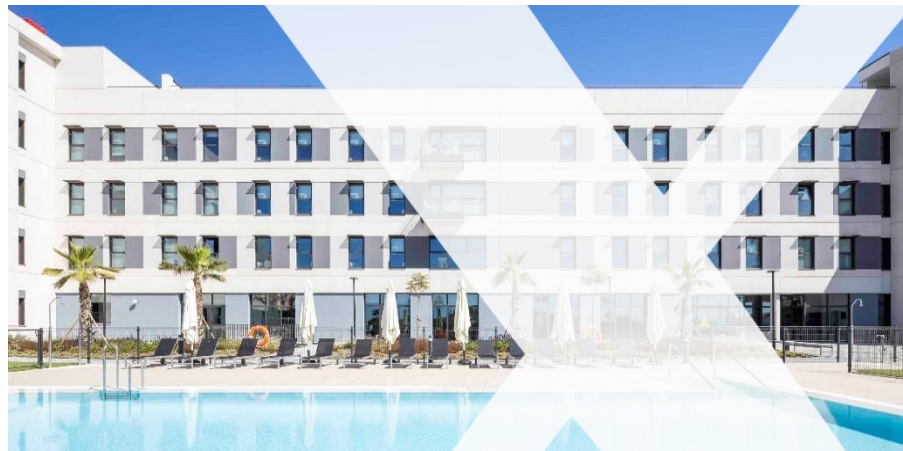
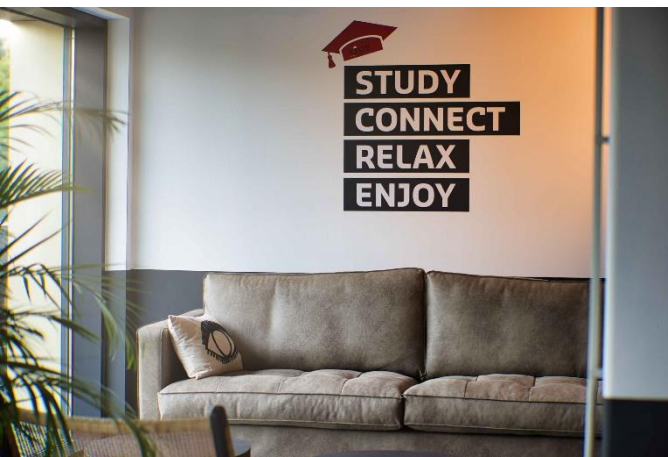


# Sustainable Finance Framework

February 2023



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## 1. INTRODUCTION

Xior Student Housing NV (“Xior” or the “Company”) is a Belgian real estate company that specialises in the student housing sector in Belgium, The Netherlands, Spain, Portugal, Poland, Germany, Denmark and Sweden. On 31 December 2022 the company’s portfolio consisted of a portfolio of student residences with altogether 18,002 lettable student units. Once all the acquisitions and redevelopments in the committed pipeline are completed, the portfolio will rise to over 26,500 lettable 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 aligned with the requirements of today's students. They are centrally located in triple-A locations near the educational institutions and less than a 10-minute walk from the city centre. Quality and safety are key factors for the Company, which is why all student residences 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, connect, relax 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.

Xior is committed to conducting business fairly and correctly at all times, to communicate openly and to report as fully and transparently as possible. In that context, Xior started with ESG-reporting over financial bookyear 2018 by disclosing a first set of environmental and social reporting indicators in a transparent way for the student housing portfolio. Xior's ESG reporting is based on the Sustainability Indicators included in the Best Practices Recommendation on Sustainability Reporting (sBPR) published by EPRA. For the 2018 inaugural report, Xior received the bronze award and most improved award report from EPRA. In the following years, reporting was continuously improved. Currently Xior has already achieved the highest EPRA gold award for its transparent ESG reporting for a third year in a row.

### Xior's ESG framework

Xior's ESG framework focuses on people, planet and process and consists of two pillars 'Happy students in efficient buildings' and 'Best in class organisation and employees'. The Framework, depicted below, covers five material topics linked to seven UN Sustainable Development Goals (SDGs) based on stakeholder analysis. This creates Xior's ESG Framework, which forms the foundation of the entire ESG strategy with concrete actions, initiatives and implementations.

