

Second-Party Opinion

Care Property Invest Sustainable Finance Framework



Evaluation Summary

Sustainalytics is of the opinion 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. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – (i) Green Buildings, (ii) Renewable Energy, and (iii) Access to Essential Services: Healthcare Real Estate – are aligned with those recognized by both the Green Bond Principles, Social Bond Principles and Green Loan Principles. Sustainalytics considers that the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 7, and 11.



PROJECT EVALUATION / SELECTION Care Property Invest’s (CPI) internal process in evaluating and selecting projects is overseen by the Company’s Finance Department. The Finance Department, supported by the Asset Management, Building and Investment Departments, is responsible for populating an overview of potential Eligible Assets which is subsequently evaluated by a Working Group, chaired by the Finance Department/CFO and comprised of Building and Investment Departments’ members for compliance with the definition of Eligible Assets as outlined in the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS CPI’s process for management of proceeds will be overseen by the Working Group. CPI will track the net proceeds of the issuance(s) using a portfolio approach. CPI will aim to fully allocate net proceeds from the finance instruments within 24 months. Pending allocation, or in case insufficient Eligible Assets, CPI will manage the unallocated proceeds will be held in line with its regular treasury criteria, in cash or bank deposits. Sustainalytics considers this as aligned with market practice.



REPORTING On an annual basis, CPI release a public report on the allocation of the net proceeds of issued sustainable finance instruments to its portfolio of Eligible Assets. The report will include metrics such as an overview of sustainable finance instruments issued, total amount outstanding (EUR), and amount of proceeds allocated to Eligible Assets to date. CPI is also committed to impact reporting, publicly and on an annual basis, focusing on the environmental and social impact of the assets financed by the proceeds. Sustainalytics views CPI’s allocation and impact reporting as aligned with market practice.

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Issuer Location Schoten, Belgium

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Introduction

Established in 1995 by the Flemish Government for the purpose of providing healthcare facilities for low income elderly in Belgium, today Care Property Invest (“CPI”, or the “Company”) is a listed health care real estate investor, formally classified as a Public Regulated Real Estate Company (RREC).¹ CPI currently owns a portfolio valued at EUR 804 Million (Q3 2020) and is specialized in the development of housing for seniors and people with disabilities. The Company is active in Belgium, the Netherlands, and Spain, and directly employs 18 people.

CPI has developed the Care Property Invest Sustainable Finance Framework (the “Framework”) under which it intends to issue a Social and/or Sustainability bond(s) and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that improve the environmental performance of its buildings and/or improve communities’ access to long-term healthcare housing. The Framework defines eligibility criteria in three areas:

1. Green Buildings
2. Renewable Energy
3. Access to Essential Services: Healthcare Real Estate

CPI engaged Sustainalytics to review the Care Property Invest Sustainable Finance Framework, dated October 2020, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles 2018 (GBP),² Social Bond Principles 2020 (SBP),³ Sustainability Bond Guidelines 2018 (SBG) and Green Loan Principles 2020.⁴ This Framework has been published in a separate document.⁵

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018, Social Bond Principles 2020, Sustainability Bond Guidelines 2018 (as administered by ICMA) and the Green Loan Principles 2020;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.6.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of CPI’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 the Framework. CPI representatives have confirmed (1) they understand it is the sole responsibility of CPI to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

¹ Characteristics of a public RREC available at: <https://carepropertyinvest.be/en/who-we-are/public-rrec/>

² 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/>.

³ The Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>.

⁴ The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>.

⁵ The Care Property Invest Sustainable Finance Framework is available on Care Property Invest’s website at: <https://carepropertyinvest.be/sustainability/>

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and CPI.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favor or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that CPI has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Care Property Invest Sustainable Finance Framework

Sustainalytics is of the opinion that the Care Property Invest Sustainable Finance Framework is credible, impactful and aligns with the four core components of the Green Bond Principles 2018 (GBP), Social Bond Principles 2020 (SBP) and Green Loan Principles 2020. Sustainalytics highlights the following elements of CPI's Sustainability Bond Framework:

Use of Proceeds:

- The eligible categories – Green Buildings, Renewable Energy, and Access to Essential Services – Healthcare Real Estate are aligned with those recognized by the GBP, SBP and GLP.
- Under the Green Buildings category, the Company intends to finance the development or acquisition of new and/or existing green buildings in Belgium,⁷ the Netherlands⁸ and Spain.⁹ Sustainalytics notes that CPI has defined the Green Building criteria, such as EPC Label A for Netherlands or equivalent in any other jurisdiction, which is aligned with the market expectations on high building energy performance. Sustainalytics notes that the criteria CPI has outlined for Green Building eligibility in Belgium, namely a maximum E-level of 70 for residential units, represents an energy performance level that could be higher than 100 kWh/m²/year, which most energy efficient buildings can achieve in various climate zones. Sustainalytics encourages CPI to pursue a maximum E-level of 60 or lower, which corresponds to higher energy performance for such residential buildings. In addition, CPI may finance or refinance the renovation of existing buildings that achieve an energy efficiency improvement of at least 30% relative to the baseline consumption. Sustainalytics is of the opinion that CPI's financing of energy efficient healthcare residences/housing can help facilitate the transition to a low-carbon economy.
- Under the Access to Essential Services: Healthcare Real Estate category, CPI intends to finance the construction and (re)development of facilities to promote access to essential healthcare services for the elderly, vulnerable groups, and specialized elderly care, assisted living, and care for disabled people. Projects in this category will be primarily located in Belgium, with operations also in the Netherlands and Spain. CPI confirms that all buildings will be operated by municipalities, charitable NGOs or private operators (as of 31-12-2019, 72% of the buildings in the CPI portfolio were operated by municipalities and charitable NGOs).

⁷ Buildings/residences with an E-peil level ≤ 70 and/or a primary energy demand below 100kWh/m² (equivalent to EPC Label A) in Belgium.

⁸ EPC Label A or better in the Netherlands.

⁹ EPC Label C or better in Spain.

- Sustainalytics notes that, although CPI's financing includes healthcare facilities that will be privately operated, the development of such facilities is expected to have a positive impact in the local contexts given the following considerations:
 - In Belgium, elderly people with limited income or resources can apply to financial aid from the state or province – such as GRAPA (income guarantee for the elderly),¹⁰ APA (allowance for elderly with low income and a known disability),¹¹ and a “personal budget” provided by the local public centre for social welfare (CPAS – OCMW)¹² – to cover the remaining cost for an individual within an elderly care facility whose income falls short compared to the cost. Such aid is available to residents in both public and private facilities.¹³ In Belgium, approximately 50% of the eldercare facilities in CPI's portfolio are public. The daily cost of private nursing homes for residents is on average EUR 8 higher than public facilities,¹⁴ and regional governments control and set limits to the private operators' ability to increase the price paid by residents of healthcare facilities.¹⁵ Sustainalytics notes that private health care costs do not significantly affect affordability or accessibility of health care compared to public facilities. Sustainalytics is of the opinion that, although there are provisions in place for financial assistance as well as measures in place that limit price increases, affordability may not always be guaranteed.
 - In the Netherlands, public elder care institutions are funded largely by the government, although residents are required to reimburse the government a share of housing and services costs via a monthly ‘personal contribution’. The amount of the specific personal contribution is determined by the Central Administrative Office (CAK) according to each individual's ability to pay, based on income and resources.¹⁶ The personal contribution for public care facilities is set in the range between EUR 169 and EUR 2,419.40.¹⁷ Private facilities are not funded by the government and require residents to cover all costs of care, accommodation and services. For private facilities, the CAK sets the personal contribution for the cost of care (but not accommodation and services), which is capped at EUR 881.60 per month. The residents of private care facilities can request from the government a Personal Budget (PGB) to pay towards costs of care in private facilities. In some cases, especially for retirees with high savings, the cost of residence, care and services in private facilities can be lower than the personal contribution towards care in public facilities.¹⁸
 - Sustainalytics notes that the availability of privately operated long-term health facilities can incentivize individuals who are able to cover all costs of care to choose private facilities over public ones, thus freeing beds in public health care facilities and indirectly increasing the availability of affordable long-term healthcare to lower-income people. While this is noted as a benefit of this complementary system, Sustainalytics considers it to be a limitation that the Framework includes the financing of private elderly care facilities in the Netherlands given the absence of government provisions that aim to ensure affordability and accessibility.
 - In Spain, private healthcare providers are integrated into the public system through agreements for the provision of specialized healthcare for a specified population.¹⁹ By

¹⁰ SFPD, “La Garantie de revenus aux personnes âgées (GRAPA)”, at: <https://www.sfpd.fgov.be/fr/droit-a-la-pension/grapa>.

