

Second-Party Opinion Ghelamco Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Ghelamco Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, Green Buildings, is aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that the investing in eligible real estate projects will lead to improvement in sustainability and energy efficiency of buildings in Belgium, France, Poland, and through future investments potentially in the United Kingdom, Luxembourg, Cyprus and the Netherlands, and advance the UN Sustainable Development Goals, specifically Goal 7 and Goal 11.



PROJECT EVALUATION / SELECTION The Ghelamco Treasury Department is responsible for the initial evaluation and selection process at the Ghelamco Group level on at least an annual basis. After this, the dedicated Ghelamco Green Finance Committee comprised of representatives from its managing board and technical teams will evaluate and approve the list of Eligible Projects following the eligibility criteria. This is in line with market practice.



MANAGEMENT OF PROCEEDS The Ghelamco Treasury Department is in charge of management of proceeds using a portfolio approach on at least an annual basis until full allocation. Proceeds will be tracked via an internal register. Ghelamco intends that the total volume of the green finance proceeds will not exceed the balance of Eligible Projects at the Ghelamco Group level and replace projects that are out of eligibility with new projects as soon as reasonably practicable. Pending full allocation, unallocated proceeds will be managed following the company's regular treasury criteria. This process is aligned with market practice.



REPORTING Ghelamco intends to annually publish reports on allocation and impact in the Investor Relations section on the website until full allocation. Allocation reporting will include an overview of the green finance instruments and the total amount of outstanding volume of issued green finance instruments, a breakdown of allocations for the specific location of projects, the share of financing and refinancing, and the total amount of unallocated proceeds. Impact reporting will include an overview of Eligible Projects and their environmental classification on specific internationally recognized certification schemes as well as information on selected case studies of Eligible Projects. This is in line with market practice.

Evaluation date	October, 2019
Issuer Location	Ghent, Belgium

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Introduction

Ghelamco Group Comm. VA (“Ghelamco” or “the Company”) is a European real estate investor and developer with a focus on the office market segment, along with activities in the residential, retail, logistics and leisure markets. Ghelamco invests in real estate projects in Belgium, France, Poland and considers a possible expansion in the future to the United Kingdom, Luxembourg, Cyprus, and the Netherlands, particularly in capital cities and regional central towns. The Company was established in 1985 and headquartered in Ghent, Belgium.

Ghelamco has developed the Ghelamco Green Finance Framework (the “Framework”) under which it intends to issue green bonds and other products including green private placements and (syndicated) green loans, and use the proceeds to finance and refinance, in whole or in part, existing and future projects that will improve sustainability and energy efficiency in real estate. The Framework defines eligibility criteria in the following area:

1. Green Buildings

Ghelamco engaged Sustainalytics to review the Ghelamco Green Finance Framework, dated October, 2019 and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP)¹ and Green Loan Principles 2018 (GLP).² This Framework has been published in a separate document.³

As part of this engagement, Sustainalytics held conversations with various members of Ghelamco’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of Ghelamco’s Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Ghelamco Green Finance Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The Green Loan Principles are administered by the Loan Market Association and are available at https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

³ The Ghelamco Green Finance Framework is available on Ghelamco’s website at: <https://www.ghelamco.com/site/w/investor-relations-group.html>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Ghelamco Green Finance Framework

Summary

Sustainalytics is of the opinion that the Ghelamco Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of Ghelamco's Green Bond Framework:

- Use of Proceeds:
 - The eligible use of proceeds category – Green Buildings – is recognized as impactful by the GBP and GLP. Sustainalytics is of the opinion that this eligible use of proceeds category can provide meaningful environmental contributions, including improving energy efficiency and reduction in greenhouse gas (GHG) emissions, in targeted countries, namely Belgium, France, Poland and through future investments potentially in the United Kingdom, Luxembourg, Cyprus and the Netherlands.
 - The Company will invest in buildings which have received or will receive a recognized third-party green building certification, namely BREEAM Excellent, LEED Gold or above, DGNB Gold or above, and HQE Excellent or above. Sustainalytics has conducted an evaluation of the certifications and views the properties meeting these certification standards as having positive impacts (see Appendix 1 for additional details on these certification schemes).
 - Ghelamco will also invest in buildings which have received or will receive a classification of Energy Performance of Buildings Directive (EPBD)⁴ and Energy Performance Certificate (EPC)⁵ label A or any other buildings belonging to the top 15% of the local building stock in terms of energy and greenhouse gas (GHG) emissions performance as well as Nearly Zero Energy Building (NZEB)⁶ as defined by local building legislation.
 - Whilst no specific look-back period is defined, Ghelamco has committed to disclose the portion of financing versus re-financing (i.e. share of new and existing projects) in the proceeds' allocation reporting.
- Project Evaluation and Selection:
 - Ghelamco's initial project evaluation and selection process will be conducted by the Ghelamco Treasury department at the Ghelamco Group level on an annual basis.
 - The dedicated Ghelamco Green Finance Committee, comprised of representatives from its managing board and technical teams, will evaluate and approve the list of Eligible Projects in compliance with the eligibility criteria outlined in the Framework.
 - Sustainalytics considers this to be aligned with market practice.
- Management of Proceeds:
 - The Ghelamco Treasury Department will be responsible for managing the net proceeds of issued green finance instruments on a portfolio basis.
 - Proceeds will be tracked via an internal register. If projects fall out of eligibility, they will be replaced with Eligible Projects as soon as reasonably practicable. Ghelamco intends to ensure that the total volume of the green finance proceeds will not exceed the balance of Eligible Projects at the Ghelamco Group level.

⁴ European Commission, Energy Performance of Buildings Directive, at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/energy-performance-buildings-directive>

⁵ "EPCs play a central role in the context of the Article 20 (2) EPBD, which asks (EU) Member States to provide information on the energy performance certificates and the inspection reports, on their purpose and objectives, on the cost-effective ways and, where appropriate, on the available financial instruments to improve the energy performance of the building to the owners or tenants of the buildings." Further details available at: European Commission, EPC distribution per energy label, at: <https://ec.europa.eu/energy/en/content/epc-distribution-energy-label>

⁶ Nearly zero-energy buildings (NZEBs) have very high energy performance. The low amount of energy that these buildings require comes mostly from renewable sources. Further details available at: European Commission, Nearly zero-energy buildings, at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/nearly-zero-energy-buildings>

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- Pending full allocation, unallocated proceeds will be managed following the Company's regular treasury criteria, which would be investment in high-quality real estate projects⁷ in multiple countries.
- This process will be reviewed and approved by the dedicated Ghelamco Green Finance Committee on at least an annual basis until full allocation of proceeds.
- Sustainalytics views this management process as aligned with market practice.
- Reporting:
 - Ghelamco will report on the allocation and impact of proceeds on an annual basis until full allocation. Reporting will be available in the Investor Relations section on the Company's website.⁸
 - Allocation reporting will include an overview of the green finance instruments, the allocation of the net proceeds with a breakdown of allocations for the specific project location (country level), the share of financing and refinancing (i.e. share of new and existing projects), and the total amount of unallocated proceeds.
 - Impact reporting will include an overview of Eligible Projects and their environmental classification (BREEAM, NZEB, LEED, DGNB, HQE, EBPD/EPC) with specific level (e.g. BREEAM "Excellent") on an annual basis. Additionally, the Company will disclose information on selected case studies of Eligible Projects.
 - Sustainalytics considers Ghelamco's reporting process to be aligned with market practice.

Alignment with Green Bond Principles 2018 and Green Loan Principles 2018

Sustainalytics has determined that the Ghelamco's Green Bond Framework aligns to the four core components of the GBP 2018 and GLP 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of the Issuer

Contribution of the Framework to issuer's sustainability performance

Whilst Sustainalytics notes that no quantitative target has been set for the sustainability activities, Ghelamco has nonetheless demonstrated its commitment to the development of environmentally friendly and energy efficient buildings by obtaining sustainable buildings certification for its projects across European countries,⁹ particularly BREEAM certificate as its standard for all of Company's office buildings (see Appendix 1 for additional details on this certification scheme). For example, Ghelamco's office building project in Poland, *Trinity Park III*, certified with Very Good from BREEAM, was the first BREEAM certified building in Poland.¹⁰ As an ongoing project, the *Spectrum* office building in Brussels, Belgium is designed as a "Nearly Zero Energy Building" and achieved BREEAM "Excellent."¹¹ Multiple other development projects of the company are currently being constructed in line with similar high sustainability and energy efficiency standards.

