



Ghelamco Green Bond Allocation Report 2020

Ghelamco Group Comm. VA and its subsidiaries (hereinafter “Ghelamco”) are pleased to present its inaugural Green Bond Allocation Report 2020 following the establishment of the Ghelamco Group Green Finance Framework in November 2019 (for reference we refer to <https://www.ghelamco.com/investor-relations/group/ghelamco-group-green-finance-framework/>). The Ghelamco Green Bond Allocation Report 2020 as of 31 December 2020 for the period between 1 January 2020 and 31 December 2020 was approved by the Statutory Manager and the Ghelamco Green Finance Committee (hereinafter “GFC”) on 31 March 2021.

1. Introduction:

Ghelamco is a leading European real estate investor and developer with a main focus on the office market segment. The company is further diversified by activities in the residential, retail, logistics and leisure markets. Ghelamco is active in Belgium, France, Poland and UK with a focus on capital cities and regional central towns. The company develops projects which combine prime and strategic locations with efficient and aesthetically inspiring designs.

Ghelamco has an unparalleled track record of growth over the past three decades and is highly recognized by the market and its peers for its top quality projects and pioneering work in the creation of sustainable and energy neutral concepts. As a development company, Ghelamco oversees and coordinates all project-development phases: land purchase, planning, construction and sale or lease.

2. Green Bond Issues:

This report details the allocation of the net proceeds of the issued Green Bonds in 2020 in accordance with the Ghelamco Group Green Finance Framework. Ghelamco Invest NV, a subsidiary of Ghelamco Group Comm. VA, issued for a total amount of 67,500 KEUR Green Bonds on the Luxembourg Green Exchange comprising the following issues:

- 1) on 21st of January 2020 the first Green Bond issue occurred with ISIN number BE6318639596 for an amount of 20,000 KEUR in fixed rate notes at 4.25% yearly interest with a maturity date 21 January 2027; and
- 2) on 3rd of July 2020 the second Green Bond issue occurred with ISIN number BE6322489293 for an amount of 47,500 KEUR in senior fixed rate notes at 5.5 % yearly interest with maturity date 3 July 2023.



3. Sustainability:

All Ghelamco green bond issuances demonstrate Ghelamco's alignment with a major selection of the the UN's Sustainable Development Goals (SDGs).

Ghelamco is aware of the role it plays with regard to the environment and community life, and accordingly feels it is critical to create sustainable urban solutions focussing on the sustainability and energy efficiency of its buildings through innovation and by exceeding applicable legal obligations.

As real estate is a key sector in the transition to a sustainable and low-carbon economy, Ghelamco is committed to contribute to the SDGs. Ghelamco contributes to the following SDGs: #3 Good Health and Well Being, #6 Clean Water & Sanitation, #7 Affordable and Clean Energy, #8 Decent Work and Economic Growth, #9 Industry, Innovation and Infrastructure, #11 Sustainable Cities and Communities, #12 Responsible Consumption and Production, #13 Climate Action and #15 Life on Land.

Ghelamco issues green bonds in view of its goal to create Green Buildings that, in its design, construction or operation, reduces or eliminates negative impacts and can create positive impacts, on our climate and natural environment. In order to achieve above goals, Ghelamco applies, amongst others, the following features:

- Environment friendly sources of energy and water;
- Efficient use of energy, water and other resources;
- Use of renewable energy;
- Very good indoor environmental air quality;
- A design that enables adaptation to a changing environment.



4. Criteria for Eligible Projects:

Eligible Projects refer to office, residential or mixed assets located in Belgium, France, Poland, Cyprus, the United Kingdom, Luxembourg or the Netherlands, including:

- I. newly constructed or on-going projects; and/or
- II. existing or refurbished assets under management of Ghelamco, which meet one of the following criteria:
 - a. Have received a certification in line with at minimum the standards as set in the Ghelamco Group Green Finance Framework (see below for minimum standards):
 - i. Projects that received a design stage certificate during the construction process; and/or
 - ii. Projects that received a post certificate after delivery of the project.
 - b. Are designed to receive a certification: All Ghelamco projects are designed to achieve at minimum the standards as set in the Ghelamco Group Green Finance Framework, such as:
 - i. BREEAM Excellent rating or above (UK-standard)
 - ii. Nearly Zero Energy Building (NZEB)
 - iii. LEED Gold or above (US-standard)
 - iv. DGNB Gold or above (German-standard)
 - v. HQE Excellent or above (French-standard)
 - vi. EBPB / EPC label A² or above

Ghelamco will use its best efforts to substitute any divested assets or assets that are no longer eligible, as soon as practically possible.

