None
Verification of requirements specified under Confidentiality	<p>7.1 Vesteda's management confirms that all relevant information about the Nominated Assets has been provided to the Verifier and to the Climate Bonds Standard Board to support the assessment of conformance with the Climate Bonds Standard.</p> <p>7.2 Vesteda's management confirms that all relevant information about the bond and the Nominated Assets has been disclosed to the market.</p>	None
Verification of requirements specified under Reporting Post-Issuance	<p>8.1 Vesteda's management has provided a report containing the list of Nominated Assets to which proceeds of the bond have been allocated (See Schedule 1).</p>	None

Vesteda Green Bond

Disclaimer

© Sustainalytics 2019. All rights reserved.

The intellectual property rights to the information contained herein is vested exclusively in Sustainalytics. No part of this deliverable 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 without the express written consent of Sustainalytics.

As the information herein is based on information made available by the issuer, the information is provided “as is” and, therefore Sustainalytics does not warrant that the information presented in this deliverable is complete, accurate or up to date, nor assumes any responsibility for errors or omissions and Sustainalytics will not accept any form of liability for the substance of the deliverable and/or any liability for damage arising from the use of this deliverable and/or the information provided in it. 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 deliverable shall be construed as to make a representation or warranty on the part of Sustainalytics, express or implied, regarding the advisability to invest in companies, selection of assets or make any kind of business transactions. It shall not be construed as an investment advice (as defined in the applicable jurisdiction), nor be interpreted and construed as an assessment of the issuer’s economic performance, financial obligations nor its creditworthiness.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

Vesteda Green Bond

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports 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 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

