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SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

NEPI Rockcastle N.V.
21 June 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	▪ Green Finance Instruments
Relevant standards	▪ Green Bond Principles as administered by ICMA (as of June 2021 with June 2022 Appendix 1) ▪ Green Loan Principles as administered by LMA (as of February 2023)
Scope of verification	▪ NEPI Rockcastle Green Finance Framework (as of June 15, 2023) ▪ NEPI Rockcastle Eligibility Criteria (as of June 15, 2023)
Lifecycle	▪ Pre-issuance verification
Validity	▪ Valid as long as the cited Framework remains unchanged

CONTENTS

SCOPE OF WORK

NEPI Rockcastle ("the Issuer" or "NEPI") commissioned ISS Corporate Solutions (ICS) to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. NEPI Rockcastle's Green Finance Framework (as of as of June 15, 2023) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and the Loan Market Association's (LMA) Green Loan Principles (GLP).
2. The Eligibility Criteria – whether the project categories contribute positively to the UN SDGs and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. The eligibility of the project categories against the EU Taxonomy on a best-efforts basis[1] – whether the nominated project categories satisfy the EU Taxonomy Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation
4. Linking the transaction(s) to NEPI Rockcastle's overall ESG profile – drawing on the issuance-specific Use of Proceeds categories.

NEPI ROCKCASTLE BUSINESS OVERVIEW

NEPI Rockcastle NV engages in the operation of real investment properties. It owns and operates shopping centres in Central and Eastern Europe. The company is primarily focused on internal management, development and acquisitions of real estate intended for the retail industry. It operates through the following segments: Retail, Office, Industrial, Residential and Corporate. The Retail segment manages, leases, develops, acquires, retail properties in Bulgaria, Croatia, the Czech Republic, Hungary, Lithuania, Poland, Romania, Serbia, and Slovakia. The Office segment acquires and leases office properties in Bulgaria and Slovakia. The Residential segment develops and sells residential properties in Romania. The Industrial segment acquires and leases industrial facilities in Romania. The Corporate segment includes head office, administrative offices, group financing. The company is headquartered in Amsterdam, the Netherlands.

[1] Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION[2]
Part 1: **Alignment with GBP/GLP**	The Issuer has defined a formal concept for its Green Finance Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA's Green Bond Principles and the LMA's Green Loan Principles.	**Aligned**
Part 2: **Sustainability quality of the Eligibility Criteria**	The Green Finance Instruments will (re-)finance eligible asset categories which include: Green categories: Green Buildings. Product and/or service-related use of proceeds categories[3] individually contribute to one or more of the following SDGs:  Process-related use of proceeds categories[4] individually improve (i) the Issuer's operational impacts and (ii) mitigate potential negative externalities of the Issuer's sector on one or more of the following SDGs:  The environmental and social risks associated with those use of proceeds categories are well managed.	**Positive**
Part 3: Alignment with EU Taxonomy	The NEPI's project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2021), on a best-efforts basis[5]. The Do No Significant Harm Criteria and the Minimum Safeguards requirements as included in the EU Taxonomy Climate Delegated Act have not been assessed, considering the issuer has not yet launched all the projects that will be financed by the Green Finance Instrument. It is noted that the issuer will report on its compliance with the DNSH and MS criteria in the allocation report.	

[2] The evaluation is based on the NEPI's Green Finance Framework (as on June 15, 2023), and on the ISS ESG Corporate Rating updated on May 11, 2023 and applicable at the SPO delivery date.
[3] Green Buildings (Construction, acquisition and ownership of new buildings)
[4] Green Buildings (Refurbished existing buildings)
[5] Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

Part 4: **Linking the transaction(s) to NEPI's overall ESG profile**	The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by the Issuer. The majority of the project categories considered are in line with the sustainability objectives of the Issuer. At the date of publication of the report and leveraging ISS ESG Research, no severe controversies have been identified.	**Consistent with Issuer's sustainability strategy**

SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES AND THE GREEN LOAN PRINCIPLES

This section evaluates the alignment of the NEPI's Green Finance Framework (as of June 15, 2023) with the Green Bond Principles and the Green Loan Principles.

GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES	ALIGNMENT	OPINION
1. Use of Proceeds	✓	The Use of Proceeds description provided by NEPI's Green Finance Framework is **aligned** with the ICMA's Green Bond Principles and the LMA's Green Loan Principles. The Issuer's green categories align with the project categories as proposed by the ICMA's Green Bond Principles and the LMA's Green Loan Principles, criteria are defined in a clear and transparent manner. Environmental benefits are described and quantified. The Issuer defines exclusion criteria for harmful projects categories.
2. Process for Project Evaluation and Selection	✓	The Process for Project Evaluation and Selection description provided by NEPI's Green Finance Framework is **aligned** with the ICMA's Green Bond Principles and the LMA's Green Loan Principles. The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer. The Issuer involves various stakeholders in the project evaluation and selection process, clearly defines responsibilities and is transparent about it, which is in line with best market practice. Moreover, the Issuer identifies alignment of their Green Bond framework and their green projects with official or market-wide taxonomies and references any green standards or certifications used, in line with best market practice.

3. Management of Proceeds	✓	The Management of Proceeds proposed by NEPI's Green Finance Framework is **aligned** with the ICMA's Green Bond Principles and the LMA's Green Loan Principles. The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are moved to a sub portfolio, attested in a formal internal process and managed on an aggregated basis for multiple Green Bonds (portfolio approach). Moreover, the Issuer has defined an expected allocation and reallocation period of 24 months. The Issuer discloses the temporary investment instruments for unallocated proceeds, the ESG criteria, as well as on the portfolio balance of unallocated proceeds, in line with best market practice.
4. Reporting	✓	The allocation and impact reporting proposed by NEPI's Green Finance Framework is **aligned** with the ICMA's Green Bond Principles and the LMA's Green Loan Principles. The Issuer commits to disclose the allocation of proceeds transparently, to report annually until the proceeds have been fully allocated, and to get the allocation report audited by an external party. Likewise, the Issuer is transparent on the level of impact reporting and the information reported, defines the reporting frequency (annually) and the duration of the impact reporting, in line with best market practice. The reporting and the impact report(s) will be publicly available on the Issuer's website.

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE UN SDGs[6]

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories invested in by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.

1. Products and services

The assessment of UoP categories for investing in products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for investing in specific products and services is displayed on a 3-point scale (see Annex 1 for methodology):

Obstruction	No Net Impact	Contribution

Each of the Green Finance Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)[7]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Green Buildings - Construction of new buildings *Construction of new buildings that comply with the EU taxonomy Substantial Contribution Criteria to Climate Change Mitigation (7.1):* ▪ *The Primary Energy Demand (PED)[8] is at least 10% lower than the PED resulting from local Nearly Zero-Energy Building (NZEB) requirements. The energy performance must be certified using an as built Energy Performance Certificate (EPC).*	**Contribution**	

[6] The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.
[7] NEPI will not finance/ refinance any project concerning buildings for the purpose of extraction, storage, transportation, or manufacture of fossil fuels.
[8] The primary energy demand (PED) defining the energy performance of the building resulting from the construction

▪ *For buildings larger than 5,000 sqm, upon completion, the building resulting from the construction undergoes testing for airtightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative, where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing.* ▪ *For buildings larger than 5,000 sqm, the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.*		
Green Buildings – Construction, acquisition and ownership of new buildings *Construction, acquisition and ownership of buildings that meet or expect to meet recognized standards[9] for best practices in energy and resource efficiency and low-GHG emissions:* ▪ *BREEAM (Excellent and above)* ▪ *LEED (Gold and above)* ▪ *HQE (Excellent or above)* ▪ *EDGE Certified*	**Contribution[10]**	
Green Buildings - Acquisition and ownership of buildings *Acquisition and ownership of buildings that comply with the EU taxonomy Substantial Contribution Criteria to Climate Change Mitigation (7.7):* ▪ *For buildings built before December 31, 2020, the building has at least an Energy Performance Certificate (EPC) class A or alternatively is within the top 15% of the national or regional building stock expressed*	**Contribution**	

[9] NEPI may (re)finance projects with recognized certifications no older than 5 years.
[10] The certificates extend beyond certifying buildings for energy savings to include topics such as water, material, life cycle, use, and infrastructure. Therefore, the certificates are assessed as not only contributing to SDG 7 and 13 but also to SDG 11 'Sustainable cities and communities'.