¹¹ Handicap, “Allocation pour l'aide aux personnes âgées”, at: <https://handicap.belgium.be/fr/nos-services/allocation-aide-personnes-agees.htm>

¹² Belgium Official Information Site, “OCMW”, at: https://www.belgium.be/nl/familie/sociale_steun/ocmw

¹³ FGTB Wallonne, “Transfert des Maisons de Repos (Mr) et Maisons de Repos et de Soins (Mrs): Cartographie du Secteur et Positionnements de la FGBT Wallonne”, (2016), at: http://www.fgtb-wallonne.be/sites/default/files/notes/maisons_de_repos_maisons_de_repos_et_de_soins.pdf

¹⁴ RTBF, “Les prix s'envolent depuis cinq ans en maison de repos (infographie)”, (2019), at: https://www.rtf.be/info/economie/detail_les-prix-s-envolent-depuis-5-ans-en-maison-de-repos?id=10349150

¹⁵ Flanders Care and Health, “Prijswijzigingen in de ouderenzorg”, at: <https://www.zorg-en-gezondheid.be/prijswijzigingen-in-de-ouderenzorg>

¹⁶ Netherlands government, “How is a place in a care or nursing home financed?”, at: <https://www.government.nl/topics/nursing-homes-and-residential-care/question-and-answer/how-is-a-place-in-a-care-or-nursing-home-financed>

¹⁷ CAK, “Moet ik een lage of hoge eigen bijdrage betalen?”, (2020), at: <https://www.hetcak.nl/regelingen/zorg-vanuit-de-wlz/berekening-van-de-eigen-bijdrage-wlz/lage-of-hoge-eigen-bijdrage>

¹⁸ Ik WoonLeef Zorg, “Wat is het verschil tussen een particulier en een niet particulier verpleeghuis?”, at: <https://www.ikwoonleefzorg.nl/hulp-en-zorg/wat-is-het-verschil-tussen-een-particulier-en-een-niet-particulier-verpleeghuis>

¹⁹ Fundación IDIS, “Sanidad Privada, Aportando Valor. Análisis de Situación 2020”, (2020), at: <https://www.fundacionidis.com/informes/analisis-de-situacion-de-la-sanidad-privada/sanidad-privada-aportando-valor-analisis-de-situacion-2020>

these agreements, private elderly care providers can set number of beds within their facilities to be allocated by the public health system. The agreements serve to increase access to health services where the public offering is not able to meet demand. Such agreements account for 35% of all elderly care beds in Spain. While there is a not a mandatory minimum share of concerted beds in privately run facilities, Sustainalytics notes that CPI investments may result in an increase the access to affordable elder care in Spain.

- Sustainalytics recognizes that affordability may not always be guaranteed in privately operated facilities and encourages CPI to report on the number of concerted beds in their portfolio of Spanish facilities.
- Under the Renewable Energy category, CPI intends to finance the acquisition, development, construction and/or operation of renewable energy sources for buildings, including on-site solar panels and solar thermal collectors.

Project Evaluation and Selection:

- CPI's internal process in evaluating and selecting projects is managed by the Company's Finance Department. The Finance Department, supported by the Asset Management, Building and Investment Departments, is responsible for populating an overview of potential Eligible Assets. The list is subsequently evaluated by a Working Group, chaired by the Finance Department/CFO, and comprised of Building and Investment Departments' members which verifies whether the proposed assets, projects and activities comply with the definition of Eligible Assets as outlined in the Framework.
- Based on these elements, Sustainalytics considers this process to be in line with market practice.

Management of Proceeds:

- CPI's process for management of proceeds will be overseen by the Working Group. CPI will track the net proceeds of the issuance(s) using a portfolio approach. As long as the instruments issued under the Framework are outstanding, CPI will allocate an amount equivalent to the net proceeds of these instruments towards a portfolio of Eligible Assets. CPI will aim to ensure that the total value of issued sustainable finance instruments does not exceed the value of its portfolio of Eligible Assets. CPI will aim to fully allocate net proceeds from the finance instruments within 24 months. Pending allocation, or in case insufficient Eligible Assets, CPI will manage the unallocated proceeds will be held in line with its regular treasury criteria, in cash or bank deposits.
- Sustainalytics considers this process to be in line with market practice.

