



NEPI  
ROCKCASTLE



# Green Bond Report





NEPI Rockcastle believes in its duty to be a responsible corporate citizen and achieve the highest standards of sustainability. During 2020, the Group continued to actively strengthen its position, with the clear vision of improving the long-term sustainability of its operations, by:

- investing in clean and sustainable technologies;
- adopting policies that address environmental and social risk; and
- engaging in proactive and comprehensive stakeholder discussions and disclosures.



## Green Finance Framework

In June 2020, the Group implemented a Green Finance Framework (the “**Green Framework**”) and the Company committed to use proceeds from green financing instruments to finance or refinance existing and future projects which improve the environmental performance of the Group’s property portfolio.

In line with best market practices, the Green Finance Framework is in accordance with the international applicable principles (Green Bond Principles 2018 and Green Loan Principles 2020) and benefits from a positive Second Party Opinion from Sustainalytics, a leading independent global provider of ESG and corporate governance research and ratings.



**USE OF PROCEEDS** The eligible categories for the use of proceeds, Green Buildings and Energy Efficiency, are aligned with those recognized by the Green Bond Principles 2018 and the Green Loan Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically Goals 7 and 11, Affordable and Clean Energy and Sustainable Cities and Communities, respectively.



**PROJECT EVALUATION / SELECTION** NEPI Rockcastle’s internal process for evaluating and selecting projects is managed by its Green Finance Committee (the “Committee”). The Committee is comprised of representatives from the Group’s Treasury, Finance, Investments and Acquisitions departments, as well as members from the Property Management team. Sustainalytics considers the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** NEPI Rockcastle will track the net proceeds using a portfolio approach and will strive to ensure that the amount allocated to the Eligible Green Project Portfolio is larger than the balance of net proceeds from its outstanding green finance instruments. Unallocated proceeds may be held or invested in its liquidity portfolio, in short term and liquid instruments or used to pay back a portion of outstanding indebtedness. Sustainalytics consider this approach to be in line with market practice.



**REPORTING** NEPI Rockcastle intends to provide publicly available allocation and impact reporting on an annual basis until full allocation. Allocation reporting will include information on eligible green projects, the remaining balance of unallocated proceeds and the share of financing vs. refinancing, while impact reporting will draw on various quantitative and qualitative impact metrics. Sustainalytics views NEPI Rockcastle’s allocation and impact reporting as aligned with market practice.



## Use of proceeds

Proceeds of NEPI-Rockcastle Green Bonds will be allocated to finance or refinance in whole or in part projects that meet the following Eligibility Criteria:

Eligible Category	Eligibility Criteria	Environmental Benefits
Green buildings	<p>Acquisition, construction or refurbishment of buildings which meet recognised standards* for best practices in energy and resource efficiency and low-GHG emissions.</p> <p>Such as:</p> <ul style="list-style-type: none"> <li>• BREEAM (Very Good and above)</li> <li>• LEED (Gold and above)</li> <li>• EDGE</li> </ul>	
Energy Efficiency	<ul style="list-style-type: none"> <li>• Renovations or refurbishment of existing buildings not contemplated under the “green building” category, delivering a (1) minimum 30% reduction in carbon emissions intensity or (2) two letter grade improvements according to local Energy Performance Certificate, against to the baseline performance of the building before the renovation.</li> <li>• Individual measures on buildings reducing energy use and/or carbon emissions: <ul style="list-style-type: none"> <li>- Installation of solar photovoltaic systems</li> </ul> </li> </ul>	<p>Energy Savings</p> <p>GHG emission reduction</p> <p>Water savings</p>

\* NEPI-Rockcastle may (re)finance projects with recognized certifications no older than 5 years.







