

Vastned Retail N.V.

Type of Engagement: Annual Review

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Engagement Team:

Ijeoma Madueke, ijeoma.madueke@sustainalytics.com, (+1) 647 317 3631

Aishwarya Ramchandran, aishwarya.ramchandran@sustainalytics.com

Introduction

In December 2020, Vastned Retail N.V. ("Vastned") issued a EUR 40 million green revolving credit facility ("RCF") aimed at financing and refinancing new and existing energy efficient commercial and residential real estate assets with a focus on historical city centres in Europe. In December 2021, Vastned engaged Sustainalytics to review the projects funded through the issued green RCF and to provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Vastned Green Finance Framework (the "Framework").¹ Sustainalytics provided a Second Party Opinion on the Framework in December 2020² and an Annual Review in January 2021.³

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the green RCF based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Green Finance Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Green Finance Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs while Table 2 lists the associated KPIs.

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

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Green Buildings	Commercial and residential property that meets any of the following criteria: Newly constructed and existing buildings: • EPC Label "A" or better in Netherlands • EPC Label "A" or better, or E-level <60 in Belgium • EPC Label "A" or better in France • EPC Label "C" or better in Spain Building Renovation: • The renovation will achieve, or has achieved, a saving of at least 30% in primary energy demand	EPC label classification

¹ The Vastned Green Finance Framework is available on Vastned's website at: <https://vastned.com/en/investor-relations/green-finance-framework>

² The Vastned Green Finance Framework Second Party Opinion is available on Sustainalytics' website at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/vastned-retail-n-v/vastned-green-finance-framework-second-party-opinion/vastned-retail-n-v-green-finance-framework-second-party-opinion-pdf>

³ The Vastned Retail N.V. Annual Review (January 2021) is available on Sustainalytics' website at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/vastned-retail-n-v/vastned-green-finance-annual-review/vastned-green-finance-annual-review-pdf>

Issuing Entity's Responsibility

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

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Vastned's Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Vastned employees and review of documentation to confirm the conformance with the Green Finance Framework.

Sustainalytics has relied on the information and the facts presented by Vastned with respect to the Nominated Projects. 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 Vastned.

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 over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Vastned's Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Green Finance Framework. Vastned has disclosed to Sustainalytics that it has allocated 100% of the proceeds raised by the green RCF to eligible assets as of December 23, 2021.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the green RCF to determine if projects aligned with the Use of Proceeds Criteria outlined in the Green Finance Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the green RCF to determine if impact of projects was reported in line with the KPIs outlined in the Green Finance Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 2.	All projects reviewed reported the KPI per Use of Proceeds criteria.	None

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting by Eligibility Criteria

Use of Proceeds Category	Country	Distribution of Eligible Assets per Country (%)	Amount Allocated (EUR millions) ⁵	FY21 Eligible Portfolio Amount (EUR millions)
Green Buildings	Belgium	0.68	0.27	0.9
	Spain	38.97	15.59	53.8
	Netherlands	60.35	24.14	83.3
Total		100.00	40.00	138.1

Appendix 2: Impact Reporting by Eligibility Criteria

EPC Label Classification	Country		
	Belgium (number of units)	Spain (number of units)	Netherlands (number of units) ⁶
A+	0	0	6
A	3	0	75
B	0	1	0
C	0	3	0
Total	3	4	81

⁵ Vastned has communicated to Sustainalytics that the distribution of eligible assets per country for the EUR 40 million assumes a pro-rata allocation.

⁶ For the Annual Review published in January 2021, Vastned provided Sustainalytics with two case studies illustrating its achieved impact for select buildings in the Netherlands which met the eligibility criteria

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