The unallocated proceeds are assigned to other projects within Ghelamco, based on the internal treasury criteria aligned with the daily financial needs the project company has to fulfil its obligations.



5. Allocation reporting

The net proceeds of the 2020 issued Green Bonds amount to 65,980 KEUR. In allocating the net proceeds, Ghelamco uses the net proceeds of green finance instruments to finance or refinance, in whole or in part, sustainable and energy efficient real estate projects. The Eligible projects are mapped to the SDGs and the EU Taxonomy of sustainable activities categorized within the Green Buildings.

The net proceeds are deposited in the general account. An amount equal to the net proceeds was earmarked for allocation to the Eligible Projects as selected by the GFC.

Ghelamco Invest NV can only invest in newly constructed, existing and refurbished buildings, which have received, or are designed to receive green building certification from a recognized third-party (the Eligible Project). The Green Building Certification issued by the recognized third-party agency, should include, at the minimum, the following information:

- 1) specific rating system version;
- 2) pre-assessment by the assessor of the design stage (if applicable);
- 3) follow-up assessment by the assessor during construction and finalization;
- 4) score and certification level; and
- 5) certification date.



Selection of eligible projects:

The selection of eligible projects is supervised on a yearly basis by the Ghelamco GFC. In practice the Ghelamco GFC identifies the eligible projects within its areas of competences. The selection is carried out in strict compliance with the eligible criteria as defined by the Ghelamco Group Green Finance Framework.

For the 2020 inaugural issuances 2 eligible projects were selected referring to the Green Buildings category of the Green Bond Principles as mentioned in the Ghelamco Group Green Finance Framework. For each project the eligible amounts are identifiable and traceable in the financing system of Ghelamco.

Allocation of the net proceeds:

The net proceeds of the issued Green Bond series have been allocated as follows:

Proceeds allocate to eligible projects			
Eligible project	Company	Country	Allocation in KEUR
PwC Campus	Domein Culligan BV	Belgium	10,511.48 (*)
The Arc	225 City Road Ltd	UK	32,697.15
Total allocated to eligible projects			43,208.63
Total unallocated net proceeds from Green bonds			22,771.37

(*) The allocation of the proceeds contains the ongoing construction financing and the acquisition price for the company comprising the project

The unallocated net proceeds from Green bonds of 22.771,37 KEUR were fully allocated in conformity with its regular treasury criteria as directed by the Green Finance Framework to the projects Campus Antwerp (Viminalis BV a Belgian subsidiary), Lloyd George (Lloyd Georg Brussels sarl a Luxembourg subsidiary) and The Wings (Sogimes/Cogimes NV). At the date of this report, these projects are currently in the process of being designed to obtain at least one or more certificates as defined in the Ghelamco Green Finance Framework. Ghelamco management is confident that these projects will meet the criteria for Eligible Projects in the near future. When the eligibility criteria are met these projects will be reported as Eligible Projects in subsequent reporting cycles.



Allocation Table

Eligible project	Company	Country	Allocated proceeds to eligible projects in K EUR	Green Finance label	Designed	Certificate Obtained	Project under management since	Development phase of project	SQM – office	Project start date	Foreseen Project end date	Share of proceeds	Share of total financing
PwC Campus	Domein Culligan BV	Belgium	10,511.48 *	BREEAM	BREEAM – Excellent	Design stage certificate BREEAM Excellent	19/12/2018	Construction ongoing	30,000	Q3 2019	Q2 2021	Refinancing and Financing	26%**
The Arc	225 City Road Ltd	UK	32,697.15	BREEAM DGNB WELL	BREEAM - Excellent WELL - Gold DGNB - Gold	Compliance with eligible criteria is based on independent assessor's pre-assessment confirming that the project will meet the requirements for the respective certifications.	6/11/2020	Construction ongoing	33,500	Q4 2020	Q3 2023	Financing	25%

* The allocation of the proceeds contains the ongoing construction financing and the acquisition price for the company comprising the project

** The share of total financing also includes the financing for the acquisition value of the project.



PwC Campus:



Location

The property is located at the Culliganlaan in Diegem next to the ring-highway around Brussels and close to the railway station of Diegem.

Diegem is situated in the province of Flemish-Brabant which has a population of more than 6.000 people.

Within the direct area a lot of offices are situated because of the strategical location between Brussels and the connection with the rest of Belgium via the ring-road. The subject property is located within a 1,1km distance of the Diegem rail station (approximately 13 min. walk). This train station offers connections to Leuven, Brussels airport, Brussels center, Gent, Brugge, Antwerpen, Kortrijk, Liege, Namur and others. A bus stop can be found within 6 min walking, offering connections to Zaventem, Vilvoorde and Mechelen.