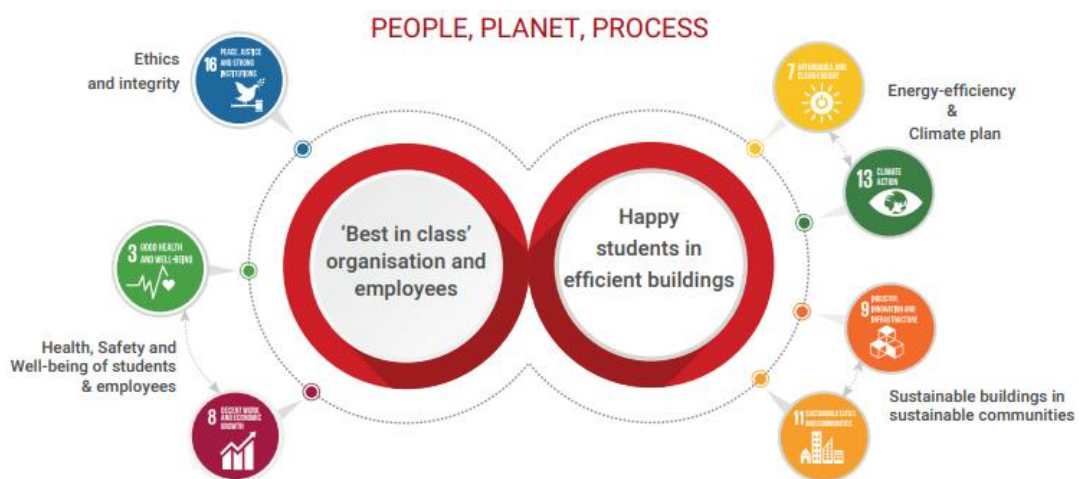


Figure 1 - Xior ESG Framework

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

## 1.2. Background of the Xior Sustainable Finance Framework

In 2020 Xior developed its Sustainable Finance Framework (at that time known under 'Green Finance Framework' and currently known as the "Framework") with the aim to attract dedicated funding to (re)finance green projects and assets. In this newly established Sustainable Finance Framework, and as part of Xior's sustainability ambitions, Xior has updated and expanded the eligibility criteria and added a new social category to reflect on its ambition to offer affordable and sustainable student housing. Under this Framework, Xior can issue a variety of sustainable finance instruments, including green-, social- and/or sustainability labelled bonds, private placements, (syndicated) loan facilities and commercial paper.

The Framework provides a clear and transparent set of criteria for green and sustainable finance instruments issued by Xior and is consistent with the guidelines of the Green Bond Principles (ICMA, 2021), the Social Bond Principles (ICMA, 2021), the Sustainability Bond Guidelines (ICMA, 2021) as well as the Green Loan Principles (LMA/LSTA/APLMA, 2021) and Social Loan Principles (LMA/LSTA/APLMA, 2021). 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 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 SUSTAINABLE FINANCE FRAMEWORK

The Xior Framework follows the core components of the voluntary process guidelines of the Green Bond Principles (GBP) and Social Bond Principles (SBP), 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 proceeds of sustainable 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, water management and affordable housing (the “Eligible Projects and Assets”).

All Eligible Projects and Assets should provide clear environmental and social 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.

<b>GBP / SBP Category &amp; SDG mapping</b>	<b>Eligibility Criteria</b>	<b>EU Taxonomy Climate Delegated Act: Climate Change Mitigation activities</b>
<p><b>Green Buildings</b></p> 	<p><b>Newly constructed and existing student residences that meet any of the following criteria:</b></p> <ul style="list-style-type: none"> <li>▪ Buildings that have received or are expected to receive an Energy Performance Certificate (“EPC”) A or higher, or belong to the top 15% of energy efficient buildings within the national or regional building stock based on Primary Energy Demand (PED)<sup>1</sup></li> <li>▪ Buildings with a PED that is at least 10% lower than the relevant national</li> </ul>	<p><b>Economic activities:</b></p> <ul style="list-style-type: none"> <li>7.1 Construction of new buildings</li> <li>7.2 Renovation of existing buildings</li> <li>7.7 Acquisition and ownership of buildings</li> </ul>

<sup>1</sup> Specific criteria for the different jurisdictions in which Xior operates are defined in Appendix 1.

