



Xior Student Housing N.V. Green Finance Framework

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1. INTRODUCTION

Xior Student Housing NV (“Xior”) is a Belgian real estate company that specialises in the student housing sector in Belgium, The Netherlands, Spain and Portugal. On 31 December 2019 the company’s portfolio consisted of 104 buildings with altogether 7,932 lettable student units. Once all the acquisitions and redevelopments in the committed pipeline are completed, the portfolio will rise to over 12,000 rentable student units.

Within this property sector, Xior offers a variety of properties, ranging from rooms with shared facilities to en-suite rooms and fully equipped studios. Xior's student houses offer a comfortable environment, fully geared to the requirements of today's students. They are centrally located in triple-A locations near the educational establishment and no more than 10-minute walk from the city centre. Quality and safety are key factors for the Company, which is why all student houses are renovated regularly and equipped with fire safety equipment. These quality standards are complemented by other basic needs, such as bicycle stands and a good Internet connection. Xior also offers additional facilities.

Xior wants to go further than just building the shells, and aims to reduce to a minimum the stresses that go hand-in-hand with life at university (especially looking for and living in suitable accommodation) for students (and their parents), so that they can focus on the essentials, including both their studies on the one hand, and the fun side of student life on the other. Xior wants to get students into (and keep them in) their own place, with as few worries as possible, and with excellent additional services.

Allowing students to focus only on the essentials, according to Xior, can make all the difference. This is not only the case for local students (and their parents), who will find Xior a reliable partner, but especially for overseas students, where Xior offers a central point of contact, providing them with contacts they need at the right authorities to make their stay in the relevant student city as productive and pleasant as possible.

Since 2007, as owner and operator, Xior Student Housing has been building high-quality and reliable student housing for students who are looking for somewhere they can study, live and enjoy life under ideal conditions. A place with that little bit extra, where every student will feel at home right away.

Xior Student Housing has been accredited as a public REIT under Belgian law since 24 November 2015.

1.1. Xior and sustainability

“Housing the future” means also taking care of the future by doing business in a sustainable manner. For Xior, sustainability is a mission, a way of thinking, doing and living. Xior endeavours social commitment and a future-oriented vision to continue to improve its position as a responsible employer and landlord to create value for all its stakeholders on the long term.

Xior not only aims for better results, but simultaneously seeks to enhance opportunities for a better environment and a greater well-being and comfort for employees and tenants.

We approach the concept of sustainability very broadly and our strategy is to promote the transition to low carbon, to reduce our ecological footprint by integrating sustainability in our strategy of a real estate owner and operator but also in our day-to-day working by raising awareness and prioritising actions and projects that have a positive environmental impact.

In that context, Xior has started with ESG-reporting over financial bookeyear 2018 by disclosing our first set of environmental and social reporting indicators in a transparent way for the student housing portfolio. For this reporting, Xior will address the Sustainability Indicators included in the Best Practices Recommendation on Sustainability Reporting (sBPR) published by EPRA. For this inaugural report, Xior received the bronze award and most improved report from EPRA. A more detailed report on 2019 will follow including a materiality matrix.

We believe that our focus on sustainability will in the long term enhance our financial performance, improve our relation with all our stakeholders and reduce the burden on our planet.

1.2. Background of the Xior Green Finance Framework

Xior has developed its Green Finance Framework (“the Framework”) with the aim to attract dedicated funding that will be used to (re)finance green projects and assets. Under this Framework, Xior can issue a variety of green finance instruments, including green bonds, green private placements, green (syndicated) loan facilities and other green debt instruments.

The Framework provides a clear and transparent set of criteria for green finance instruments issued by Xior and is consistent with the guidelines of the Green Bond Principles (ICMA, 2018) and the Green Loan Principles (LMA/APLMA, 2018). 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.

Xior may further update or expand this Green Finance Framework to align with emerging market standards and best-practices, such as the introduction of the EU Green Bond Standard (“EU GBS”) or other relevant standards and guidelines.

2. XIOR GREEN FINANCE FRAMEWORK

The Xior Green Finance Framework follows the core components of the voluntary process guidelines of the Green Bond Principles (GBP) and Green Loan Principles (GLP) 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

Xior intends to use the net proceeds of green finance instruments issued under this Framework to exclusively finance or refinance, in whole or in part, projects and/or assets related to green buildings, renewable energy, energy efficiency, waste management, clean transportation and water management (“Eligible Projects and Assets”).

All Eligible Projects and Assets should provide clear environmental benefits and span a range of construction and real estate investment activities, including new development projects, land preservation easements, the retrofit of underperforming buildings, refinancing of existing high performance buildings.

Eligible Projects and Assets are required to meet the eligibility criteria included in the table below. The Eligible Projects and Assets are also mapped to the UN Sustainable Development Goals (SDGs) and EU Taxonomy of sustainable economic activities.

Category & SDG mapping	Eligibility Criteria	EU Taxonomy mapping on Climate Change Mitigation activities
<p>Green Buildings</p>  	<p>Newly constructed, existing and refurbished Student Residences that meet any of the following criteria:</p> <ul style="list-style-type: none"> ▪ <u>Belgium (Flanders/ Brussels-Capital)</u> Buildings/residences with a primary energy consumption of 100Kwh/m² or lower (Equivalent to EPC Label “A” or better), or an E-level of 70 ▪ <u>The Netherlands</u> EPC Label “A++”¹ or better for buildings in the Netherlands built in 2016 or later, or EPC Label “A”² for renovations of existing buildings. 	<p>EU Taxonomy mapping on Climate Change Mitigation activities</p> <p>Economic activities:</p> <ul style="list-style-type: none"> 26.2 Construction of new buildings 26.3 Renovation of existing buildings 26.5 Acquisition and ownership of buildings