All Eligible Green Projects contribute to the environmental objective of climate change mitigation, low carbon society, and the achievement of UN Sustainable Development Goals, specifically:

Project Category	UN Sustainable Development Target Contributed to by the Framework	
Green Buildings	7 AFFORDABLE AND CLEAN ENERGY	7.3. By 2030, double the global rate of improvement in energy efficiency
	6 CLEAN WATER AND SANITATION	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
	11 SUSTAINABLE CITIES AND COMMUNITIES	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Energy Efficiency	7 AFFORDABLE AND CLEAN ENERGY	7.3. By 2030, double the global rate of improvement in energy efficiency
	6 CLEAN WATER AND SANITATION	7.2. By 2030, increase substantially the share of renewable energy in the global energy mix  6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

# Allocation Report

## Information about the outstanding green notes

NEPI Rockcastle's first Green Bonds have been issued on July 7, 2020 and have been placed with a broad range of institutional debt investors across Europe, attracting a strong demand with an oversubscribed book of over €1.1 billion.

## Green Bond Net Proceeds received - Total Green Finance Instruments Outstanding

Net proceeds amount €487,360,000

Final terms	
Issuer	NE Property B.V.
Guarantor:	NEPI Rockcastle plc
Guarantor Ratings:	BBB (S&P) / BBB (Fitch)
Instrument Ratings:	BBB (S&P) / BBB (Fitch)
Currency / Size:	€500mm
Format:	Senior Unsecured, Reg S Registered NSS
Trade Date:	7 July 2020
Settlement Date:	14 July 2020 (T+5)
Maturity Date:	14 July 2027 (7yr)
Coupon:	3.375% Fixed, Annual, ACT/ACT (ICMA)
Reoffer:	98.172 / 3.676%
Benchmark:	DBR 0.25% 02/15/27
Covenants:	Covenants: Solvency ratio $\leq$ 60%
	Consolidated coverage ratio $\geq$ 2:1
	Unsecured Consolidated Total Assets $\geq$ 150% of Unsecured Consolidated Total Indebtedness
Documentation:	EMTN Programme
	€100k x €1k / Irish Listing / English law /
	CoC (Par) / Clean-up (Par) / MW Call B+50bp / 3m Par Call
Selling restrictions:	As per EMTN Programme, including United States, Japan, the EEA (including the United Kingdom), Isle of Man, Netherlands and Italy
Joint Lead Managers:	Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, HSBC France, ING Bank N.V., J.P. Morgan Securities plc, Raiffeisen Bank International AG and Société Générale
Use of Proceeds:	The proceeds will be allocated to finance and/or refinance eligible green projects as defined in NEPI Green Financing Framework. See "Use of Proceeds" in the Base Prospectus and the Group's Green Financing Framework and related information referred to therein.
ISIN:	XS2203802462



Use of Proceeds for Eligible Green Project Portfolio						
Use of Proceeds	Amount (€m)	Instrument (ISIN)	Issuance Date	Due Date	Coupon	Amount (€m)
Outstanding Portfolio as of 31 <sup>st</sup> December 2020						
Green Buildings	2,938	XS2203802462	July 2020	July 2027	3.375%	487
Energy Efficiency	-					
Total Portfolio	2,938	Total Green Funds Outstanding				487

Percentage of Eligible Green Project Portfolio allocated to net proceeds of Green Funding:

**16.6%** (usage)

Percentage of net proceeds of Green Funding allocated to Eligible Green Project Portfolio (the entire amount of €487m allocated):

**100%**

New financing of eligible projects

**0%**

Percentage of outstanding green bonds allocated to refinance existing eligible projects