With a focus on the European market, Ghelamco Green Finance Framework has a role in advancing EU's objectives in environmental performance of buildings and energy efficiency. Following the Energy Performance of Buildings Directive (EPBD), along with the Energy Efficiency Directive (EED), the EU has set ambitious targets for Member States, i.e. energy efficiency gains of 32.5% by 2030.⁴ The EPBD requires Member States to establish long-term national strategies for energy efficiency of both residential and non-residential buildings by 2050. CO₂ emissions from buildings will also have to be reduced by a minimum of 80% by 2050, compared to the 1990 level.⁴

Considering the above, Ghelamco has shown its efforts on sustainability through developing environmentally friendly and energy efficient buildings. Nonetheless, Sustainalytics encourages the establishment of a formal sustainability strategy and quantifiable targets to advance its sustainability performance. Overall,

⁷ High-quality as defined by Ghelamco refers to buildings constructed with high quality of materials and standards of workmanship that will adhere to the applicable building regulations.

⁸ Ghelamco Group Website, Investor Relations to be retrieved from <https://www.ghelamco.com/site/w/investor-relations-group.html>

⁹ Ghelamco Investors Presentation, (2018), at: http://www.ghelamco.com/uploads/ir_bel-66-5b91341c24222.pdf

¹⁰ Green Developer, at: <https://www.ghelamco.com/site/w/green-developer.html>

¹¹ Ghelamco Newsletter 32, at: <https://www.ghelamco.com/uploads/newsletpdf-17-1-5a8bcfe43e98.pdf>

Sustainalytics is of the opinion that the Ghelamco Green Finance Framework will further strengthen and advance the Company's sustainability commitments and performance.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics acknowledges that investing in green buildings has positive environmental and social impacts. However, Sustainalytics also recognizes the potential of further environmental and social risks that are associated with the development of infrastructure, such as the risk of environmental degradation, community relations and worker's health and safety.

To mitigate these potential risks, the Company invests in real estate projects under internationally recognized green building certifications with high level (see Appendix I for details on the certification schemes). For instance, the Company's BREEAM certified projects can mitigate associated environmental and social risks through following requirements and assessments on the construction sites as listed below:¹²

- The Company should comply with national health and safety legislation for construction to minimize health and safety risks, and manage, monitor and report on the health and safety of construction site staffs.
- The Company reduces the impacts to the community by working only during scheduled times that will avoid disturbing local residents.
- The Company assesses impacts on air quality, water management, biodiversity and hazardous materials which can pollute local water courses.

Based on the above, Sustainalytics considers Ghelamco as well-positioned in mitigating the potential environmental and social risks linked to its financing under the Ghelamco Green Finance Framework.

Section 3: Impact of Use of Proceeds

Investments in green buildings is recognized as impactful by the GBP and GLP. Sustainalytics has focused on below where the impact is specifically relevant in local context.

Green Buildings are Key to Reduce EU's Energy Consumption and GHG Emissions

The EU has established climate objectives to be achieved by 2030, including a 20% reduction in GHG emissions and a 20% increase in energy efficiency.¹³ In 2018, building stock in Europe was responsible for 36% of the EU's CO₂ emissions,¹⁴ and 40% of the overall energy consumption.¹⁵ Taking into account that heating and cooling amount to almost 50% of the EU's final energy consumption, 80% of which comes from buildings, the EU's climate objectives are closely linked to the development of sustainable and energy-efficient buildings.⁴

The Importance of Newly Constructed Sustainable Buildings

The EU has put in place several guidelines, including the Energy Performance of Buildings Directive (EPBD)¹⁶ and the Energy Efficiency Directive (EED),¹⁷ based on which substantial progress has been achieved, including an average annual reduction of 1.5% for household energy consumption per dwelling since 2000.¹⁸ Yet, around 35% of the EU's buildings are over 50 years old and almost 75% of the building stock is energy inefficient.¹⁹ In