¹ Evidenced by Energy Performance Coefficient of 0.60 or lower

² Evidenced by Energy Index of 1.20 or lower

	<ul style="list-style-type: none"> Spain & Portugal EPC Label “A” or better Renovation that will achieve, or has achieved, energy savings of $\geq 30\%$ in comparison to the baseline energy performance of the building, or a dedicated minimum EPC Label as described above. 	
<p>Renewable energy</p> 	<p>All investments and expenditures related to:</p> <ul style="list-style-type: none"> Onsite renewable energy generation via (rooftop) solar, wind and geothermal energy, transmission and appliances and products 	<p>Economic activities:</p> <p>22. Electricity, gas, steam and air conditioning supply</p>
<p>Energy Efficiency</p>   	<p>All investments and expenditures to increase energy efficiency in:</p> <ul style="list-style-type: none"> Household appliance upgrades (refrigerators, cooking facilities, washing machines) Equipment upgrades (lighting, LED relighting, motion detectors, isolation) District heating Energy storage, smart grids Peak load demand reduction Energy monitoring tools 	<p>Economic activities:</p> <p>26.3 Renovation of existing buildings</p> <p>26.4 Individual renovation measures</p>
<p>Pollution Prevention & Waste Management</p>  	<p>All investments and expenditures related to:</p> <ul style="list-style-type: none"> Achieving higher recycling rates Waste prevention 	<p>Economic activities:</p> <p>23.4 Separate collection and transport of non-hazardous waste in source segregated fractions</p> <p>23.7 Material recovery from waste</p>

<p>Clean Transportation</p> 	<p>All investments and expenditures that promote clean transportation</p> <ul style="list-style-type: none"> ▪ Bike sheds ▪ Electric vehicle charging station 	<p>Economic activities:</p> <p>24.4 Infrastructure for low carbon transport</p>
<p>Water Management</p>   	<p>All investments and expenditures to:</p> <ul style="list-style-type: none"> ▪ Reduce water consumption ▪ Enhance rainwater recycling ▪ Green roofing ▪ Sustainable landscape architecture ▪ Wastewater treatment ▪ Urban draining systems 	<p>Economic activities:</p> <p>23.1 Water collection, treatment and supply</p> <p>23.2 Centralized Wastewater treatment systems</p>

2.2. Process for Project Evaluation and Selection

The Eligible Projects and Assets defined in this Framework provide clear environmental benefits. Hence, all potential Eligible Projects and Assets first and foremost comply with the applicable environmental and social laws and regulations as well as the internal policies and standards of Xior, which aim to manage and mitigate ethical, environmental and governance risks.

On at least an annual basis, the employees and various departments of Xior populate an overview of potential Eligible Projects and Assets. The list of potential Eligible Projects and Assets is subsequently evaluated by the Sustainable Working Group. This committee consists of the CEO, the operational manager, the manager responsible for sustainability and a representative from the Finance department. The committee verifies whether the proposed projects comply with the definition of Eligible Projects and Assets as included in paragraph 2.1 of this Framework and subsequently approves the final list of Eligible Projects and Assets.

2.3. Management of Proceeds

The Xior finance team will manage the net proceeds of issued green finance instruments on a portfolio basis. As long as the green finance instruments under this Framework are outstanding, Xior aims to allocate an amount equivalent to the net proceeds of these instruments towards a portfolio of Eligible Projects and Assets. If a specific project is divested, discontinued or does no longer meet the definition of Eligible Projects and Assets as included in paragraph 2.1, it will be removed from the portfolio of Eligible Assets. In such a scenario, Xior will strive to replace the project with another Eligible Projects and Assets as soon as reasonably practicable. Xior aims to ensure that the total volume of issued green finance instruments will not exceed the value of portfolio of Eligible Projects and Assets.

Pending the allocation of the net proceeds of issued green finance instruments to the portfolio of Eligible Assets, or in case insufficient Eligible Assets are available, Xior will temporarily hold the unallocated proceeds in money market instruments. These unallocated proceeds may be deployed

at the company's discretion in cash or cash equivalent instruments, in accordance with Xior's investments and treasury policy.

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

2.4. Reporting

2.4.1. Allocation of proceeds reporting

On an annual basis, until full allocation, Xior intends to report to lenders and investors on the allocation of the net proceeds of issued green finance instruments. The report provides the following information:

- an overview of the green finance instruments issued under the Framework
- the total amount outstanding (in EUR) of issued green finance instruments
- the allocation of the net proceeds of issued green finance instrument to a portfolio of Eligible Assets, including information on:
 - the composition of the portfolio of Eligible Projects and Assets on category level
 - geographic split of the portfolio of Eligible Projects and Assets
 - ratio of new and existing Eligible Projects and Assets (financing / refinancing)
 - if feasible: an overview of Eligible Projects and Assets, including a brief description of projects and the allocated sum of proceeds
- the amount of unallocated proceeds, if any

2.4.2. Impact reporting

On an annual basis Xior will report on all its sustainability initiatives through its ESG reporting included in the annual report which is made publicly available via the investor section on the Xior corporate website, which includes avoidance of CO₂, energy generated for the total portfolio and a detail of the 'eligible green assets portfolio'.

2.5. External review

2.5.1. Second Party Opinion

Prior to the inaugural issuance under this Framework, Xior has commissioned Sustainalytics to provide a Second Party Opinion for its Green Finance Framework. Sustainalytics has reviewed the Xior Green Finance Framework and issued a Second Party Opinion which concluded that Sustainalytics is of the opinion that the **Xior Student Housing N.V. Green Finance Framework** 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 [Xior corporate website](#).

2.5.2. Independent verification

Xior will appoint 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 until full allocation, or in case of significant changes in the allocation of proceeds.

DISCLAIMER

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