

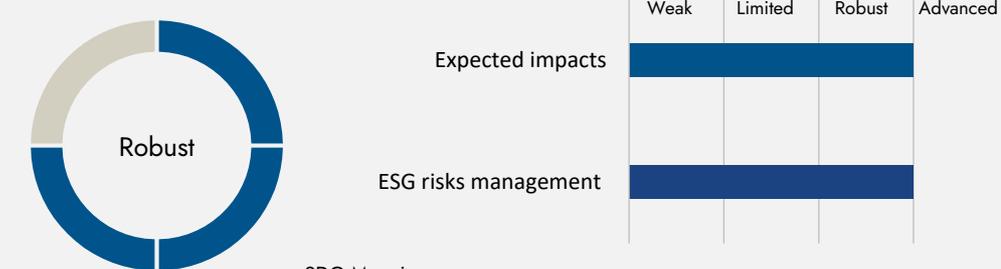
SECOND PARTY OPINION

on the sustainability of AEDIFICA'S Sustainable Finance Framework

Vigeo Eiris is of the opinion that Aedifica's Sustainable Finance Framework is **aligned** with the four core components of the **Green Bond Principles 2018 ("GBP")**, **Social Bond Principles 2020 ("SBP")** and **Green Loan Principles 2020 ("GLP")**. ✓

Framework

Contribution to Sustainability :



Characteristics	
Green and Social Asset Categories	⇒ Green Buildings ⇒ Energy efficiency ⇒ Renewable energy ⇒ Climate change adaptation ⇒ Social finance assets
Asset location	Belgium, Germany, the Netherlands, the UK, Finland and Sweden
Target population	Defined
Existence of framework	Yes
Share of refinancing	Not defined
Look back period	24 months

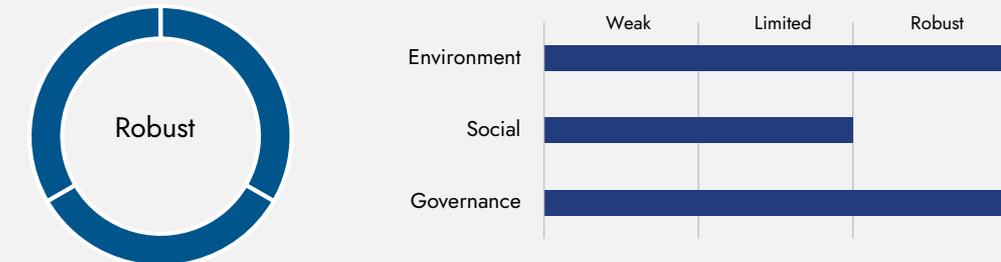
SDG Mapping



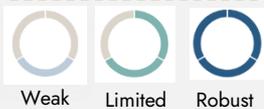
- Advanced
- Limited
- Robust
- Weak

Issuer

ESG Strategy as of August 2020



Controversies	
Number of controversies	None
Frequency	NA
Severity	NA
Responsiveness	NA



Controversial Activities

- Alcohol
- Civilian firearms
- Genetic engineering
- Nuclear power
- Tobacco
- Animal welfare
- Fossil Fuels industry
- High interest rate lending
- Pornography
- Cannabiss
- Coal
- Human Embryonic Stem Cells
- Reproductive medicine
- Chemicals of concern
- Gambling
- Military
- Tar sands and oil shale

Coherence

Coherent
Partially coherent
Not coherent

We are of the opinion that the contemplated Framework is coherent with Aedifica's strategic sustainability priorities and sector issues and contributes to achieving the Issuer's sustainability commitments.

Keys findings

Use of Proceeds

- **Clarity of Eligible Categories:** the Eligible Categories are clearly defined.
- **Sustainability Objectives:** the environmental and social objectives are clearly defined.
- **Expected Benefits:** the expected benefits are clear for all the Eligible Categories.
- The Issuer has not provided information on the **estimated share of refinancing** at issuance level and has set a maximum **look-back period of 24 months**.

Evaluation and Selection

- The process for **Evaluation and Selection** is clearly defined by the Issuer.
- The **Eligibility Criteria** (Selection & exclusion) are clearly defined by the Issuer.
- The Identification and Management of **Environmental and Social Risks** is formalized and combines identification and monitoring commitments and measures. Material ESG risks are identified for some of the Eligible Categories.

Management of Proceeds

- **Transparency on the management of proceeds process:** the proceeds' allocation and management process is clearly defined, detailed and publicly available.
- The **allocation period** has been disclosed.
- The net proceeds of the Instruments **will be tracked** by the Issuer in an appropriate manner and attested to in a formal internal process.

Reporting

- **Reporting commitment:** the Issuer has committed to **report annually and until full allocation**. The report will be publicly available and will cover relevant information related to the proceeds' allocation and to the expected sustainable benefits of the Eligible Categories.
- The **process and responsibility for reporting** on the Instruments are clearly defined.
- The indicators selected by the Issuer to report on the **allocation of proceeds and on the sustainable benefits** of the Eligible Categories are clear and relevant.
- Indicators used to report on the allocation of proceeds and on the sustainable benefits of the Eligible Categories will be **verified externally**.

Scope of External Reviews

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input checked="" type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

Contact

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SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the Sustainable Financing Instruments¹ (the “Instruments”) to be issued by Aedifica (the “Issuer”) in compliance with the Sustainable Finance Framework (the “Framework”) created to govern their issuances.

