



## GREEN FINANCE FRAMEWORK

For Eurocommercial Properties NV

ALLOCATION AND IMPACT REPORTING

at 31.12.2023

Amsterdam, 1/7/2024

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## 1. Introduction

Eurocommercial continues the implementation of its sustainability strategy, approaching each business decision with a long-term view, evaluating its environmental and socio-economic impact and thereby ensuring the alignment of its ESG and business strategies. Each of our shopping centres offers its individual set of challenges and opportunities, yet we have developed a broad ESG vision and strategy to meet the global challenges and the future demands of our customers, tenants and employees while creating sustainable centres. Our approach is articulated around three strategic pillars: Be green, Be engaged, Be responsible, (available on the corporate website <https://www.eurocommercialproperties.com/esg/esg-strategy>).



Eurocommercial issued in January 2023 its Green Finance Framework (“the GF Framework”) that aims to support the Company’s strategy and its transition towards a low carbon economy. Through its GF Framework, the Company intends to contribute to the growth of the Green Financing market, to the increased use of several Green

Finance Instruments and to address investors' willingness to finance sustainable green buildings existing or under development. This GF Framework is established as an overarching platform under which the Company intends to issue Green Finance Instruments - which may include bonds (also through private placements), commercial paper, bank loans, promissory notes (Schuldscheindarlehen) and any other finance instruments in various formats and currencies - to finance and/or refinance green projects with an environmental benefit.

## 2. Allocation and Impact reporting

### 2.1 General

In accordance with the recommendations from the Green Bond Principles and Green Loan Principles and as provided by the GF Framework, the Company is committed to make and keep readily available reporting on its outstanding Eligible Green Assets and Green Finance Instruments. This reporting shall be renewed annually and until any Green Finance Instruments are in place.

As provided by the GF Framework, the reporting is divided into two parts, the Allocation Report and the Impact Report.

The **Allocation Report** provides indicators such as:

- the total amount of the Company's Green Finance Instruments outstanding;
- the amount of net proceeds allocated to Eligible Green Assets;
- the balance of unallocated proceeds;
- for Eligible Green Assets, the amount of additions, the amount sold and disposed and the amount of other changes occurred during the year;
- the percentage of new financings and refinancings.

The **Impact Report** provides potential impact indicators linked to Green Assets such as:

- number of total Eligible Green Assets and their square metres;
- Eligible Green Assets' environmental classification;
- Energy Performance Certificates of the Eligible Green Assets;
- water recycled/ reduced consumption in the Eligible Green Assets;
- greenhouse gas emissions for the Eligible Green Asset (in kg CO<sub>2</sub>/sqm);
- onsite renewable energy generation (in kWh/year).

According to the definition provided by the GF Framework, an Eligible Green Asset is represented by a building that achieved a BREEAM certification “Very Good” or higher.

## 2.2 Allocation Report

According to the GF Framework, the Green Loans are loans whose proceeds have been used to finance and/or refinance in whole new or existing green projects. The quantification of Green Loans is included in the finance documentation signed with the lenders.

The Sustainability-linked Loans are loans where the margin is adjusted on the basis of the achievement (or lack of) of certain KPIs agreed with the lenders, both at Group level and at asset level. The adjustment can be positive or negative, depending on the number of KPIs achieved.

The KPIs usually agreed with the lenders are the following:

- **Renewable Energy**: measured in % of total electricity used;
- **Waste To Landfill**: measured in weight %;
- **Number Of BREEAM Certificates**: with rating “Very Good” or “Excellent”;
- **Green Leases**: measured in number of green lease contracts signed during the year;
- **Social Events**: organised in the centres;
- **GHG Emissions intensity**: measured in tonnes CO<sub>2</sub>/m<sup>2</sup>.

As shown in the following table, during 2023 Eurocommercial increased its Green Loan portfolio by € 306.3 million, while there have not been movements in the sustainability linked loans.