	<p>threshold set for the nearly zero-energy building (NZEB) requirements</p> <ul style="list-style-type: none"> <li>▪ Buildings that have received or are expected to receive at least one of the following green building certifications:</li> <li>▪ LEED (“Gold” or above)</li> <li>▪ BREEAM (“Very Good” or above)</li> <li>▪ DGNB (“Silver” or above)</li> </ul> <p><b><u>Renovation of existing buildings:</u></b></p> <ul style="list-style-type: none"> <li>▪ Renovation that will achieve, or has achieved, energy savings of <math>\geq 30\%</math> in comparison to the baseline energy performance of the building</li> <li>▪ Renovation that meets the applicable EU requirements for major renovations, in particular regarding the cost-optimal minimum energy performance requirements</li> </ul>	
<p><b>Renewable energy</b></p> 	<p><b>All investments and expenditures related to:</b></p> <ul style="list-style-type: none"> <li>▪ Onsite renewable energy generation via (rooftop) solar, wind and geothermal energy with life-cycle GHG emissions lower than 100gCO<sub>2</sub>e/kWh</li> <li>▪ Energy storage systems</li> </ul>	<p><b>Economic activities:</b></p> <p>7.6 Installation, maintenance and repair of renewable energy technologies</p>
<p><b>Energy Efficiency</b></p>    	<p><b>All investments and expenditures to increase energy efficiency in:</b></p> <ul style="list-style-type: none"> <li>▪ Household appliance upgrades (refrigerators, cooking facilities, washing machines) that belong to the highest two populated classes of the relevant EU Energy Label</li> <li>▪ Equipment (upgrades) facilitating energy efficiency (LED relighting, motion detectors)</li> <li>▪ District heating</li> <li>▪ Smart grids, amongst others to achieve peak load demand reduction</li> <li>▪ (Digital) Energy monitoring tools</li> </ul>	<p><b>Economic activities:</b></p> <p>7.3 Installation, maintenance and repair of energy efficiency equipment</p>

<p><b>Clean Transportation</b></p> 	<p><b>All investments and expenditures that promote clean transportation</b></p> <ul style="list-style-type: none"> <li>▪ Bike sheds</li> <li>▪ Electric vehicle charging stations</li> </ul>	<p><b>Economic activities:</b></p> <p>6.13 Infrastructure for personal mobility, cycle logistics</p> <p>7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)</p>
<p><b>Water Management</b></p>    	<p><b>All investments and expenditures to:</b></p> <ul style="list-style-type: none"> <li>▪ Reduce water usage</li> <li>▪ Enhance rainwater recycling</li> </ul>	<p><b>Economic activities:</b></p> <p>7.3. Installation, maintenance and repair of energy efficiency equipment</p>
<p><b>Affordable Housing</b></p>  	<p><b>Provision of affordable student housing</b></p> <ul style="list-style-type: none"> <li>▪ Student accommodation provided in line with applicable European, national or regional definitions and rental cost thresholds for affordable and social housing and/or at a cost level below or aligned with the locally applicable requirements for student (housing) grants to promote affordability. Including but not limited to:             <ul style="list-style-type: none"> <li>○ Student accommodation rented to universities or to (other) higher education institutions which are provided as social housing</li> <li>○ Student accommodation in the Netherlands provided at a rental cost that is equal to or below the</li> </ul> </li> </ul>	<p><b>Economic activities:</b></p> <p>N/A</p>



	<p>applicable rent allowance limits set by the Dutch Government<sup>2</sup></p> <ul style="list-style-type: none"> <li>○ Student accommodation in Germany that complies with the applicable Rent Level Regulation thresholds for gross basic rent</li> <li>▪ Scholarships offered to students to rent a student room at a significantly reduced rent (social housing)</li> </ul>	
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## 2.2. Process for Project Evaluation and Selection

The Eligible Projects and Assets defined in this Framework provide clear environmental and social 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, Xior populates an overview of potential Eligible Projects and Assets. The list of potential Eligible Projects and Assets is subsequently evaluated by the ESG Taskforce. This committee consists of the CEO, the energy manager, the manager responsible for ESG and a representative from the Finance department. The taskforce 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. The ESG taskforce also reports to the ESG and Ethics Committee consisting of the CEO and two independent board members.

## 2.3. Management of Proceeds

The Xior finance team will manage the proceeds of issued sustainable finance instruments on a portfolio basis, using internal tracking systems. As long as the sustainable finance instruments issued under this Framework are outstanding, Xior aims to allocate an amount equivalent to the proceeds of these instruments towards a portfolio of Eligible Projects and Assets. The Company intends to fully allocate the proceeds of issued sustainable finance instruments within a timeframe of maximum 2 years after issuance.