Reporting:

- On an annual basis, CPI will report on the allocation of the net proceeds of issued sustainable finance instruments to its portfolio of Eligible Assets. The report will be publicly available and will include a number of metrics, including an overview of sustainable finance instruments issued under the Framework, total amount outstanding (EUR), amount of proceeds allocated to Eligible Assets to date – including a breakdown of categories of Eligible Assets and country – and the amount of unallocated proceeds, if any.
- CPI is also committed impact reporting. On an annual basis, the Company will report on the environmental and social impact of the Eligible Assets (re)financed by the proceeds. The impact report will be publicly available and will include case studies of assets, projects and activities, as well as quantitative metrics where feasible and available, including but not limited to: energy savings per building or an aggregated average (in % energy efficiency); estimated or actual annual production (in MWh) of renewable energy and the related greenhouse gas emission avoidance (in tonnes of CO₂ equivalent); number of healthcare real estate buildings and size in square meters (M²), breakdown by medical specialization (elderly care, assisted living, care for disabled people, specialized acute care clinics, rehabilitation clinics, psychiatric clinics, and primary care, and; total number of people provided with care.
- Based on the outlined reporting commitments, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Care Property Invest Sustainable Finance Framework aligns to the four core components of the Green Bond Principles (2018), Social Bond Principles (2020) and Green Loan Principles (2020). For detailed information please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of CPI

Contribution of Framework to Care Property Invest's sustainability strategy

CPI's positions social sustainability at the center of its business model.²⁰ CPI's sustainability approach identifies three main pillars: (i) improving environmental performance of buildings portfolio to ensure longevity and promoting transition to a low-carbon economy, (ii) providing customized solutions to care providers in order to enable best care and comfort of residents, and (iii) expanding responsible social and environmental practices of the real estate portfolio to the Company's own operations.²⁰

CPI recognizes climate change as a major global challenge and is aware of the real estate sector's role in the transition to sustainable energy sources.²⁰ As such, CPI commits to measuring its sustainability performance and developing a strategy to reduce its own impact. CPI has outlined several activities and future plans to support its ambitions in these areas, including investments in renewable energy and cogeneration projects. In 2019, 8% of electricity consumed in buildings with renewable energy or regeneration projects was produced onsite.²⁰ In addition, the Company aims to equip 80% of its portfolio with environmental management systems to monitor and reduce energy and water consumption by 2023. In 2019, these efforts delivered annual GHG emission savings of 29%.²⁰ To further integrate environmental considerations in its operations, as part of a pilot project envisioned to begin in 2025, CPI intends to conduct life-cycle analysis for all new developments per 2030.²⁰ Sustainalytics expects that these efforts will be further strengthened by the Framework, through which CPI intends to support green building certification and investments in on-site renewable energy.

In addition to its green ambitions and activities, CPI delivers positive social impact through investments to develop innovative real estate solutions that provide accessible healthcare housing. Municipalities or charitable NGOs operate 72% of CPI's elderly healthcare housing portfolio, guaranteeing access to these facilities without concern of ability to pay.⁵ In an effort to expand its impact, CPI started providing healthcare housing for people with physical and mental disabilities in 2019.²⁰ CPI's portfolio provides the healthcare systems of Belgium and the Netherlands with 3,929 and 111 beds, respectively, as of 2019.²⁰ Additionally, CPI is developing facilities that will house 181 beds in Belgium, 239 in the Netherlands, and expects to enter the Spanish market with 166 beds, in 2020.²⁰

Sustainalytics is of the opinion that the Care Property Invest Sustainable Finance Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key social and environmental priorities.

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

Sustainalytics acknowledges that the Framework will be directed towards eligible projects that have positive environmental and social impact. However, Sustainalytics acknowledges that such eligible projects could lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include occupational health and safety concerns and land use and biodiversity issues associated with large-scale infrastructure development. As a real estate investment company CPI develops properties for purpose of healthcare activities, however it does not hold ultimate responsibility for the operation of the properties themselves. Once finalized, the healthcare operators become CPI's tenants and operate with full discretion, therefore CPI is not directly responsible for managing potential E&S impacts of the projects financed through the Framework. Sustainalytics considers that the regulatory environment in which projects are due to take place offers appropriate guarantees related to the management of potential risks through the following:

- Projects funded by CPI that may be assessed to pose a risk to the environment must comply with European Union (EU) Environmental Impact Assessment (EIA) Directive for development projects within the EU. The EIA Directive is aimed at ensuring that projects which are likely to have significant impact on the environment are adequately assessed before approval. With respect to biodiversity, the Directive instructs that measures must be taken to "avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, in particular on species and habitats." Concerning

