

**care
property
invest**

Sustainable Finance Framework

November, 2020

Introduction

1.1 About Care Property Invest

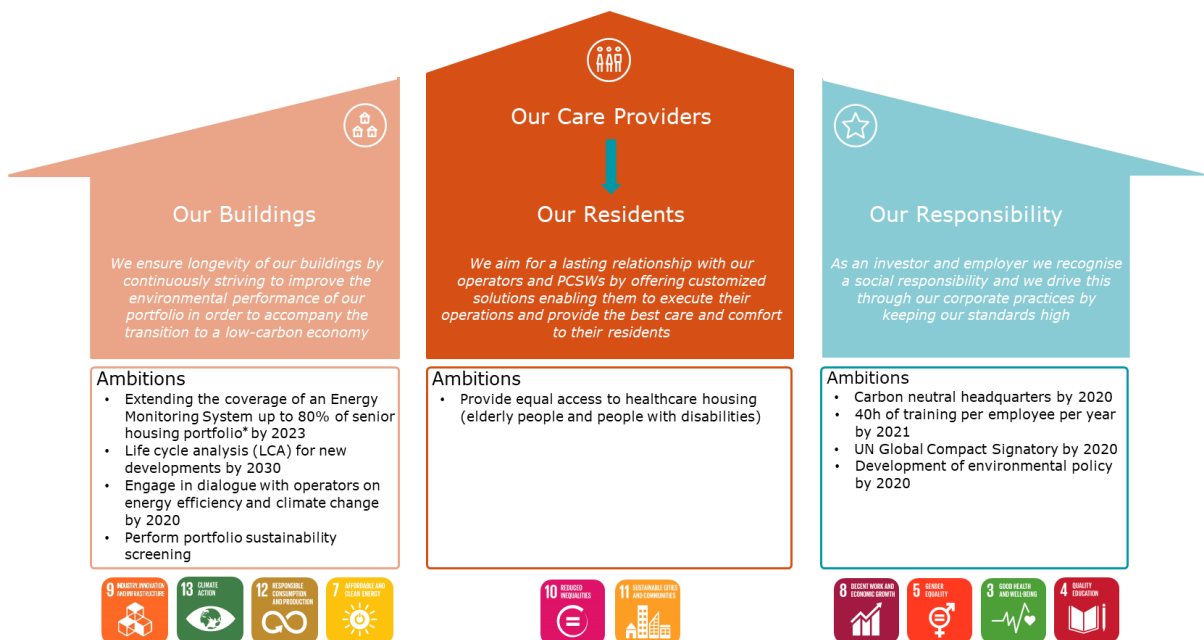
Care Property Invest is a listed health care real estate company (Public Regulated Real Estate Company) which operates mainly in Belgium and in the Netherlands. It currently owns a portfolio valued at EUR 804 Million (Q3 2020) and it's specialised in the market segment of housing for seniors and people with disabilities. Care Property Invest works both with public and private operators providing facilities through long terms leasing contracts.

The social purpose is at the core of Care Property Invest activity. As of September 30, 2020, 68% of the company's portfolio is operated by municipalities or charitable NGOs, resulting in affordable healthcare housing regardless of financial capabilities.

The company strives to achieve equal access to sustainable healthcare housing for seniors and people with disabilities through innovative and sustainable buildings while keeping a close eye on the working condition of all the employees involved.

The company's goal is to invest in high quality healthcare infrastructures for seniors and people with disabilities while focusing on three main pillars:

- 1) **Our Buildings** → To ensure their environmental sustainability
- 2) **Our Care Providers** → To provide equal access to healthcare housing
- 3) **Our Responsibility** → Own responsibility towards sustainability goals



*excl. initial portfolio of apartments in leasehold to PCSWs since there are individual private meters per flat and the end-user is not CPI's client

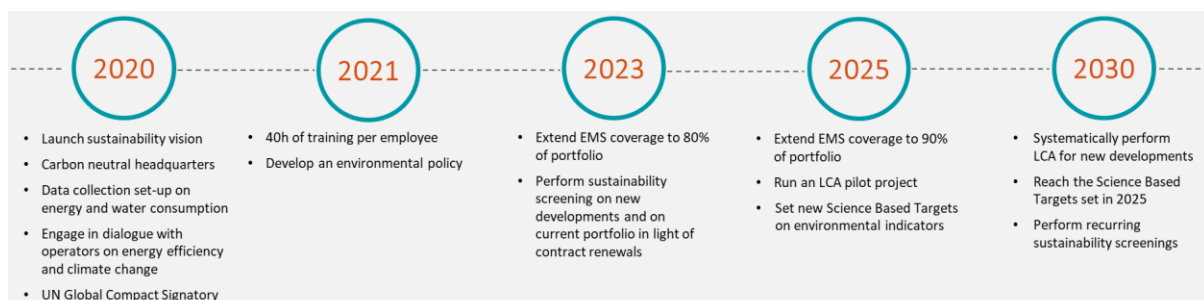
1.2 Sustainability Strategy

Resources we deploy therefore are innovation, investment and dialogue with our stakeholders.