Description

The property currently under construction will consist of an office building with a ground floor, 10 upper floors and 4 underground levels.

The construction works started in Q3 2019 and the building is expected to be delivered by May 2021.



The property will consist out of a concrete structure with a glazed curtain wall façade (aluminium joinery). The design is based on a 4-storey high pedestal that supports a tower construction with several green terraces.

The 4 underground floors will house the parking, several archives and technical rooms and an auditory at -1 and ground floor. There will be approximately 678 underground parking spaces and a secured bicycle parking for about 400 bicycles.

At the ground floor level, the parking entrance will be located, as well as several outside parking spaces for visitors (approximately 77 parking spaces). The ground floor will also house a spacious outside green area that leads to the reception area with 2 lift lobby's (5 elevators and 3 elevators), several sanitary blocks and the auditory. There will also be an escalator to access the first floor.

As from the 4th floor, the office will be located in the 'tower' part, with spacious terraces on floors 4, 6, 7 and 8. On the other floors, smaller terraces will be created.

Sustainability

The subject building is an on-going future development with highly efficient offices focusing on quality, sustainability, and the well-being of its users. The building will be the future-proof offices of tomorrow.

Ghelamco designed and builds this office project within the boundaries of creating a Green Building as specified by the GBP. Ghelamco strives to obtain a BREEAM-Excellent certificate as well as creating a BEN-building.

Ghelamco already received the design stage certificate BREEAM – Excellent in line with the set goals.





The Arc:



Location

225 City Road is located to the north of the City of London, on the border of Hoxton and north Old Street. Old Street is on the City Fringe office sub-markets. It has expanded on the back of growth in the creative and tech-sector occupiers in recent years to become an office destination in its own right, focused around Old Street roundabout and station – known as “Silicon Roundabout”.

The immediate local area to the Arc is characterized by a mix of residential housing, both private and social, with low rise post war blocks to new residential towers, intermixed with offices, both new developments and older stock, and hotel, the M by Montclam.

In the immediate vicinity of the Arc are a range of local convenience shopping outlets and restaurants. To the east is Hoxton, which has become a vibrant arts and entertainment district, with a large number of bars, nightclubs, restaurants and art galleries. To the west is Angel/Islington, which similarly provides a range of shops, restaurants and bars. Moorfield Eye Hospital is located to the east, directly north of Old Street roundabout.

Furthermore the Arc fronts the A501, one of the main arterial routes from west to east. Additionally, the Old Street underground (Northern Line) and mainline rail (Great Northern) station is within approx. 5 minutes-walk. A range of bus services run along City Road.



Description

The property has planning permission to develop a part 22 and part 7 storey building, totaling 237,418 sq ft of mixed, horizontal, use. It will comprise a fitness centre at basement level, flexible retail uses at ground floor; affordable office space over part ground and part 1st floors; offices over part 1st of 6th floors and 100 residential apartments over the 7th to 21st floors. The 7th floor, in part, is to provide communal amenity space, to include a shared lounge and access to a large outdoor terrace. The property will also provide storage and cycle parking facilities within the basement.

The construction works started in Q4 2020 and the building is expected to be delivered by Q3 2023.

The residential units will be arranged as either 8 homes per level, or 6, 4 or 2, reducing as you move up the building. Corner units will benefit from dual aspect with units having inset balconies providing amenity space, with the corner units of the upper floors benefitting from sliding and folding glazed winter garden screen to balconies.

Sustainability

The offices are to be developed to Grade A specification, commensurate with occupier demand for the locality, to include exposed ceilings and flexible floor plates that allow for sub-division. The property will benefit for a double height reception, large atrium and flexible workspace on the ground floor.

Ghelamco designed and builds this mixed office and residential project within the boundaries of creating a Green Building as specified by the GBP. Ghelamco strives to obtain a BREEAM-Excellent certificate, a Well Gold label as well as a DGNB Gold label.





6. External review

6.1 Second party opinion

Prior to the inaugural issuance under the Ghelamco Group Green Finance Framework, Ghelamco has commissioned Sustainalytics to provide a Second Party Opinion for its Green Finance Framework. Sustainalytics reviewed the Ghelamco Group Green Finance Framework and issued a Second Party Opinion which concluded that the Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018.

The Second Party Opinion is available on the investor relations section of the Ghelamco corporate website (<https://www.ghelamco.com/investor-relations/group/ghelamco-group-green-finance-framework/>).