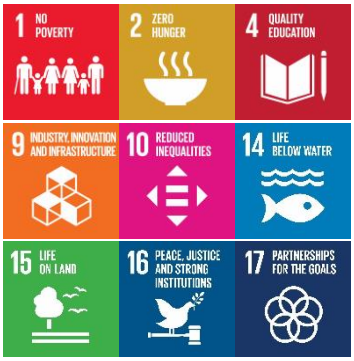
as operational Primary Energy Demand (PED)[11] ▪ *For buildings built after December 31, 2020, the building meets the criteria specified in Activity 7.1 of EU Taxonomy that are relevant at the time of the acquisition (including PED criterion and additional criteria specified for buildings larger than 5,000 sqm).* ▪ *For large non-residential buildings (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW): they must be efficiently operated through energy performance monitoring and assessment.*		

[11] Demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before December 31, 2020, and at least distinguishes between residential and non-residential buildings.

2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or "operational impact improvement") resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities[12] in the Real Estate (to which NEPI belongs) are the following:

Low exposure to negative externalities	Medium exposure to negative externalities	High exposure to negative externalities
		

The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT[13]	SUSTAINABLE DEVELOPMENT GOALS
Green Buildings - Refurbished existing buildings *Comply with the EU taxonomy Substantial Contribution Criteria to Climate Change Mitigation (7.2);*	✓[16]	

[12] Please, note that the impact of the Issuer's products and services resulting from operations and processes is displayed in section 3 of the SPO.
[13] Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.
[16] We note that the Issuer has aligned its selection criteria with the technical screening criteria for a substantial contribution to Climate Change Mitigation of the EU Taxonomy Delegated Act (June 2021).

- *The building renovation complies with the applicable requirements for major renovations[14];*
- *Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30%[15]*
- *Deliver two letter grade improvements according to local Energy Performance Certificate, against the baseline performance of the building before the renovation.*

Green Buildings - Refurbished existing buildings

Meet or expect to meet recognized standards[17] for best practices in energy and resource efficiency and low-GHG emissions:

- *BREEAM (Excellent and above)*
- *LEED (Gold and above)*
- *HQE (Excellent or above)*
- *EDGE certified*

✓[18]

[14] As set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive

[15] The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method, and validated through an Energy Performance Certificate. The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account), and can be achieved through a succession of measures within a maximum of three years

[17] NEPI may (re)finance projects with recognized certifications no older than 5 years.

[18] The certificates extend beyond certifying buildings for energy savings to include topics such as water, material, life cycle, use, and infrastructure. Therefore, the certificates are assessed as not only contributing to SDG 7 and 13 but also to SDG 11 'Sustainable cities and communities'.

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. All of the assets are and will be located in Bulgaria, Croatia, Czech Republic, Hungary, Lithuania, Poland, Romania, Serbia, Slovakia.

ASSESSMENT AGAINST KPIs	
Environmental aspects of construction (or production) and operation	
○	NEPI Rockcastle has no policy currently in place regarding the construction and operation in the planning phase of new buildings, property acquisitions and renovations. Nevertheless, NEPI is working on adopting guidelines for production/sourcing of locally extracted or recovered materials; low embodied carbon materials; low embodied VOC materials; materials and packaging that can be easily recycled; material that discloses environmental impacts and health hazards; renewable materials and recycled content materials. These guidelines are confirmed by the Development Team, and awaiting the CEO approval.
Site selection	
✓	The Issuer has no policies in place systematically ensuring, that assets financed under this Framework are located within a maximum of 1km from one or more modalities of public transport. However, assets financed under this framework are located in the urban areas of Romania, Poland, Slovakia, Bulgaria, Czech Republic, Hungary, Serbia, Croatia and Lithuania with a well-developed public transport network and easily reachable.
Conservation and biodiversity management	
✓	The Issuer has an Environmental Policy at Group level in place systematically ensuring that assets financed under this framework would undergo environmental impact assessments at the planning stage. For new developments, external experts engaged by the Group perform the environmental impact assessments on biodiversity, in accordance with applicable local laws. Where protected areas or species are identified, the Group closely monitors the ecosystem and its impact with the help of specialized partners. The environmental impact reports recommendations are closely followed and, in case of a significant, observed and/ or anticipated impact, the Group focuses with priority on avoiding and minimizing it, instead of remediating and compensating for it.
Labour rights	
○	The Issuer has no policy in place adopting the ILO core standards on labor rights. However, the Issuer has a code of conduct prohibiting discrimination and harassment in the work place. The Issuer confirms to be working on developing policies and procedures related to freedom of association and collective bargaining