¹² BREEAM International New Construction 2016, at:

https://www.breeam.com/BREEAMInt2016SchemeDocument/#resources/output/10_pdf/a4_pdf/nc_pdf_printing/sd233_nc_int_2016_print.pdf

¹³ European Commission, « EU climate action », consulted October 2019 at : https://ec.europa.eu/clima/citizens/eu_en

¹⁴ DIRECTIVE (UE) 2018/844

¹⁵ Bruhin, A., et al., (2018), "High energy performing buildings: Support for innovation and market uptake under Horizon 2020 energy efficiency", European Commission, at: <https://op.europa.eu/en/publication-detail/-/publication/d8e3702d-c782-11e8-9424-01aa75ed71a1/language-en/format-PDF/source-77709912>

¹⁶ European Commission, "Energy Performance of Buildings Directive (2010/31/EU)", at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/energy-performance-buildings-directive>

¹⁷ European Commission, "Energy Efficiency Directive (2012/27/EU)", at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/targets-directive-and-rules/energy-efficiency-directive>

¹⁸ Odyssee-Mure, "Energy Efficiency Trends and Policies in the Household and Tertiary Sectors", (2015), at: <https://www.odyssee-mure.eu/publications/br/energy-efficiency-trends-policies-buildings.pdf>

¹⁹ European Commission, "Energy performance of buildings", Consulted October 2019 at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/overview>

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Europe, the majority of housing was built before thermal standards were introduced in 1970.²⁰ In France alone, 55% of the buildings were built before 1975 and account for 64% of the sector's national GHG emissions.²¹ Furthermore, the average energy consumption of buildings constructed in France before October 2011²² is five times higher than those constructed after. As such, Ghelamco's use of proceeds to construct green buildings will help EU-Member States to implement and comply with European Directives on sustainable buildings, contributing to energy efficiency goals. It is particularly relevant regarding the Nearly Zero-Energy Building program which aims to reduce buildings' energy consumption to zero by the end of 2020.²³

The Need for Refurbishment in the Context of an Aging Building Stock

Renovation can play a major role in decarbonizing the building sector. Only 0.4-1.2% of the European building stock is renovated each year. The renovation of existing buildings could reduce the overall energy consumption in EU by 5-6% and lower CO2 emissions by approximately 5%.¹⁹ Deep retrofitting of EU building stock could even achieve a 33% energy savings.²⁴ As such, Ghelamco's use of proceeds for renovation of existing buildings is impactful, especially in Brussels, where Ghelamco focuses its refurbishment business. Underlining the need for refurbishment, 85% of the dwellings in Brussels were constructed before the 1960s. In 2015, this building stock accounted for 39% of Brussel's GHG emissions.²⁵ In fact, buildings represent 74% of the Brussels Region's energy consumption due to the poor condition of insulation, e.g. 30% of the existing buildings are not insulated and require further energy for heating.²⁶

As such, Sustainalytics views Ghelamco use of proceeds in newly constructed, existing and refurbished buildings which have received, or are designed to receive Green Buildings certification such as BREEAM "Excellent" or higher as particularly relevant, contributing to the mitigation of GHG emissions from the housing sector within the EU.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	11. Sustainable Cities and Communities	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

Conclusion

Ghelamco has developed the Ghelamco Green Finance Framework, under which it intends to issue green bonds and other green finance instruments that will finance and/or refinance the development and implementation of sustainable and energy efficient green building projects which will be certified with high standards by internationally-recognized verifiers, namely BREEAM Excellent or above, LEED Gold or above, DGNB Gold or above, and HQE Excellent or above, EPC Label A, and meeting the NZEB as defined by local building legislation across European countries.

²⁰ European Commission, "EU Buildings Database", Consulted October 2019 at: <https://ec.europa.eu/energy/en/eu-buildings-database>

²¹ Direction Générale du Trésor, "Buildings : a huge potential for energy savings in France", (2017), at: <https://www.tresor.economie.gouv.fr/Articles/6d47bddb-1d14-4597-8878-785ab59fc529/files/fe5c5c7c-ac36-4b0e-9f7d-28d02e83348e>

²² Date of entry into force of the RT2012 (Thermic regulation).