6.2 Independent verification

Ghelamco appointed an independent verifier to provide a post-issuance review addressing the allocation of the net proceeds of issued green finance instruments on an annual basis. The Limited Assurance Report of the Independent Auditor is available in the appendices of this report (see 7.2 below).



7. Appendices

7.1 Management Assertion

The Ghelamco Green Finance Committee and the Statutory Manager of Ghelamco Group Comm. VA

Mr. Christophe Van Den Brande and Mr. Jo Vanleeuw for the Ghelamco Green Finance Committee

Opus Terrae BV represented by Mr. Paul Gheysens for Ghelamco Group Comm. VA

Ghelamco asserts that the net proceeds of 65,980 KEUR from the issuance of green bonds on the 21st January 2020 and 3rd July 2020 have been allocated to the projects as described above in accordance with the eligibility criteria described in the Ghelamco Group Green Finance Framework.

7.2 Limited Assurance Report of the Independent Auditor KPMG



Limited Assurance report of the Independent Auditor

To the readers of the Ghelamco Green Bond Allocation Report 2020

Introduction

We were engaged by Ghelamco Group CVA based in Ypres, Belgium (hereafter 'Ghelamco' or 'the Company') to provide a limited assurance conclusion on the following information in the Allocation Table of the Ghelamco Green Bond Allocation Report 2020 ('the Selected Information'):

— 2020 allocated Green Bond proceeds to eligible projects amounting to 43,208.63 KEUR (page 6)

Conclusion

Based on our procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information is not prepared, in all material respects, in accordance with the applicable criteria of proceeds allocation to Eligible Projects disclosed in section 2.1 of the Green Finance Framework published in November 2019 at <https://ghelamco.com/investor-relations/group/ghelamco-group-green-finance-framework/> (hereafter 'the Criteria').

Basis for our conclusion

We have carried out our limited assurance engagement on the Selected Information in accordance with the International Standard on Assurance Engagements (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board.

Our responsibilities under this standard are further described in the section 'Our responsibilities' of our report.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Responsibilities of the management of Ghelamco for the Selected Information

The management of Ghelamco is responsible for the preparation of the Green Bond Allocation Report 2020 and the Selected Information contained herein in accordance with the Criteria.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the Green Bond Allocation Report 2020 and the Selected Information contained herein that is free from material misstatement, whether due to fraud or error.

It also includes developing the Criteria, selecting and applying policies, making judgments and estimates that are reasonable in the circumstances and maintaining adequate records in relation to the Green Bond Allocation Report 2020 and the Selected Information contained herein.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed in relation to the Selected Information. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

Procedures performed in an assurance engagement to obtain a limited level of assurance are aimed to determine the plausibility of information and are less extensive than a reasonable assurance engagement. The level of assurance obtained in limited assurance engagements is therefore substantially less than the level of assurance obtained in a reasonable assurance engagements.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Selected Information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

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

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

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the International Standard on Assurance Engagements (ISAE) 3000, ethical requirements and independence requirements.

Our limited assurance conclusion relates solely to the Selected Information and not to the Green Bond Allocation Report 2020 taken as a whole. Also it is not our responsibility to provide any form of assurance on:

- The suitability of the Criteria in relation to the 2018 Green Bond Principles of the International Capital Markets Association which was assessed by the 'Second- Party Opinion' published in

October 2019 at <https://ghelamco.com/investor-relations/group/ghelamco-group-green-finance-framework/>;

- The environmental impact of the allocated proceeds following the Criteria;
- The accuracy of the allocation of the Green Bond proceeds by individual project, entity or climate related challenge or goal;
- The management of the proceeds from the Green Bond prior to their allocation or the use of these proceeds after their allocation.

Procedures performed

Our limited assurance engagement on the Selected Information consists of making inquiries, primarily of persons responsible for the preparation of the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included, among others:

- Identifying areas of the Selected Information where material misstatements are likely to arise, designing and performing limited assurance procedures responsive to those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Developing an understanding of internal control relevant to the limited assurance engagement in order to design limited assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the Company's internal control;
- Evaluating the appropriateness of the reporting Criteria used and their consistent application, including the reasonableness of estimates made by management and related disclosures to the Selected information;
- Interviewing relevant persons responsible for providing the Selected Information, for carrying out internal control procedures on and consolidating the Selected Information;
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the Selected Information;
- Analytical review procedures to confirm our understanding of trends in the Selected Information.

Antwerp, 31 March 2021

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises

Mike Boonen
Partner