**100%**



## Portfolio of eligible assets

	Property name	Location	Type	Status BREEAM Certification	Certification level	Value 31.12.2020 (€m)
1	Iris Titan Shopping Center	Romania	Retail	Certified	excellent	101.0
2	Shopping City Galati	Romania	Retail	Certified	excellent	112.4
3	Braila Mall	Romania	Retail	Certified	very good	83.3
4	Promenada Mall	Romania	Retail	Certified	excellent	181.6
5	City Park Mall Constanta	Romania	Retail	Certified	excellent	187.5
6	Shopping City Deva	Romania	Retail	Certified	very good	88.0
7	Severin Shopping Center	Romania	Retail	Certified	very good	35.8
8	Pitesti Retail Park	Romania	Retail	Certified	excellent	26.3
9	Vulcan Value Centre	Romania	Retail	Certified	excellent	69.2
10	Shopping City Targu Jiu	Romania	Retail	Certified	excellent	51.0
11	Shopping City Piatra Neamt	Romania	Retail	Certified	excellent	51.0
12	Shopping City Ramnicu Valcea	Romania	Retail	Certified	excellent	47.3
13	Shopping City Satu Mare	Romania	Retail	Certified	excellent	52.1
14	Aupark Kosice Mall	Slovakia	Retail	Certified	very good	162.5
15	Aupark Shopping Center Piestany	Slovakia	Retail	Certified	very good	39.2
16	Galeria Mlyny	Slovakia	Retail	Certified	very good	124.6
17	Arena Centar and Retail Park	Croatia	Retail	Certified	very good	254.3
18	Platan Shopping Centre	Poland	Retail	Certified	excellent	71.3
19	Pogoria Shopping Centre	Poland	Retail	Certified	excellent	71.6
20	Bonarka City Center	Poland	Retail	Certified	excellent	388.5
21	Galeria Warminska	Poland	Retail	Certified	excellent	158.3
22	Alfa Centrum Bialystok	Poland	Retail	Certified	excellent	92.6
23	Focus Mall Piotrkow Trybunalski	Poland	Retail	Certified	excellent	44.2
24	Arena Mall	Hungary	Retail	Certified	very good	302.9
25	Ozas Shopping and Entertainment Centre	Lithuania	Retail	Certified	excellent	141.7
Total						<b>2,938.2</b>



# Impact Report

Eligible Green Project Category		Share of Total Financing	Eligibility for Green Funding	Number of properties certified BREEAM 'Excellent'	Number of properties certified BREEAM 'Very good'	Annual energy savings (%) vs 2019	Annual GHG emissions reduced/avoided (%) vs 2019
a/	b/	c/	d/	e/	e/	e/	e/
	Amount (€m)						
Green Buildings	2,938.2	100%	100%	17	8	-21%	-22%
Energy Efficiency	0	0%	100%	-	-		-
Total Portfolio	2,938.2	100%					

- a/ Eligible category
- b/ Amount committed by the issuer for the portfolio [or portfolio components] eligible for Green financing
- c/ This is the share of the total portfolio per Eligible Green Project Category
- d/ This is the share of the total portfolio costs that is Green eligible
- e/ Impact indicators

Out of total eligible\* BREEAM certified portfolio:

- Number of properties certified BREEAM excellent: 17 (63% of the entire eligible portfolio)
- Number of properties certified BREEAM very good: 8 (37% of the entire eligible portfolio)

\*As per the eligibility criteria included in the Green Finance Framework.

For further details on energy consumption and GHG emissions, please refer to the Sustainability report: [https://nepirockcastle.com/wp-content/uploads/2021/05/NEPI-Rockcastle\\_Sustainability-Report-2020.pdf](https://nepirockcastle.com/wp-content/uploads/2021/05/NEPI-Rockcastle_Sustainability-Report-2020.pdf)

13 July 2021









## Independent Limited Assurance Report regarding the Green Bond Report

To the Board of NE Property B.V.

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### Introduction

We have been engaged by the Board of NE Property B.V. (hereinafter – the “Company”) on the basis of an agreement to conduct a limited assurance engagement in respect of the selected information reported in the Green Bond Report issued on 12 July 2021 by the Company (hereinafter – the “Green Bond Report”), as defined in the NEPI Rockcastle Green Finance Framework June 2020 (“NRP Green Finance Framework”) for the period between 1 July 2020 and 30 June 2021 and online at [https://nepirockcastle.com/wp-content/uploads/2020/07/NEPI-Rockcastle-Green-Finance-Framework\\_Final.pdf](https://nepirockcastle.com/wp-content/uploads/2020/07/NEPI-Rockcastle-Green-Finance-Framework_Final.pdf).

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### Description of the subject matter and applicable criteria

The Green Bond Report which includes Selected Information was prepared to comply with the requirements of NRP Green Finance Framework.

The scope of our work was limited to the information shown in Appendix 1 (the “Selected Information”). The Selected information has been extracted from the page 7 and page 8 from the Green Bond Report.

The applicable requirements regarding the Selected Information are contained in the NRP Green Finance Framework.