²³ European Commission, "Nearly zero-energy buildings", Consulted October 2019 at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/nearly-zero-energy-buildings>

²⁴ Berardi, U., (2015), "Building Energy Consumption in US, EU, and BRIC Countries", Procedia Engineering, at: <https://www.sciencedirect.com/science/article/pii/S1877705815020664>

²⁵ Bruxelles Environnement, Emissions de gaz à effet de serre. Consulted October 2019 at <https://environnement.brussels/etat-de-lenvironnement/synthese-2015-2016/climat/emissions-de-gaz-effet-de-serre>

²⁶ Bruxelles Environnement, « Présentation de la stratégie rénovation aux horizons 2030-2050 à Bruxelles ». Consulted October 2019 at: <https://environnement.brussels/news/presentation-de-la-strategie-renovation-aux-horizons-2030-2050-bruxelles>

Considering the CO₂ emission share from buildings among all sectors within Europe, Sustainalytics is of the opinion that the eligible projects described in the Framework will further advance Ghelamco's sustainability performance and strengthen its commitments towards international environmental goals, namely the Paris Agreement on an EU level.

Based on the above, Sustainalytics is of opinion that Ghelamco's Green Finance Framework is credible, transparent, and aligned with the Green Bond Principles 2018 and the Green Loan Principles 2018.

Appendices

Appendix 1: Overview and Comparison of Real Estate Certification Schemes

	LEED	BREEAM	HQE	DGNB
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	The Haute Qualité Environnementale or HQE (High Quality Environmental standard) is a standard for green building in France, based on the principles of sustainable development first set out at the 1992 Earth Summit. The standard was launched in 2005 and is controlled by HQE and certificate is issued by Cerway/ Certivea/ Cerqual.	The German Green Building Certification or DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.
Certification levels	Certified Silver Gold Platinum	Pass Good Very Good Excellent Outstanding	Pass Good Very good Excellent Exceptional	Bronze Silver Gold Platinum
Areas of Assessment: Environmental Project Management	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders regarding the construction choices and the technical systems.	Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.	Global management system	Technically, any project can be applied anywhere in the world through a tailored process of making appropriate local adaptations on a case-by-case basis.
Areas of Assessment: Environmental Performance of the Building	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality 	<ul style="list-style-type: none"> • Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation 	<ul style="list-style-type: none"> • Energy • Environment (Site, Components, Worksite, Water, Waste, Maintenance) • Comfort (Hydrothermal, Acoustic, Visual, Olfactory) • Health (Spaces quality, Air 	<ul style="list-style-type: none"> • Environment • Economic • Sociocultural and functional aspects • Technology • Processes • Site

	<ul style="list-style-type: none"> Innovation in Design Regional Priority 		<p>Quality, Water Quality)</p> <ul style="list-style-type: none"> Principles of Equivalence 	
Requirements	<p>Prerequisites (independent of level of certification) + Credits with associated points</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Prerequisites depending on the levels of certification + Credits with associated points</p> <p>This number of points is then weighted by item²⁷ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>Prerequisites (independent of level of certification) + Points-based performance level: Performing and High Performing</p> <p>The Prerequisite level is obtained when all the minimum requirements for a target are met, while the Performing and High Performing levels are obtained based on a percentage of points given per target, allowing for flexibility.</p> <p>Based on the total number of stars obtained per area, an overall HQE level is then given.</p> <p>Environmental certificates are assigned at all stages of the building life cycle, and on-site audits are required.</p>	<p>Percentage-based performance index</p> <p>The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment. The environmental, economic, socio-cultural and functional aspects and technical quality each account for 22.5% of the total, process accounts for 10% and the site quality is given a separate grade.</p> <p>Depending on the total performance index, a DGNB award will be given to the project, starting from Silver (at least 50%), then Gold (at least 65%) and finally Platinum (at least 80%). Bronze is awarded for already existing buildings and is conferred as the lowest rank with a total performance index of at least 35%.</p>
Performance display				
Accreditation	<p>LEED AP BD+C LEED AP O+M</p>	<p>BREEAM International Assessor BREEAM AP BREEAM In Use Assessor</p>	<p>HQE Construction Certification Referent HQE Operations Certification Advisor</p>	<p>DGNB Auditor DGNB Compliance Testing Team DGNB Certification Committee</p>

