

INNOVATIVE USE OF GREEN & SOCIAL BONDS



"THE GREEN & SOCIAL BONDS ISSUE CONFIRMED COFINIMMO'S COMMITMENT TO SUSTAINABLE DEVELOPMENT. ITS SUCCESS RESULTS FROM THE GROWING INVESTORS' APPETITE FOR TRULY COMMITTED COMPANIES IN THIS FIELD. IT REWARDS OUR CORPORATE SOCIAL RESPONSIBILITY (CSR) STRATEGY AND OUR EFFORTS TO IMPROVE OUR PORTFOLIO'S LONG-TERM ENVIRONMENTAL AND SOCIAL FOOTPRINT."

JÉRÔME DESCAMPS, CFO

ON 09.12.2016, WE SUCCESSFULLY CLOSED THE FIRST PRIVATE PLACEMENT OF GREEN & SOCIAL BONDS FOR AN AMOUNT OF 55 MILLION EUR WITH AN EIGHT-YEAR MATURITY AND A 2.00 % COUPON. THE BONDS, WHICH WERE MEANT TO (RE)FINANCE PROJECTS WITH A POSITIVE CONTRIBUTION TO SUSTAINABLE DEVELOPMENT, WERE PLACED WITH INSTITUTIONAL INVESTORS. COFINIMMO IS THUS THE FIRST EUROPEAN PROPERTY COMPANY TO ISSUE GREEN & SOCIAL BONDS.

The project was subject to an external opinion from the Vigeo Eiris ESG (Environmental, Social and Governance) research and services company on its compliance with 2016 *Green Bond Principles* and the *Guidance for Issuers of Social Bonds* of the International Capital Market Association (ICMA), as well as on its environmental and social purposes and the issue's responsible character. The projects were selected according to criteria and procedures defined by Cofinimmo and assessed by Vigeo Eiris as being robust.

SELECTION PROCEDURE IN LINE WITH THE GROUP'S SUSTAINABLE DEVELOPMENT STRATEGY

The assessment and selection framework has been defined and published on the company's website. It is backed by internal and external expertise.

The current Green & Social Bonds' portfolio is composed by the projects resumed in the table on **➔ page 68**. Their selection was based on defined criteria such as fund allocation and environmental, social and governance (ESG) criteria. The selection procedure was based on the expertise of Cofinimmo's in-house teams responsible for these projects, on the one hand, and on impact assessment studies, BREEAM requirements and other external technical factors, on the other hand.

Each evaluation step was approved by the Executive Committee and is part of a vision of a building's life cycle analysis.

FUND ALLOCATION

Cofinimmo's Treasury department ensures that the funds collected via the Green & Social Bonds issue are allocated exclusively, and within the year following the issue, to projects of the Green & Social Bonds portfolio within a range of 50 % to offices with an environmental and sustainable certification and of 50 % to healthcare assets dedicated to the housing of vulnerable or dependent people in need of special care.