	as well as other Human Rights policies to supplement the existing Diversity and Inclusion Policy.
Health and Safety	
✓	The Issuer has a formal policy to ensure that high health and safety standards are met. The measures taken include action plans, training and awareness-raising programs, data compilation systems, emergency response, and audits.
Water use minimization in buildings	
✓	The Issuer confirms that all financed categories under the framework have measures to reduce water consumption. Prevention of water waste, careful monitoring of consumption, leak detection and signaling, are the main measures integrated in the properties of the Issuer. Moreover, water scarcity risk is addressed through measures such as reusing grey water, capturing rainwater for landscaping, and installing automatic flush toilets.
Safety of building users	
✓	The Issuer has several measures in place to ensure operational safety in buildings (i.e., regular check-ups by the local maintenance team and private fire brigade firefighters, fire drills, fire detection, electrical system, electrical generator, fire extinguishers pumps, smoke evacuation, inspection of fire extinguishers, fire and evacuation test, inspections of the electrical and mechanical fire detection systems, and refill/recharge of portable fire extinguishers).

PART III: ELIGIBILITY OF THE ELIGIBILITY CRITERIA AGAINST THE EU TAXONOMY CLIMATE DELEGATED ACT

The alignment of NEPI's project characteristics, due diligence processes and policies for the nominated Use of Proceeds project categories have been assessed against the relevant Climate Change Mitigation Technical Screening Criteria of the EU Taxonomy Climate Delegated Act[19] (June 2021), based on information provided by NEPI. Where NEPI's project characteristics, due diligence processes and policies meet the EU Taxonomy Criteria requirements, a tick is shown in the table below.

NEPI's project selection criteria overlap with the following economic activities in the EU Taxonomy:

- 7.1 Construction of new buildings
- 7.2 Renovation of existing buildings
- 7.7 Acquisition and ownership of buildings

All projects financed under the Green Finance Framework are and will be located in Bulgaria, Croatia, Czech Republic, Hungary, Lithuania, Poland, Romania, Serbia, Slovakia.

Furthermore, this analysis only displays how the EU Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can recover the original criteria at the following link.

a) Assessment of the project categories against the EU Taxonomy's Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation

GREEN FINANCE FRAMEWORK PROJECT CATEGORY	PROJECT CHARACTERISTICS AND SELECTION PROCESSES[20]	ASSESSMENT AGAINST THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
Construction of new buildings	The activity relates to the construction of buildings that: ▪ The Primary Energy Demand (PED) is at least 10% lower than the PED resulting from local Nearly Zero-Energy Building (NZEB) requirements. The energy performance must be certified using an as built Energy Performance Certificate (EPC). ▪ For buildings larger than 5,000 sqm, upon completion, the building resulting from the	✓

[19] EU Taxonomy Regulation, 2020, https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en
[20] This column is based on input provided by the issuer.

	construction undergoes testing for airtightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative, where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. ▪ For buildings larger than 5,000 sqm, the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand. Thus, it aligns with the EU Taxonomy TSC for a Substantial Contribution to Climate Change Mitigation of category 7.1 "Construction of new buildings".	
Construction of new buildings	Construction, acquisition and ownership of buildings that meet or expect to meet recognized standards for best practices in energy and resource efficiency and low-GHG emissions: ▪ BREEAM (Excellent and above) ▪ LEED (Gold and above) ▪ HQE (Excellent or above) ▪ EDGE Certified Thus, it does not align with the EU Taxonomy TSC for a Substantial Contribution to Climate Change Mitigation of category 7.1 "Construction of new buildings"	○[21]
Acquisition and ownership of buildings	The activity relates to the acquisition and ownership of buildings that: ▪ For buildings built before December 31, 2020, the building has at least an Energy Performance Certificate (EPC) class A or	✓