MOVEMENTS OF GREEN & SUSTAINABILITY LINKED LOANS IN THE PERIOD 01/01/2023 - 31/12/2023		
Amounts in €/million	Green Loans*	Sustainability linked*
<b>Balance 31.12.2022</b>	<b>116.5</b>	<b>216.5</b>
<b>New Green Loans</b>	<b>306.3</b>	
Galleria Verde S.r.l (Group share of 50%)	79.6	
SAR Degeln AB**	162.6	
Fastighetsbolaget Es Örebro***	58.1	
Other movements	6	
<b>Balance as of 31.12.2023</b>	<b>422.8</b>	<b>216.5</b>
<b>% of increase in new green finance loans during the year</b>	<b>263%</b>	
*including the share of the loans of joint ventures		
**SEK 1.875.000.000 converted to € with exchange rate of SEK/€ of 11.530		
***SEK 644.870.000 converted to € with exchange rate of SEK/€ of 11.096		

The movements of Green Loans in 2023 are represented by:

- in March 2023 conversion into a green loan of an existing loan with ING-BNP Paribas of €79.6 million (50% Group share) maturing in January 2026;
- in March 2023 signing of a Green Loan with Nordea Bank for an amount of € 162.6 million (SEK 1,875 million) maturing in July 2027;
- in December 2023 conversion into a green loan of an existing loan with Skandinaviska Enskilda Banken AB for an amount of €58.1 (SEK 645 million) maturing in January 2031;

The other movements include the contractual amortization of the period of the green loans and the currency translation of the SEK balances to the exchange rate at 31/12/2023.

As of 31 December 2023, the outstanding Green Loans amounted to €422.8 million, with an increase of 263% in respect of 31 December 2022.

Sustainability linked loans did not change in 2023. Please note that the balance of the Sustainability linked loans includes loans for €116.5 million reported also in the column "Green Loans".

The table below provides the detail of the Green and of the Sustainability-linked Loans outstanding at 31<sup>th</sup> December 2023, with the indication of the related shopping centre.

Amounts in €/million

Shopping Centre	ECP-owned GLA	BREEAM rating	Bank	Green Loan*	Sustainability linked*
Fiordaliso (50%)	62.884	Excellent	ING/BNP	79.2	
Curno	20.924	Very Good	ING	66.5	66.5
CremonaPo	43.505	Very Good	ABN	50.0	50.0
Portali	7.867	Very Good	ABN		27.5
Castello	21.683	Very Good	ABN		22.5
Bergvik	32.800	Very Good			50.0
Ingelsta Shopping	25.300	Very Good	Nordea	169.0	
Elins Esplanad	26.500	Very Good			
Grand Samarkand	24.800	Very Good			
Hallarna	40.700	Very Good	SEB	58.1	
<b>Total outstanding at 31/12/2023</b>				<b>422.8</b>	<b>216.5</b>

\* Including the share of loans of the joint ventures

At 31/12/2023, in addition, the Company had entered in sustainability-linked interest rate swaps for a total notional amount of €165 million (of which €155 million active at the balance sheet date).

At 31 December 2023 the outstanding amount of all the existing Green Loans is fully allocated to the Eligible Green Assets, as reported in the table below.

Amounts as of 31.12.2023 in €/million \*

Total amount allocated to the Eligible Green Assets**	422.8	Total amount of Green Loans	422.8
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\* Including the share of Assets and Loans of the joint ventures

\*\* Market Value at 31/12/2023

The market value at 31 December 2023 of the Eligible Green Assets was €3.249 million, including five centres for a total value of €434 million in process of re-certification Breeam.

The table below shows the movements of the Eligible Green Assets in the twelve months of 2023.

Amounts in €/million	
<b>Eligible Green Assets at 31/12/2022</b>	<b>3.255</b>
Addition of the period	22
Revaluation/Devaluation of the period	(29)
Foreign Currency Revaluation	1
<b>Eligible Green Assets at 31.12.2023</b>	<b>3.249</b>

The Eligible Green Assets decreased by €6 million in 2023, as the €22 million of capex of the period has been more than compensated by €29 million of devaluation based on the independent appraisals at 31/12/2023.

## 2.3 Impact Report

### 2.3.1 Number of total Eligible Green Assets and square metres

At 31.12.2023, the Company has 23 Eligible Green Assets located in France, Italy and Sweden.

The following table shows the split of the Eligible Green Assets per country based on the Gross Lettable Area (GLA).