AUDIT

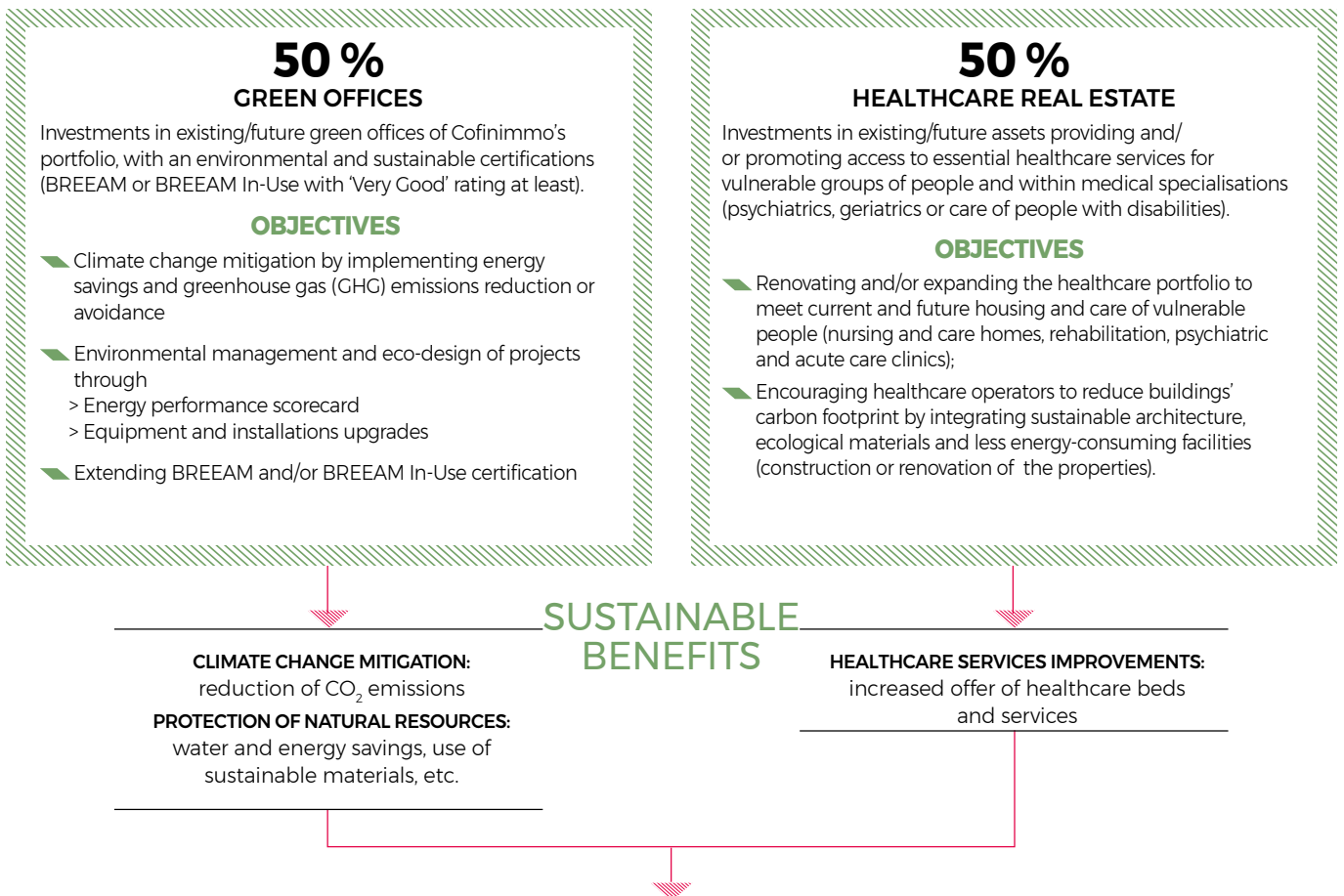
The external auditor, currently Deloitte, will assess annually, and until the bond's maturity in 2024, the allocation of the funds, the compliance of the selected projects and the reporting. The assessment report can be consulted in the **➔ appendix Statutory Auditor's Report of the 2017 Sustainable Development Report – full version** (📄 see www.cofinimmo.com).

COMPONENTS OF ICMA'S GREEN BOND PRINCIPLES

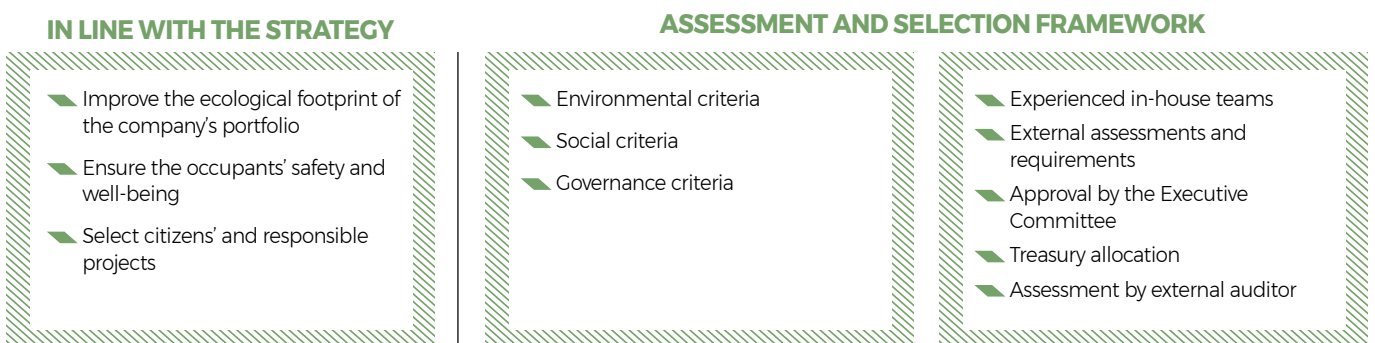


CRITERIA AND OBJECTIVES TWO ELIGIBLE PROJECT CATEGORIES

THE FUNDS ARE MEANT TO (RE)FINANCE PROJECTS WITH A POSITIVE CONTRIBUTION TO SUSTAINABLE DEVELOPMENT. THE SELECTED PROJECTS OF THE GREEN & SOCIAL BONDS' PORTFOLIO HAVE BEEN RECENTLY DELIVERED, RENOVATED OR ARE UNDER DEVELOPMENT AND HAVE AN ENVIRONMENTAL OR SOCIAL PURPOSE.