[21] LEED and BREEAM have / will be publishing mapping exercises of their labelling schemes with the EU Taxonomy criteria. At the moment, it cannot be confirmed whether LEED Gold and BREEAM Excellent completely allows alignment with the relevant Mitigation criteria. When NEPI is due to conduct their green bond reporting after the issuance, NEPI will evaluate this mapping to consider the alignment.

	alternatively is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) ▪ For buildings built after December 31, 2020, the building meets the criteria specified in Activity 7.1 of EU Taxonomy that are relevant at the time of the acquisition (including PED criterion and additional criteria specified for buildings larger than 5,000 sqm). ▪ For large non-residential buildings (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW): they must be efficiently operated through energy performance monitoring and assessment. Thus, it aligns with the EU Taxonomy TSC for a Substantial Contribution to Climate Change Mitigation of category 7.7 "Acquisition and ownership of buildings".	
Refurbished existing buildings	The activity relates to the refurbishment of existing buildings that: ▪ Comply with the applicable requirements for major renovations ▪ Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30% Thus, it aligns with the EU Taxonomy TSC for a Substantial Contribution to Climate Change Mitigation of category 7.2 "Renovation of existing buildings".	✓
Refurbished existing buildings	Refurbished existing buildings that meet or expect to meet recognized standards for best practices in energy and resource efficiency and low-GHG emissions: ▪ BREEAM (Excellent and above)	○[22]

[22] Ebid.

	▪ LEED (Gold and above) ▪ HQE (Excellent or above) ▪ EDGE Certified Thus, it does not align with the EU Taxonomy TSC for a Substantial Contribution to Climate Change Mitigation of category 7.2 “Renovation of existing buildings”.	

PART IV: LINKING THE TRANSACTION(S) TO NEPI'S ESG PROFILE

A. CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH NEPI'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

In 2022, the Issuer reviewed its sustainability initiatives, strategy, and financial investment necessary to upgrade to more sustainable operations and development. The issuer also conducted a materiality assessment taking inputs from stakeholders including Board Members, Executive Directors, Sustainability Committee members and employees. Based on this materiality assessment, NEPI aims to focus on three strategic pillars so as to reduce environmental impact and increase socio-economic performance:

- Invest in healthy and sustainable buildings
- Be a trusted partner for its stakeholders
- Create an attractive, professional, and ethical work environment

Sustainability strategy pillars	Invest in healthy and sustainable buildings	Be a trusted partner for our stakeholders	Create an attractive, professional, and ethical work environment
Key focus areas	• Prepare plan for portfolio decarbonization • Purchase renewable energy • Increase energy efficiency • Reduce emissions from operations and development • Achieve reduction to zero of avoidable waste to landfill from operations • Avoid water waste • Ensure transition to a circular economy • Continue BREEAM In-Use buildings certification and launch BREEAM in Construction certification • Protect natural resources and biodiversity	• Optimise customer engagement level • Enhance collaboration on green leases and tenant initiatives • Support local communities • Advocate and support decarbonization of supply chain • Promote digitalization and efficiency	• Ensure compliance with regulations, policies and procedures • Assess supplier risk and make informed decisions • Provide an attractive place to work and develop

The issuer has established a carbon reduction pathway which outlines how NEPI intends to reduce its GHG emissions and reach its climate goals of reducing operations carbon footprint by 70% and embedded carbon by 30% by 2030, compared to 2019. It sets out actions, policies, and technologies that will be implemented year on year to achieve the carbon reduction targets by 2030. The Group commits to further extending this pathway in the following years and to further define long-term targets until 2050. The issuer confirms to have set detailed ESG roadmap approved by the Board, covering detailed short, medium and long-term actions and targets until 2030 and a strategic plan for the 2030-2050 period, which will be further assessed and structured depending on the progress up to 2030. However, this information has not been publicly disclosed.

The issuer is currently not a signatory to any industry alliances. However, it has partnerships and adherences with International Finance Corporation (IFC), US Green Building Council, European Council

of Shopping Places, and Measurable[23]. The issuer has prepared its sustainability report in accordance with the European Public Real Estate Association (EPRA) and Global Reporting Initiative (GRI) standards and reports on climate risks following the TCFD recommendations.