The activities on which our sustainability strategy is based, consist of acquisition and redevelopment (Development), construction and refurbishment (Project Management) and sustainable management of the portfolio (Property Management).

We include our activities in a wider framework and have aligned our strategy with the United Nations' Sustainable Development Goals (SDG) in advance of 2030.

The sustainability roadmap pictures the way the company aims to achieve their set of sustainable goals. More progressive and quantitative targets are expected to be introduced in the next years.



1.3 Background of the Care Property Invest Sustainable Finance Framework

Care Property Invest has developed its Sustainable Finance Framework (“the Framework”) to attract specific funding for sustainable assets and investments which contribute to its social purpose and environmental objectives. Under this framework, Care Property Invest can issue a variety of sustainable finance instruments, including Social & Sustainability- Bonds, Private Placements, Schuldschein and (syndicated) loan facilities.

Financial instruments labelled as “Social” have a focus on assets and investments which promote positive social outcomes in the health and care sector, whereas “Sustainability” labelled financial instruments have a focus on both social- and green (i.e. environmentally sustainable) assets and investments. The specific social- and green assets and investments in scope of this framework are outlined in Section 2.1 below.

The Framework provides a clear and transparent set of criteria for sustainable finance instruments issued by Care Property Invest and is consistent with the guidelines of the Green Bond Principles (ICMA, 2018), Social Bond Principles (ICMA, 2020), Sustainability Bond Guidelines (2018), and the Green Loan Principles (LMA/APLMA, 2020). These voluntary process guidelines are developed in multi-stakeholder processes involving issuers, investors, financial institutions and NGO’s, with a view to promoting the development and integrity of the sustainable finance market.

2. Care Property Invest Sustainable Finance Framework






The Care Property Invest Sustainable Finance Framework follows the core components of the voluntary process guidelines of the Green Bond Principles, Social Bond Principles and Green Loan Principles and includes the following sections:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting
5. External review

2.1 Use of Proceeds

Care Property Invest intends to use the net proceeds of sustainable finance instruments issued under this framework to finance or refinance, in whole or in part, assets and investments which contribute to its social purpose and environmental objectives (“**Eligible Assets**”).

Eligible Assets are required to meet the eligibility criteria included in the table below. The Eligible Assets are mapped on the project categories of the ICMA Green- and Social Bond Principles, the EU Environmental Objectives, as well as the UN Sustainable Development Goals (SDGs).

Category	Eligible Assets	EU Environmental Objectives
<p>Social</p> <p>Access to essential services: healthcare real estate</p>  	<ul style="list-style-type: none"> ▪ Health & care buildings providing and/or promoting access to essential healthcare services for the elderly, vulnerable groups of people, and in certain medical specialisations. All buildings are publicly accessible and operated by municipalities, charitable NGOs or private operators and focus on the following specialisations: <ul style="list-style-type: none"> ▪ Elderly care, assisted living, and care for disabled people, with attention to affordability for low – income elderly and disabled as far as public segment is concerned 	<ul style="list-style-type: none"> ▪ N/A
<p>Green</p> <p>Green buildings</p>  	<ul style="list-style-type: none"> ▪ Energy efficient buildings Newly constructed and existing buildings that meet any of the following criteria: <ul style="list-style-type: none"> ▪ E-peil level ≤ 70 and/or a primary energy demand below 100kWh/M² (equivalent to EPC Label “A”) in Belgium ▪ EPC Label “A” or better in the Netherlands ▪ EPC Label “C” or better in Spain ▪ Energy performance standards equivalent to the above in any other jurisdiction ▪ Refurbished buildings Existing buildings which have made an energy efficiency improvement of $\geq 30\%$ 	<ul style="list-style-type: none"> ▪ Climate change mitigation
<p>Green</p> <p>Renewable energy</p> 	<ul style="list-style-type: none"> ▪ Solar energy Investments for the acquisition, development, construction and/or operation of on-site renewable energy sources for buildings, e.g. solar panels solar thermal collectors 	<ul style="list-style-type: none"> ▪ Climate change mitigation

2.2 Process for Project Evaluation and Selection

The use-of-proceeds categories in this Framework are aligned with the key assets, projects and activities of Care Property Invest that contribute to its social purpose and environmental objectives. Hence, all potential Eligible Assets first and foremost comply with environmental and social laws and regulations as well as Care Property Invest's policies and standards which aim to manage and mitigate environmental and governance risks. These include, but are not limited to, the Care Property Invest Corporate Governance Charter and Integrity Policy which cover internal governance, business ethics, and transparency. An overview of these policies and standards is available on the [Care Property Invest corporate website](#).