	Number of Eligible Green Assets	GLA (ECP owned)
France	8	122.987
Italy	8	329.375
Sweden	7	227.100
<b>ECP</b>	<b>23</b>	<b>679.462</b>

Out of the 23 Eligible Green Assets, 10 have a BREEAM rating “Excellent” (Passage Du Havre, Val Thoiry, MoDo, Les Portes de Taverny, Grand A, Centr’Azur and Shopping Etrembieres, in France; Carosello, Fiordaliso and I Gigli in Italy), while the remaining 13 properties achieved a BREEAM rating “Very Good”.



## 2.3.2 The Eligible Green Assets' environmental classification

The split of the BREEAM ratings on the basis of the GLA is reported in the table below.

BREEAM certificates based on GLA	
Excellent	43%
Very Good	57%

All BREEAM certificates renewed from 2023 must be compliant with the newest version V6 which sets more stringent requirements. The Company will manage to improve or keep unchanged its previous ratings. Five assets are currently in the process of re-certification.

## 2.3.3 Energy Performance Certificates of the Eligible Green Assets

The Energy Performance Certificates of the Eligible Green Assets are split on the basis of the GLA in the following table.

ECP based on GLA	
A	9%
B	6%
C	40%
D	25%
E	19%
F	0%

80% of the total GLA of the Eligible Green Assets refers to units with a certificate D or higher. The Company is committed to improve its EPCs labels in time, following the contract renewals timeline.

## 2.3.4 Water recycled/ reduced consumption in the Eligible Green Assets

The performance data reporting in this paragraph and in the following two refers to the two reporting periods Q4 2021-Q3 2022 and Q4 2022– Q3 2023.

As shown in the table below, in the twelve months ended at 30/9/2023, the Group saved in the Eligible Green Assets 10,756 litres of water, corresponding to 2.1% of the consumption of the twelve months ended at 30/9/2022. The increase of consumption in France has been more than compensated by the savings realised in Italy and Sweden.

	Water consumption		
	12 months to 30.09.2022	12 months to 30.09.2023	Liters saved
France	83,606	85,836	2,229
Italy	327,497	319,007	-8,490
Sweden	98,738	94,242	-4,496
<b>ECP</b>	<b>509,841</b>	<b>499,085</b>	<b>-10,756</b>

## 2.3.5 Greenhouse gas emissions for the Eligible Green Assets (in kg CO2/sqm)

The following table shows the average quantity of CO2 emissions split by country compared with the corresponding period of 2022.

	CO2/SQM (Scope 1&2)		
	12 months to 30.09.2023	12 months to 30.09.2022	% change
France	3.8	2.8	36%
Italy	5.7	3.5	64%
Sweden	5.4	3.1	74%
<b>ECP</b>	<b>2.4</b>	<b>2.2</b>	<b>10%</b>

The CO2 emissions increased by 10% with respect to the previous 12 months. Scope 1 emissions fell by 32% due to the gas dismissal in two Italian assets and an across country decrease in consumption, while Scope 2 emissions increased by 64%. The increase in Scope 2 is mainly due to a different classification of emissions that were before included in the Scope 3 calculations. Including also Scope 3 emissions, the overall emissions decreased by 31%.

## 2.3.6 Onsite renewable energy generation (in kWh/year)

The table below shows the on-site renewable energy generation for the Eligible Green Assets for the twelve months ended at 30 September 2023, compared with the corresponding period of 2022.

	On site renewable energy generation (KWh/year)		
	12 months to 30.09.2022	12 months to 30.09.2023	% change
France	0	0	NA
Italy	153,140	131,037	-14.4%
Sweden	2,801,455	3,395,630	21.2%
<b>ECP</b>	<b>2,954,595</b>	<b>3,526,667</b>	<b>19.4%</b>

The Company is actively working to increase the installation of solar panels in its Eligible Green Assets, under the limitations foreseen by the local legislative frameworks. The increase in renewable energy generation of 21% in Sweden during the 12 months ended at 30 September 2023 has been partially compensated by the decrease of production in Italy, mainly due to unfavourable weather conditions in the period. As far as Italy is concerned, two additional new plants came into operation in January 2024, for a total maximum power of 3,203 kWp.