Pending the allocation of the proceeds of issued sustainable finance instruments to the portfolio of Eligible Projects and Assets, or in case insufficient Eligible Projects and Assets are available, Xior will temporarily hold the unallocated proceeds in money market instruments. These unallocated proceeds may be deployed at the Company's

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<sup>2</sup> In the Netherlands students are eligible for a rent subsidy if the basic rent plus eligible service costs does not exceed the quality discount threshold for students younger than 23, or the liberalisation threshold for students age 23 or older. In 2023 these thresholds will be EUR 452,20 and EUR 808,06 respectively. These thresholds are updated annually, Xior will always apply the most recent thresholds.

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

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 Projects and Assets. In such a scenario, Xior will strive to replace the project with another Eligible Project and Asset as soon as reasonably practicable. Xior aims to ensure that the total volume of issued sustainable finance instruments will not exceed the value of portfolio of Eligible Projects and Assets.

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

## 2.4. 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. This reporting includes the allocation and impact reporting as outlined below.

### 2.4.1. Allocation of proceeds reporting

On an annual basis, until full allocation, Xior reports on the allocation of the proceeds of issued sustainable finance instruments. The reporting 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 allocation of the proceeds of issued sustainable finance instrument to a portfolio of Eligible Projects and 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

Where feasible and available, Xior will report on the environmental and social impact of the portfolio of Eligible Projects and Assets via the impact indicators listed below.

Use of Proceeds Category	Potential impact indicators
Green Buildings	<ul style="list-style-type: none"> <li>▪ Number of buildings and environmental characteristics (e.g. EPC label, green building certifications + level)</li> <li>▪ Energy intensity in kWh/m<sup>2</sup></li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>▪ Energy savings and related carbon emissions in CO<sub>2</sub>e</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>▪ Installed capacity (in MW), production (in MWh) and avoided carbon emissions in CO<sub>2</sub>e</li> </ul>
Clean Transportation	<ul style="list-style-type: none"> <li>▪ Number of bike sheds and EV charging stations</li> </ul>

Water Management	▪ Number of projects realized and selected case studies
Affordable Housing	▪ Number and share of social/affordable student housing units and number of beneficiaries

## 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 Framework. Sustainalytics has reviewed the Xior Framework and issued a Second Party Opinion which concluded that the Framework is “credible and impactful and aligns with the core components of the Green Bond Principles (2021), Social Bond Principles (2021), Green Loan Principles (2021), and Social Loan Principles (2021)”. In case of any material updates to the Framework, Xior will request a new or updated Second Party Opinion.

The Second Party Opinion is available on the ESG 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 proceeds of issued sustainable finance instruments on an annual basis until full allocation, or in case of significant changes in the allocation of proceeds.

## Appendix 1: Specific national / local Eligibility Criteria for Green Buildings

### Overarching Eligibility Criteria applicable to all jurisdictions:

- Newly constructed and existing buildings that have received or are expected to receive an Energy Performance Certificate A or higher, or belong to the top 15% of energy efficient buildings within the national or regional buildings stock based on Primary Energy Demand (PED)

**The overarching Eligibility Criteria are complied with via the specific national and regional criteria outlined below:**

- Belgium

- **Flanders / Brussels capital**

- Buildings/residences with a Primary Energy Demand of 100 kWh/m<sup>2</sup> or lower (equivalent to EPC label A or better), or an E-level of ≤ 70.

- **Wallonia**

- Buildings/residencies with an average Primary Energy Demand of 100 kWh/m<sup>2</sup> or lower (equivalent to EPC label B or better)

- The Netherlands

- Buildings that have received or are expected to receive an EPC label A<sup>3</sup> or better or equivalent Primary Energy Demand in kWh/m<sup>2</sup>

- Spain

- Buildings that have received or are expected to receive an EPC label C or better or equivalent Primary Energy Demand in kWh/m<sup>2</sup>

- Portugal

- Buildings that have received or are expected to receive an EPC label B or better or equivalent Primary Energy Demand in kWh/m<sup>2</sup>

- Poland

- Buildings that comply with the Polish Technical Condition TC 2017 or later, or buildings with a Primary Energy Demand of ≤ 100 kWh/m<sup>2</sup>

- Sweden, Denmark and Germany

- Buildings that have received or are expected to receive an EPC label B or better or equivalent Primary Energy Demand in kWh/m<sup>2</sup>

**Please note that for countries not included in this appendix, the overarching Eligibility Criteria will apply. In cases where a student residence is composed of individual labelled or assessed units, the average EPC label or Primary Energy Demand will be applied to determine building eligibility.**

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<sup>3</sup> Evidenced by Energy Performance Coefficient of 0.60 or lower or by Energy Index of 1.20 or lower

## **DISCLAIMER**

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