SELECTION PROCEDURES



GREEN & SOCIAL BONDS PORTFOLIO

Some indicators were not selected 'ex-ante' and are not included in Vigeo Eiris' Second Party Opinion at the bonds issue. They are not applicable and in this table marked with n/a.

| | | |
|---|--|---|
| | | |
| | | |
| | | |
| GENERAL INFORMATION | | |
| | | Eligibility criteria ▼ |
| | | Type of work/asset ▼ |
| | | Work progress ▼ |
| | | Tenant(s) |
| | | Above-ground surface area ▼ |
| | | Number of beds |
| | | Year of construction or last renovation |
| | | Acquisition or delivery date |
| ALLOCATION OF COLLECTED FUNDS (55 MILLION EUR) | | |
| | | Total project cost: ▼ - Healthcare real estate: 31.0 million EUR - Green offices: 48.9 million EUR |
| | | Allocated amount : ▼ - Healthcare real estate: 27.5 million EUR - Green offices: 27.5 million EUR |
| | | Allocation %: - Healthcare real estate: 50 % - Green offices: 50 % |
| | | (Re)financing |
| SUSTAINABLE BENEFITS | | |
| | Fight against climate change Natural resources conservation | Yearly CO ₂ emissions ▼ |
| | | Yearly energy consumption ▼ |
| | | Yearly water consumption ▼ |
| | Healthcare service improvement | Number of beds (new/existing) ▼ |
| | | Medical specialty ▼ |

| HEALTHCARE REAL ESTATE | | | GREEN OFFICES |
|--|--|---|--|
| RESIDENCE TILLENS Rue Beeckman/Beeckmanstraat 26 - 1180 Brussels (BE) | VILLA SONNENMOND Am Stein 20 56479 Neustadt im Westerwald (DE) | DOMAINE DE VONTES Vauguinier, BP 19 37320 Esvres-sur-Indre (FR) | GUIMARD 10-12 Rue Guimard/Guimardstraat 10- 12 - 1040 Brussels (BE) |
|  |  |  |  |
| Nursing and care home | Nursing and care home | Aftercare and rehabilitation clinic | BREEAM 'Very Good' |
| Creation of an environment promoting the life time of persons suffering from dementia. Green spaces with adapted plants provide real added value to this type of asset. Special attention has been paid to the patients' safety. | Nursing and care home based on the 'Village in the building' concept, particularly well-suited to persons suffering from dementia. | Extension and reorganisation of the aftercare and rehabilitation clinic (Clinique de soins de suite et de réadaptation - SSR) | Large-scale refurbishment of the building to significantly improve its energy performance (insulated curtain wall with double-pane windows, installation of a heat pump and condensing boilers, LED lighting, etc.). |
| Works completed | Asset in operation | Extension works in progress | Works completed |
| Armonea | Convivo Holding GmbH | Inicéa | Banque Degroof Petercam SA/ NV European Socialist Party Rohde Public Policy SPRL/BVBA |
| 4,960 m ² | 2,940 m ² | 6,352 m ² | 10,410 m ² |
| 81 | 72 | between 150 and 160, according to the fares' optimisation | n/a |
| 2015 | 2012 | 1967 | 2015 |
| acquisition on 29.07.2011 | acquisition on 01.09.2017 | delivery of extension works scheduled for November 2018 | acquisition on 24.12.2004 |
| 16.4 million EUR | 6.1 million EUR | 8.5 million EUR | 48.9 million EUR |
| 15 million EUR | 6 million EUR | 6.5 million EUR | 27.5 million EUR |
| 27 % | 11 % | 12 % | 50 % |
| 100 % refinanced | 100 % refinanced | 100 % refinanced | 100 % refinanced |
| n/a | n/a | n/a | 26 kg CO ₂ e/m ² |
| n/a | n/a | n/a | 118 kWh/m ² |
| n/a | n/a | n/a | 0.35 m ³ /m ² |
| Between 303 and 313/6,664 beds in the categories Nursing and care homes and Psychiatric clinics | | | n/a |
| Psychogeriatrics | Psychogeriatrics | Psychiatry | n/a |