To mitigate ESG risks, the Issuer developed an ESG Strategy, aiming to adapt to and mitigate climate risks, provide guidelines for sustainable and performant operations, develop synergies between the building and its environmental context. Third party due diligence is performed to identify potential ESG risks. The Issuer confirms to developing climate adaptation plans for its assets and allocates CAPEX necessary to mitigate exposure to climate risk[24]. The key stakeholders involved in overseeing ESG topics include Board Members, Executive Directors, Sustainability Committee members and employees.

The issuer has set quantified ESG targets[25] for: increase in energy efficiency by 20% by 2024; waste recycling rate from operations of 60% by 2025; zero waste to landfill by 2025; decrease (potable) water consumption by 15% by 2024; reduce emissions from operations by 70% by 2030; reduce embodied emissions from new constructions by 30% by 2030. The issuer has committed to the Science Based Targets initiative (SBTi) and will monitor and report its progress annually.

Rationale for issuance

Corresponding to its strategy of investing in healthy and sustainable buildings, NEPI intends to transition towards more sustainable real estate. The issuance serves primarily to strengthen the environmental sustainability of eligible assets, increasing the BREEAM certification eligibility criterion from at least “very good” to at least “excellent” or equivalent.

For this purpose, NEPI has issued two green bonds totaling €1 billion (€500 million in July 2020 and another €500 million in January 2022) under the Green Finance Framework published in 2020. Additionally, a green loan agreement was concluded with the IFC in June 2021, undertaking that all proceeds will be allocated as per the Green Finance Framework.

Opinion: *The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.*

[23] Various partnerships and adherences by NEPI and how they add value are discussed in the annual report, page 232. More information is available at: https://nepirockcastle.com/wp-content/uploads/2023/03/NEPI_Rockcastle_Annual_Report_2022.pdf
[24] Climate change risks and opportunities have been discussed in more detail in the annual report, page 174: https://nepirockcastle.com/wp-content/uploads/2023/03/NEPI_Rockcastle_Annual_Report_2022.pdf#page=81
[25] NEPI Rockcastle annual report, 2022, available at https://nepirockcastle.com/wp-content/uploads/2023/03/NEPI_Rockcastle_Annual_Report_2022.pdf#page=81

B. NEPI'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

The Issuer is classified in the Real Estate, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Green building considerations
Climate protection, energy efficiency and renewables
Occupational health and safety
Health and well- being of occupants
Environmental and social aspects in site selection

ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating research, further information about the Issuer's ESG performance can be found on ISS ESG Gateway at: https://www.issgovernance.com/esg/iss-esg-gateway/.

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part III.B of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the Issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the Issuer's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE[26]	DIRECTION OF IMPACT	UN SDGS
Buildings certified to a comprehensive sustainable building standard	66%	CONTRIBUTION	

[26] Percentages presented in this table are not cumulative.

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Real Estate industry are as follows: Accounting and standards disclosure, Failure to respect the right to just and favorable conditions of work and Strike action.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
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ANNEX 1: Methodology

EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Green Finance Framework meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2021).

The evaluation shows if NEPI's project categories are indicatively in line with the entirety (or some of) the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided on a confidential basis by NEPI (e.g., Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the issuer.

Green KPIs

The Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e., the social and environmental added value – of the use of proceeds of NEPI's Green Finance Instruments.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

The Environmental and social risks assessment evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g., wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available or that the information provided did not fulfil the requirements of the Green Bond KPIs.

The evaluation was carried out using information and documents provided on a confidential basis by NEPI (e.g., Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the Issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which NEPI's Green Finance Instruments contributes to related SDGs has been identified.

ANNEX 2: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.
For more information, please visit:
https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf

ANNEX 3: Quality management processes

SCOPE

NEPI commissioned ICS to compile a Green Finance Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the Green Bond Principles and the Green Loan Principles and to assess the sustainability credentials of its Green Finance Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA's Green Bond Principles
- LMA's Green Loan Principles

ISSUER'S RESPONSIBILITY

NEPI's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at company and framework level

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Green Finance Instruments to be issued by NEPI has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles and the Green Loan Principles.

The engagement with NEPI took place in May and June 2023.

ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g., the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green Finance Instruments SPO, please contact: SPOOperations@iss-esg.com

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