²⁰ Care Property Invest, "Sustainability Report 2019", (2020), available at: <https://carepropertyinvest.be/sustainability/>

land use the Directive notes that the “EIA shall identify, describe and assess land use related impacts”.²¹

- Regarding worker health and safety, the EU Directive on Worker Health and Safety ensures minimum safety and health requirements throughout Europe. Employers must “ensure the safety and health of workers in every aspect related to the work.” Necessary measures due to be taken by the employers include “prevention of occupational risks and provision of information and training, as well as provision of the necessary organization and means.”²²
- Belgium, the Netherlands and Spain are each classified as a “Designated Country” under the Equator Principles, implying the presence of robust environment and social governance systems, legislation, and institutional capacity for protecting the environment and communities.²³

Based on these policies, standards and assessments, Sustainalytics is of the opinion that CPI has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All three use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance investing in environmentally sustainable healthcare housing and assisted living

Affordable assisted living

Europe’s population is ageing rapidly, posing significant implications for EU Member States. As a larger share of the population will require long-term daily healthcare, systems will need to expand to match this growing demand.²⁴ Belgium’s age group 65 or older will account for three quarters of projected population growth from 2016 to 2070,²⁵ where the most senior segment of the population, those aged 80 and over, will grow 11%²⁶ over the same period.²⁵ In the case of the Netherlands, people over 65 will outnumber those aged 20 and younger by half a million, and will represent 23% of the population in 2030 versus 19% in 2019.²⁷ Likewise, in Spain the elderly will represent a quarter of the population by 2033, compared to 19% in 2018.²⁸ In this context, over the last decades the number of nursing and elderly care beds per hundred thousand inhabitants has grown steadily in Belgium, decreased slightly in the Netherlands, and grown significantly in Spain.²⁹

At the same time, around 10% of the EU population aged 15 and over report having difficulties to perform personal care activities, thus needing assistance to feed themselves, dressing, and bathing among others.³⁰ It is widely understood that people with disabilities experience higher housing cost overburden compared to people with no limitations.³¹ In 2013 the European Committee of Social Rights publicly condemned Belgium for the failing to provide adequate care facilities and accommodation for adults with severe disabilities.³² A report by the Netherlands Institute for Human Rights concluded that on average, people with disabilities in the country are more dissatisfied with the current housing units compared with the general population.³³ This

²¹ EU, “Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment”, (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

²² EU, “Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work”, (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR>

²³ The Equator Principles, “Designated Countries”, at: <https://equator-principles.com/designated-countries/>

²⁴ European Commission, “2018 Ageing Report: Policy challenges for ageing societies”, (2018), at: https://ec.europa.eu/info/news/economy-finance/policy-implications-ageing-examined-new-report-2018-may-25_en

²⁵ FPB, “Economic Policy Committee’s Ageing Working Group. Belgium: Country Fiche 2017”, (2017), at: https://ec.europa.eu/info/sites/info/files/economy-finance/final_country_fiche_be.pdf

²⁶ Measured as the ratio between the number of those aged 80+ compared to those aged 65+

²⁷ CBS, “Forecast: 18 million inhabitants in 2029”, (2018), at: <https://www.cbs.nl/en-gb/news/2018/51/forecast-18-million-inhabitants-in-2029>

²⁸ INE, “Proyecciones de Población 2018”, (2018), at:

²⁹ WHO, “Nursing and elderly home beds per 100 000”, at: https://gateway.euro.who.int/en/indicators/hfa_490-5100-nursing-and-elderly-home-beds-per-100-000/visualizations/#id=19554

³⁰ Eurostat, “Archive: Disability statistics - need for assistance”, (2018), at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Disability_statistics_-_need_for_assistance&oldid=411113

³¹ Eurostat, “Disability statistics - housing conditions”, (2019), at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Disability_statistics_-_housing_conditions

³² FIDH, “Highly dependent disabled persons: Belgium condemned by the European Committee of Social Rights”, (2013), at: <https://www.fidh.org/en/region/europe-central-asia/belgium/highly-dependent-disabled-persons-belgium-condemned-by-the-european-13964>

³³ Mensenrechten, “Insights into inclusion Work, living and education: participation of persons with disabilities”, (2016), at: <https://publicaties.mensenrechten.nl/file/75b612a6-bf00-4314-b701-b14f25071f15.pdf>

highlights the importance of affordable healthcare housing and assisted living facilities that guarantee decent living conditions to people who are unable to live independently.