ESG MANAGEMENT¹ (AT 31.12.2017)

| | | |
|----------------------|--|--|
| ENVIRONMENTAL | Environmental strategy | Five-year portfolio renewal goals v |
| | Energy efficiency of the buildings | Yearly energy consumption (normalised by surface) v |
| | | Yearly CO ₂ emissions (normalised by surface) v |
| | | Estimated MWh (solar energy production) v |
| | Cooperation with tenants to reduce the buildings' environmental impact | Multi-tenant buildings equipped with remote meters (%) |
| | | Number of Green Charters signed |
| | | Number of inspections |
| | | |
| | Inclusion of environmental factors in the logistic chain | Materials reused after building refurbishment (in tonnes) |
| | | Number of supplier contracts with environmental clauses listing major development and refurbishment projects |
| SOCIAL | Responsible customer relations | Number of flexible contracts (space, length) |
| | | Number of complaints |
| | | Progress of asbestos detection and removal |
| | | Number of inspections |
| | Inclusion of social factors in the logistic chain | Number of constraints related to social aspects of the logistic chain v |
| | Promotion of social and economic development | Number of contracts with a job promotion clause for local youth v |
| | Building accessibility | Number of accessibility audits for persons with reduced mobility v |
| | | Number of audits for building connectivity (proximity and multi-modal transport) v |
| GOVERNANCE | Prevention of bribery and money laundering | Number of audits and constraints v |
| | Audit and internal control | Number of audits and results v |

¹ See materiality matrix, pages 36-37 of the 2017 Sustainability Report.

| | HEALTHCARE REAL ESTATE | GREEN OFFICES | TOTAL |
|--|---|--|---|
| | 5.58 % | 7.46 % | 6.05 % (residential projects included) |
| | 182 kWh/m ² | 176 kWh/m ² | 218 kWh/m ² |
| | 40 kg CO ₂ e/m ² | 38 kg CO ₂ e/m ² | 37 kg CO ₂ e/m ² |
| | 266 MWh | 1,069 MWh | 1,335 MWh |
| | n/a | Guimard 10-12 is one of 45 buildings equipped with remote meters. In total, 79 % of the multi-tenant buildings are equipped with remote meters. | |
| | n/a | 20 % of the office surfaces are Green Charter covered. | |
| | The three assets of the Green & Social Bonds portfolio have been inspected. In total, 60 healthcare properties were subject of inspection in 2017. During these inspections environmental items were discussed on site with the operator. | n/a | |
| | n/a | In 2017, 15.14 tonnes of materials were recovered before demolition during the redevelopment of the Quartz building (formerly Arts/Kunst 19H). | |
| | The environmental policy is attached to all general contracting agreements. | n/a | |
| | n/a | In 2017, 18 contracts were signed in the Flex Corners® for surface areas between 50 m ² and 698 m ² and for a duration of 12 to 36 months. | |
| | n/a | In 2017, the service desk handled 10,858 complaints, of which 213 in Guimard 10-12. | |
| | Data for 83 % of the portfolio have been processed. 50 % of the portfolio (the three assets of the Green & Social Bonds portfolio included) is asbestos free. | 52 % of the total portfolio is asbestos free. | For the global portfolio (→ see page 38 of the 2017 Sustainability Report). |
| | The three assets of the Green & Social Bonds portfolio have been inspected. In total, 60 healthcare properties were subject of inspection in 2017. During these inspections social items were discussed on site with the operator. | n/a | |
| | No constraints related to social aspects of the logistic chain were identified. | | |
| | n/a | A trainee's employment clause is included in all general contracting agreements. | |
| | The compliance checks are part of the due diligence procedure and regulated by the exploitation license of the assets. | 16 buildings were audited since 2013. | |
| | At the time of the acquisition, an audit is not mandatory but often carried out pro-actively (at due diligence stage). | Quantitative audits of the whole portfolio (→ see page 60 of the 2017 Sustainability Report). | |
| | In 2017, two external audits were carried out on the accounts and IT by Deloitte. No case of misappropriation or faulty call for tenders was identified. | | |
| | During the 2017 audits 45 recommendations were made on MAAF and document management. 40 of the total number of recommendations were closed in 2017. | | |