



Green Finance Framework

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Background

Introduction to VGP

VGP is a continental-based developer, manager and owner of high-quality logistics real estate with the largest European presence among its peers, with activities in 11 European countries. We operate assets for our own account and on behalf of our partnership with Allianz Real Estate through two 50/50 Joint Ventures (JVs): VGP European Logistics S.à r.l. and VGP European Logistics 2 S.à r.l.. VGP's high expertise as a developer, asset manager and owner of high quality logistics assets in Europe allowed us to develop an unique business model. While our main responsibility lays on building and developing a high-quality portfolio, the developed assets, which are typically leased under long-term contracts, are then subsequently either (i) sold to one of the two JVs, in which VGP retains responsibility for facility management and contact with tenants, while also allowing us to free up capital for new project developments; or (ii) held in our own portfolio.

As of December 2018, VGP's own portfolio had a total value of EUR 576.1 million, divided as following:

- 13 buildings under a property portfolio (total lettable area of over 288,372 m²)
- 15 buildings under construction representing (284,510 m² of lettable area)
- Residual development land

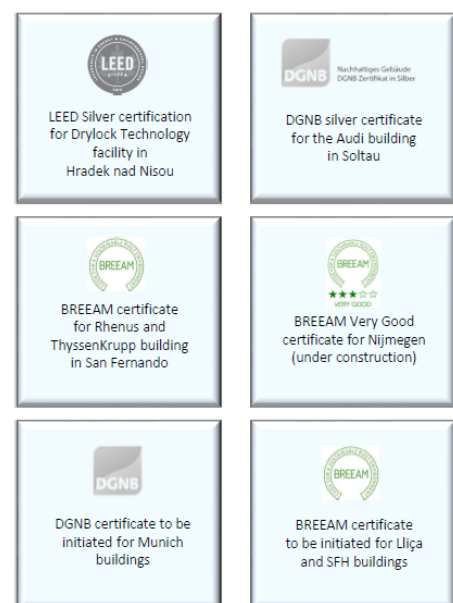
Regarding VGP European Logistics' portfolio, the joint venture, the company currently owns:

- A property portfolio of 68 buildings, with a total lettable area of over 1,333,476 m²
- 4 buildings being developed by VGP representing 37,675 m² of lettable area
- Residual development land

VGP and Sustainability

VGP is focused on continuously optimizing its buildings in accordance with the demands of the market and the latest technical developments. This means that energy efficiency and sustainability are among our top priorities. With this in mind, our motto "Building Tomorrow Today" reflects our belief that tomorrow can be better than today.

Therefore, a high quality and sustainable building standard is included in our building protocol, which also applies to our JVs with our partner Allianz Real Estate. The current building standard, which will remain in place until December 2019, aims to develop new property on at least a BREEAM "Very Good" (three stars) or equivalent building standard rating level, albeit the actual post-construction building standard certification will only be obtained in case the tenant requires this. However, as of January 2020, all new buildings will obtain an official BREEAM "Very Good" or equivalent certification. This updated policy emphasizes the increasing sustainability commitment of VGP and contributes to increasing the share of sustainable certified buildings in the VGP portfolio.



VGP has enabled the development of 165,000 m² of rooftop solar panels with a generation capacity of 12,500 kWp. Various other developments for solar panel roofs are in advanced discussions including the analysis of a pan-European roll-out of solar panels on our property portfolio for our own account.

Green Finance Framework

Introduction to VGP's Green Finance Framework

The VGP Green Finance Framework provides a clear and transparent set of criteria, which enables investments in **renewable energy, energy efficiency and environmental friendly** projects which are part of VGP's property portfolio and support the reduction of carbon emissions and the transition to a low carbon environment. The selected assets prove that it is possible to build, redevelop, renovate and transform logistics property in a sustainable and technological advanced way, beneficial to both the environment and the wellbeing of the people who work in them. With this Green Finance Framework, VGP has the possibility to issue Green Bonds, Green Private Placements and/or Green (Syndicated) Loans. Further details shall be made available in the relevant product documentation.

The Green Finance Framework is consistent with the Green Bond Principles 2018 (GBP)¹, of which secretariat lies with the International Capital Markets Association (ICMA) and the Green Loan Principles 2018 (GLP)², managed UK and Asia Pacific Loan Market Associations (LMA/APLMA). The GBP and GLP are designed with and supported by Banks, Investors and NGO's to promote transparency in the Green Finance market. The core components of the GBP and GLP are described in the following paragraphs focussing on use of proceeds, selection and evaluation process, management of proceeds, reporting and external review.

Furthermore, as both the GBP, GLP and the green finance market as a whole is evolving rapidly, this Green Finance Framework may be further updated or expanded, as deemed necessary.

1) Use of Proceeds

It is intended that an amount equivalent to the net proceeds of issued Green Bonds, Green Private Placements and Green (Syndicated) Loans will be used exclusively to finance and/or refinance, in whole or in part, "Eligible Assets" related to **renewable energy, energy efficiency and environmental friendly** projects, as defined in this chapter.

The Eligible Assets described in this Green Finance Framework regard projects which are fully consolidated under VGP NV and/or under one of the JVs with Allianz Real Estate (VGP European Logistics S.à r.l. and VGP European Logistics 2 S.à r.l.).