Green buildings

The EU's real estate sector accounts for 40% of the Union's total energy consumption and 36% of its CO₂ emissions.³⁴ Residential buildings account for 19% of total final energy consumption in Belgium, 17% in Spain, 16% in the Netherlands.³⁵ Thus, improved energy efficiency within the buildings sector will be necessary to achieve the EU's goal for a highly energy efficient and decarbonised building stock by 2050.³⁶ Furthermore, the new European Green Deal emphasises the importance of investing in design and innovation for buildings' energy efficiency, while that social housing sector is not left behind.³⁷

Sustainalytics is of the opinion that CPI's green buildings and healthcare housing and assisted living projects will provide a meaningful contribution towards Belgium's, the Netherlands' and Spain's efforts to provide affordable and quality living conditions for their most vulnerable population, while being in line with national and EU decarbonization efforts.

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 sustainability bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	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.
Renewable Energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Access to Essential Services: Healthcare Real Estate	3. Good health and well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

Conclusion

CPI has developed the Care Property Invest Sustainable Finance Framework under which it will issue social and/or sustainability bonds and use the proceeds to finance green buildings, onsite renewable energy and healthcare housing with a focus on elderly care, assisted living, and care for disabled people. Sustainalytics considers that the projects funded by the social and/or sustainability bond proceeds will provide positive environmental and social impact.

The Care Property Invest Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Care Property Invest Sustainable Finance Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 7 and 11. Additionally, Sustainalytics is of the opinion that CPI has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

³⁴ EU, "Energy Performance of Buildings in the European Union", at: https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en?cookies=disabled

³⁵ IEA, "Countries and regions", at: <https://www.iea.org/countries>

³⁶ European Commission, "Energy performance of buildings directive", at:

https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

³⁷ European Commission, "A European Green Deal", at: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

Based on the above, Sustainalytics is confident that Care Property Invest is well-positioned to issue social and/or sustainability bonds and that that Care Property Invest Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2018), Social Bond Principles (2020) and Green Loan Principles (2020).

Appendices

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Care Property Invest
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Care Property Invest Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 5, 2020
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

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

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

- | | |
|--|--|
| <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 categories for the use of proceeds – (i) Green Buildings, (ii) Renewable Energy, and (iii) Access to Essential Services: Healthcare Real Estate – are aligned with those recognized by both the Green Bond Principles, Social Bond Principles and Green Loan Principles. Sustainalytics considers that the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 7, and 11.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" 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 (please specify): |

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

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Care Property Invest's (CPI) internal process in evaluating and selecting projects is overseen by the Company's Finance Department. The Finance Department, supported by the Asset Management, Building and Investment

Departments, is responsible for populating an overview of potential Eligible Assets which is subsequently evaluated by a Working Group, chaired by the Finance Department/CFO and comprised of Building and Investment Departments' members for compliance with the definition of Eligible Assets as outlined in the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

CPI's process for management of proceeds will be overseen by the Working Group. CPI will track the net proceeds of the issuance(s) using a portfolio approach. CPI will aim to fully allocate net proceeds from the finance instruments within 24 months. Pending allocation, or in case insufficient Eligible Assets, CPI will manage the unallocated proceeds will be held in line with its regular treasury criteria, in cash or bank deposits. Sustainalytics considers this as aligned with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability 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 (please specify): |

Additional disclosure:

- | | |
|---|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |

- Disclosure of portfolio balance of unallocated proceeds
 Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

On an annual basis, CPI release a public report on the allocation of the net proceeds of issued sustainable finance instruments to its portfolio of Eligible Assets. The report will include metrics such as an overview of sustainable finance instruments issued, total amount outstanding (EUR), and amount of proceeds allocated to Eligible Assets to date. CPI is also committed to impact reporting, publicly and on an annual basis, focusing on the environmental and social impact of the assets financed by the proceeds. Sustainalytics views CPI's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

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

Information reported:

- Allocated amounts
 Sustainability 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):

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
 Decrease in water use
 Number of beneficiaries
 Target populations
 Other ESG indicators (please specify):

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)

Frequency:

- Annual
 Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
 Information published in ad hoc documents
 Other (please specify):
 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.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- | | |
|---|--|
| <input checked="" 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 REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability 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 Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social 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 sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially 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 Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability 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 and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world’s foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the “Largest Approved Verifier for Certified Climate Bonds” for the third consecutive year. The firm was also recognized by Environmental Finance as the “Largest External Reviewer” in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.



Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