We considered whether the Selected Information has been prepared in accordance to the following reporting criteria (the “Reporting Criteria”):

Proceeds of the Company's Green Bonds shall be allocated to finance or refinance in whole or in part projects that meet the Eligibility Criteria and therefore the Selected Information shall include only information which relate to the buildings that meet the following eligibility criteria (“Eligible Green Buildings”): acquisition, construction or refurbishment of buildings which meet recognised standards for best practises in energy and resource efficiency and low-GHG emissions, such as:

- BREEAM (Very Good and above);
- LEED (Gold and above);
- EDGE.

The requirements referred to in the preceding sentences determine the basis for preparation of the Selected Information and, in our view, constitute appropriate criteria to form the limited assurance conclusion.

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### The responsibilities of the Management Board of the Company

The Management Board of the Company is fully responsible for the Company's compliance with the requirements stipulated in the NRP Green Finance Framework, including the establishment, implementation and maintenance of the policies, procedures and measures that ensure compliance



with the requirements set out as well as for the design, implementation and maintenance of systems and processes of internal control and accounting records, that are necessary to enable the Company's compliance with the NRP Green Finance Framework.

The Management Board is also responsible for the preparation of the Green Bond Report that includes Selected Information that is free of material misstatements and complies with the applicable requirements.

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### Our responsibility

Our responsibility was to express a limited assurance conclusion whether the Selected Information has been prepared, in all material respects, in accordance with the Reporting Criteria. Our assurance does not extend to any other information included in the Green Bond Report.

We conducted our engagement in accordance with International Standard on Assurance Engagements Other than an Audit or Review 3000 (Revised) "Assurance Engagements other than Audits and Reviews of Historical Financial". This standard requires that we comply with ethical requirements, plan and perform procedures to obtain limited assurance whether the policies and procedures related to the depository operations, in all material aspects, were implemented and conducted in accordance with applicable requirements.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

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### Quality Control requirements

We apply the provisions of the International Standard on Quality Control 1 (IAASB) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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### Summary of the work performed

Our planned and performed procedures were aimed at obtaining limited assurance that the Selected Information has been prepared, in all material respects, in accordance with the Reporting Criteria. Our procedures included, in particular:

- made enquiries of the Company's management responsible for processes related to the Green Bond fund management, project evaluation and selection;
- evaluation of the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information;
- Inspecting that Eligible Green Buildings has valid BREEAM certificates and that those certificates were signed by certified experts.;
- Inspecting the Company's accounting records to confirm that the Eligible Buildings were recorded





and that their value corresponds to the values presented in the Green Bond Report;

- considered the disclosure and presentation of the Selected Information; and

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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### Limited assurance conclusion

In our opinion, based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information has not been prepared, in all material respects, in accordance with the Reporting Criteria.

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### Restrictions on distribution and use

This report has been prepared by PricewaterhouseCoopers Audit SRL for the Board of NE Property B.V. and is intended solely to fulfil the purpose described in the section "Description of the subject matter and applicable criteria". It should not be used for any other purpose.

We permit this report to be disclosed online on the website <https://nepirockcastle.com/>, in the Sustainability section, to assist the Board in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information.

In connection with this report, PricewaterhouseCoopers Audit SRL does not accept any liability resulting from contractual and non-contractual relationships (including for negligence) with entities other than the Company in the context of this report. The above does not relieve us of liability where such release is excluded by law.

The Board of the Company is responsible for publishing the Green Bond Report on the Company's website and for the reliability of information on the Company's website. The scope of our work does not include an assessment of these matters. Accordingly, we are not responsible for any changes that may have been made to the information which is the subject of our assessment or for differences, if any, between the information covered by our report and the information provided on the Company's website.

PricewaterhouseCoopers Audit SRL.

Bucharest, 13 July 2021

## Appendix 1: Selected Information subject to limited assurance procedures

The Selected Information subject to limited assurance procedures is set out below. The Selected information has been extracted from the page 7 and 8 of the Green Bond Report.

### Green Bond Report Report

Use of Proceeds for Eligible Green Project Portfolio						
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Portfolio of eligible assets

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Total						<b>2938.2</b>