²⁷ BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

<p>Qualitative considerations</p>	<p>Widely recognised internationally, and strong assurance of overall quality.</p>	<p>Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.</p>	<p>HQE certification has the highest number of targets concerning individuals. The “Comfort” and “Health” related themes are the most developed in this scheme. The HQE scheme recognises European and international standards (in particular the ISO and ASHRAE standards).</p>	<p>DGNB certification is based on current European Union standards and norms and is being recommended by the German Federal Ministry of Transport, Building and Urban Development. DGNB System has partnerships in a number of countries, among which Bulgaria, Denmark, Austria, Thailand and Switzerland.</p>
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Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Ghelamco Group Comm. VA ("Ghelamco")
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Ghelamco Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	31 October, 2019
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible use of proceeds category – Green Buildings – is recognized as impactful by the GBP and GLP. The Company will invest in buildings in targeted countries, namely Belgium, France, Poland and through future investments potentially possibly in the United Kingdom, Luxembourg, Cyprus and the Netherlands, which have received or will receive a recognized third-party green building certification such as LEED Gold or above, BREEAM Excellent or above, DGNB Gold or above, and HQE Excellent or above.

Ghelamco will also invest in buildings which have received or will receive a classification of Energy Performance of Buildings Directive (EPBD) and Energy Performance Certificate (EPC) label A or any other buildings belonging to the top 15% of the local building stock in terms of energy and greenhouse gas (GHG) emissions performance (see Appendix 2 for additional details on the certificate), as well as Nearly Zero Energy Building (NZEB) as defined by local building legislation. Ghelamco's does not specify a look-back period, however, it will disclose a use of proceeds breakdown of financing and refinancing in its annual allocation report.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

Ghelamco's initial project evaluation and selection process will be conducted by the Ghelamco Treasury department at the Ghelamco Group level on an annual basis. The dedicated Ghelamco Green Finance Committee, comprised of representatives from its managing board and technical teams, will evaluate and approve the list of Eligible Projects in compliance with the eligibility criteria outlined in the Framework.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
|---|---|

- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The Ghelamco Treasury Department will be responsible for managing the net proceeds of issued green finance instruments on a portfolio basis. Proceeds will be tracked via an internal register. If projects fall out of eligibility, they will be replaced with Eligible Projects as soon as reasonably practicable. Ghelamco intends to ensure that the total volume of the green finance proceeds will not exceed the balance of Eligible Projects at the Ghelamco Group level.

Pending full allocation, unallocated proceeds will be managed following the Company's regular treasury criteria, sticking to the high-quality real estate projects in multiple countries. This process will be reviewed and approved by the dedicated Ghelamco Green Finance Committee on at least an annual basis until full allocation of proceeds.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

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Ghelamco will publish a report on the allocation of the net proceeds and impact report on an annual basis until full allocation. Besides the allocation report, the company intends to provide impact reporting on an annual basis. Reporting will be available in the Investor Relations section on the Company's website.

Allocation reporting will include an overview of the green finance instruments, the allocation of the net proceeds with a breakdown of allocations for the specific project location (country level), the share of financing and refinancing (i.e. share of new and existing projects), and the total amount of unallocated proceeds.

Impact reporting will include an overview of Eligible Projects and their environmental classification (BREEAM, NZEB, LEED, DGNB, HQE, EBPD/EPC) with specific level (e.g. BREEAM "Excellent") on an annual basis. Additionally, the Company will disclose information on selected case studies of Eligible Projects.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (*please specify*):

Information reported:

- Allocated amounts
 Green Bond financed share of total investment
- Other (*please specify*):

Frequency:

- Annual
 Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (please specify):

Frequency:

- Annual
 Semi-annual
- Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
- Decrease in water use
 Other ESG indicators (please specify): Real estate certification schemes' classification (BREEAM, NZEB, LEED, DGNB, HQE,

EBPD/EPC) with specific level, where feasible, selected case studies of Eligible Projects.

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Investors Relations' section on the website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.ghelamco.com/site/w/investor-relations-group.html>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria,

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and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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For more information, visit www.sustainalytics.com

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