¹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² <https://www.lma.eu.com/documents-guidelines/documents/category/green--sustainable-finance>

Eligible Assets

Eligible Assets are defined as projects, investments and expenditures in the following categories:



Renewable Energy

The financing and/or refinancing of onsite renewable energy generation facilities. This includes solar, wind and geothermal energy projects.



Green Buildings

The financing and/or refinancing of buildings which have received, or are designed and intended to receive, BREAAAM “Very Good” certification (or equivalent DGNB/LEED rating)



Energy Efficiency

The financing and/or refinancing of projects, investments and expenditures focussing on Energy Efficiency measures in existing (logistics) buildings, warehouses and installations (insulation, LED relighting, motion detectors, energy monitoring tools etc.)



Waste Management

The financing and/or refinancing of projects, investments and expenditures which promote better recycling rates.



Clean Transportation

The financing and/or refinancing of projects, investments and expenditures which promote clean transportation (Electric vehicle charging stations, bike facilities, etc.).



Sustainable Water Management

The financing and/or refinancing of projects, investments and expenditures which reduce freshwater consumption, capturing and recycling rain water, green roofing etc.

2) Process of evaluation and selection

VGP will follow a transparent process for selection and evaluation of Eligible Assets as defined in the Use of Proceeds section described above. The underlying Eligible Assets are required to comply with local laws and regulations, including any applicable regulatory environmental and social requirements.

Projects, Investments, and/or expenditures are proposed by internal departments. A Sustainable Executive Committee (expected to consist of representatives from Executive Management, Finance and the Technical department) will evaluate the compliance of the projects with the eligibility criteria and internal policies. After positive evaluation of the projects, investments and expenditures, the accepted Eligible Assets are added to the Green Portfolio Register.

3) Management of Proceeds

The net proceeds will be managed by VGP's Finance team on a portfolio basis, which will create a VGP Green Portfolio Register to keep track of the Eligible Assets. As long as Green Bonds, Green Private Placements and/or Green (Syndicated) Loans are outstanding, an amount equivalent of the proceeds of these Bonds, Private placements and/or Loans will be allocated to the portfolio of Eligible Assets as described in this framework on at least an annual basis.

VGP's Finance team will ensure that the allocation of proceeds is proportional to VGP's ownership share in the Eligible Assets, i.e. Eligible Assets consolidated under the joint ventures mentioned above are eligible for inclusion in the VGP Green Portfolio Register for up to 50% of their asset value. VGPs Finance team will also take into account any Green Finance transactions at joint venture level to ensure a proportional and exclusive allocation to Eligible Assets.

On at least an annual basis, the VGP Finance team will check whether projects in the Green Portfolio Register still meet the eligibility criteria. If this is not the case, or the project no longer is owned by VGP, VGP will remove the project from the Green Portfolio Register and has the ambition to replace it with another Eligible Asset as soon as reasonably practicable. In case insufficient Eligible Assets are available, unallocated proceeds will be invested in line with the financial criteria of VGP until additional Eligible Assets become available.

4) Reporting

Allocation of Proceeds Reporting

On at least an annual basis until full allocation, and if necessary thereafter in case of material developments, VGP will prepare a report to update the investors and lenders on the allocation of proceeds of issued green finance instruments to the portfolio of Eligible Assets. The allocation report provides information about:

- The total outstanding (in EUR million) of Green Bonds, Green Private Placements and Green (Syndicated) Loans issued under the Green Finance Framework
- The allocation of the proceeds of issued green finance instruments to a portfolio of Eligible Assets, including a breakdown of the allocation to specific use of proceeds categories
- The unallocated loan amount, if any
- Percentage of financing and refinancing
- The geographic distribution of the portfolio of Eligible Assets (country level)

Impact Reporting

On an annual basis, VGP will report on its sustainability initiatives and performance via its annual report. Amongst other information, this report will provide information regarding the total installed capacity of renewable energy for VGP's property portfolio. Additional impact indicators are subject to availability of data and include: annual generation of renewable energy (in kWh) and the related CO₂ emission avoidance, number of Environmental certifications, energy savings from efficiency projects (in kWh), quantity of recycled material (in metric tonnes per year), number of electric vehicle charging stations installed, freshwater savings in M³, etc.

5) External Review

To increase transparency, VGP has obtained a Second Party Opinion (also known as pre-issuance verification) and is committed to obtain post-issuance verification on its Allocation of Proceeds Reporting.

Second Party Opinion

For the Second Party Opinion, VGP has appointed CICERO review the Green Finance Framework and assess the alignment with the Green Bond Principles and Green Loan Principles. In its Second Party Opinion, CICERO rated the framework as 'CICERO Medium Green' and confirmed the alignment with both the Green Bond Principles and Green Loan Principles. The Second Party Opinion is available on the investor relations section of the [VGP website](#).

Post-issuance verification

On at least an annual basis until full allocation of the proceeds of issued green finance instruments, an external party shall verify the Allocation of Proceeds Reporting when net proceeds from issued Green Bonds, Green Private Placements and/or Green (Syndicated) Loans have been allocated in full towards Eligible Assets. The verification report shall be made publicly available on VGP's website for all public Green Bond transactions, for Green Private Placements and Green (Syndicated) Loans the verification report may only be disclosed to the specific investors and lenders.

Disclaimer

Forward-looking statements: This document may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. VGP is providing the information in this document as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release in light of new information, future events or otherwise. The information in this document does not constitute an offer to sell or an invitation to buy securities in VGP or an invitation or inducement to engage in any other investment activities. VGP disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release issued by VGP.

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