Supported by various internal departments, the Care Property Invest Finance department populates an overview of potential Eligible Assets. The list of potential Eligible Assets is subsequently evaluated by an internal working group (the "Working Group") which verifies whether the proposed assets, projects and activities comply with the definition of Eligible Assets as included in paragraph 2.1 of this Framework and subsequently approves the final list of Eligible Assets. The Working Group is chaired by the Finance department and includes representatives of the Building- and Investments departments.

2.3 Management of Proceeds

The Care Property Invest Finance department will manage the net proceeds of issued sustainable finance instruments on a portfolio basis. As long as the sustainable finance instruments under this Framework are outstanding, Care Property Invest aims to allocate an amount equivalent to the net proceeds of these instruments towards a portfolio of Eligible Assets. Full allocation of the net proceeds is expected at issuance, or ultimately within 24 months following the issuance of a given sustainable finance instrument. If a specific asset, project or activity is divested, discontinued or does no longer meet the definition of Eligible Assets as included in paragraph 2.1, it will be removed from the portfolio of Eligible Assets. Care Property Invest aims to ensure that the total value of issued sustainable finance instruments does not exceed the value of its portfolio of Eligible Assets.

Pending the allocation of the net proceeds of issued sustainable finance instruments to the portfolio of Eligible Assets, or in case insufficient Eligible Assets are available, Care Property Invest will manage the unallocated proceeds in line with its regular treasury criteria (i.e. held in cash or bank deposits).

The allocation of the net proceeds of issued sustainable finance instruments to Eligible Assets will be reviewed and approved by the Working Group on at least an annual basis, until full allocation of the net proceeds of issued sustainable finance instruments.

2.4 Reporting

2.4.1 Allocation of proceeds reporting

On an annual basis, Care Property Invest will report on the allocation of the net proceeds of issued sustainable finance instruments to its portfolio of Eligible Assets. The report provides the following information:

- an overview of the sustainable finance instruments issued under the framework
- the total amount outstanding (in EUR) of issued sustainable finance instruments
- the amount of proceeds allocated to Eligible Assets, including a breakdown on categories of Eligible Assets and a breakdown by geographical area (country level)
- a breakdown between financing and refinancing of Eligible Assets
- the amount of unallocated proceeds, if any

2.4.2 Impact reporting

On an annual basis, Care Property Invest will report on the environmental and social impact of the Eligible Assets (re)financed by the proceeds of issued sustainable finance instruments.

The impact reporting will include case studies of assets, projects and activities, as well as environmental and social impact reporting on pre-defined impact indicators. Information regarding the methodologies and assumptions used to evaluate the environmental and social impact will be included as well.

An overview of the potential impact indicators is included in the table below:

Category	Potential impact indicators
Green Buildings	<ul style="list-style-type: none"> Number of energy efficient buildings, their credentials (EPC label, E-Peil level) and size in square meters (M²) Number of refurbished buildings, their size in square meters (M²), and energy savings per building or an aggregated average (in % energy efficiency) Where feasible, estimated energy savings (in MWh/GWh and/or GJ/TJ) through the portfolio of energy efficient buildings in comparison with a representative average building portfolio and the accompanying greenhouse gas emission avoidance (in tonnes of CO₂ equivalent) Where feasible, estimated energy savings (in MWh/GWh and/or GJ/TJ) through the portfolio of refurbished buildings and the accompanying greenhouse gas emission avoidance (in tonnes of CO₂ equivalent) Case studies of Eligible Assets
Healthcare real estate	<ul style="list-style-type: none"> Number of healthcare real estate buildings and size in square meters (M²) Breakdown by medical specialization (elderly care, assisted living, care for disabled people, specialised acute care clinics, rehabilitation clinics, psychiatric clinics, and primary care) Total number of people provided with care / patients treated Case studies of Eligible Assets
Renewable energy	<ul style="list-style-type: none"> Installed capacity (in MW) of solar energy Estimated or actual annual production (in MWh) of renewable energy and the related greenhouse gas emission avoidance (in tonnes of CO₂ equivalent)

The allocation- and impact reporting will be made publicly available on the [Sustainability section](#) of the Care Property Invest website and/or as part of the company’s annual (Sustainability) Report.

2.5 External review

2.5.1 Second Party Opinion

To increase the transparency and credibility of the Framework, Care Property Invest has appointed Sustainalytics to provide a Second Party Opinion for its Sustainable Finance Framework.

Sustainalytics reviewed the Care Property Invest Sustainable Finance Framework and issued a Second Party Opinion which concluded that “the Care Property Invest Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, Social Bond Principles 2020, and Green Loan Principles 2020”.

2.5.2 Independent verification

Care Property Invest will appoint an independent verifier (auditor) to provide a post-issuance review on the allocation of proceeds on an annual basis, until full allocation. The report will be available on the Sustainability section of the Care Property Invest website.