Our opinion is established according to Vigeo Eiris’ Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the ICMA’s Green Bond Principles (“GBP”) - edited in June 2018 - Social Bond Principles (“SBP”) and the LMA’s Green Loan Principles (“GLP”) - edited in June 2020 - voluntary guidelines (referred together as the “GBP, SBP & GLP”).

Our opinion is built on the review of the following components:

- 1) Issuer: we assessed the Issuer’s ESG strategy, its management of potential stakeholder-related ESG controversies and its involvement in controversial activities.
- 2) Issuance: we assessed the Framework, including the coherence between the Framework and the Issuer’s environmental and social commitments, the Instruments’ potential contribution to sustainability, and their alignment with the four core components of the GBP 2018, SBP 2020 and GLP 2020.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from Vigeo Eiris’ exclusive ESG rating database, and (iii) information provided from the Issuer, through documents.

We carried out our due diligence assessment from July 30th to September 2nd, 2020. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

¹ The “Sustainable Financing Instrument” is to be considered as the Instrument to be potentially issued, subject to the discretion of the Issuer. The name “Sustainable Financing Instrument” has been decided by the Issuer: it does not imply any opinion from Vigeo Eiris.
The financing instruments intended to be issued by Aedifica include bonds, convertible bonds, private placements and loan facilities.

PART. 1: ISSUANCE

The Issuer has described the main characteristics of the Instruments within a formalized Sustainable Finance Framework which covers the four core components of the GBP 2018, SBP 2020 and GLP 2020 (the last updated version was provided to Vigeo Eiris on August 27th, 2020). The Issuer has committed to make this document publicly accessible on Aedifica's website at the first issuance date, in line with good market practices.

Alignment with the Green Bond Principles, Social Bond Principles and Green Loan Principles



Vigeo Eiris is of the opinion that Aedifica's Framework is aligned with the four core components of the GBP 2018, SBP 2020 and GLP 2020:

- **Use of Proceeds**
- **Evaluation and Selection**
- **Management of Proceeds**
- **Reporting:**

Contribution to Sustainability

The potential contribution of the Eligible Categories to environmental and social objectives is considered to be **robust**.

Expected Impacts

The potential positive Impact of the Eligible Categories on environmental and social objectives is considered to be **robust**.

ESG Risks Management

The identification and management of the environmental and social risks associated with the Eligible Categories is considered to be **robust**.

Alignment with the Green Bond Principles, Social Bond Principles and Green Loan Principles

Use of Proceeds



The net proceeds of the Instruments will exclusively finance or refinance, in part or in full, projects falling under five Sustainable Project Categories (“Eligible Categories”), as indicated in table 1.

- The **Eligible Categories** to be financed are clearly defined. The Issuer has provided the nature of expenses, the description, eligibility and exclusion criteria for all the Eligible Categories.
- The **Sustainability Objectives** are clearly defined and are set in coherence with sustainability objectives defined in international standards for all categories.
- The **Expected Sustainable Benefits** are clear for all the Eligible Categories. The expected sustainability benefits identified are relevant, measurable and will be quantified for all the Eligible Categories in the post-issuance reporting.
- The Issuer has not provided information on the **estimated share of refinancing** but has committed to communicate the estimated share of refinancing for each issuance within its annual reporting. Additionally, the Issuer has committed to respect, in case of re-financing, a **look-back period** of maximum 24 months from the issuance date, in line with good market practices.

Table 1 : Eligible Categories, Sustainability Objectives and Expected Benefits

ELIGIBLE CATEGORIES	SUSTAINABILITY OBJECTIVES AND BENEFITS	VIGEO EIRIS’ ANALYSIS
Green Buildings	<p>Climate change mitigation</p> <p><i>Reduction of energy consumption and avoidance of GHG emissions</i></p>	<p>The definition of this category is clear.</p> <p>The intended environmental objective is clearly defined.</p> <p>The Issuer has identified measurable environmental benefits for this category. The expected benefits will be quantified in the post-issuance reporting.</p>
Energy Efficiency	<p>Climate change mitigation</p> <p><i>Reduction of energy consumption and avoidance of GHG emissions</i></p>	<p>The definition of this category is clear.</p> <p>The intended environmental objective is clearly defined.</p> <p>The Issuer has identified measurable environmental benefits for this category. The expected benefits will be quantified in the post-issuance reporting.</p>
Renewable Energy	<p>Climate change mitigation</p> <p><i>Avoidance of GHG emissions</i></p>	<p>The definition of this category is clear.</p> <p>The intended environmental objective is clearly defined.</p> <p>The Issuer has identified measurable environmental benefits for this category. The expected benefits will be quantified in the post-issuance reporting.</p>

Climate change adaptation	<p style="text-align: center;">Climate change adaptation</p> <p style="text-align: center;"><i>Reduction of water consumption</i></p> <p style="text-align: center;"><i>Improvement of energy efficiency</i></p> <p style="text-align: center;"><i>Increase of energy storage capacity</i></p>	<p>The definition of this category is clear.</p> <p>The intended environmental objective is clearly defined.</p> <p>The Issuer has identified measurable environmental benefits for this category. The expected benefits will be quantified in the post-issuance reporting.</p>
Social finance assets	<p style="text-align: center;">Access to essential services</p> <p style="text-align: center;">Improve access to healthcare and education facilities</p>	<p>The definition of this category is clear.</p> <p>The target populations are clearly defined.</p> <p>The intended social objective is clearly defined.</p> <p>The Issuer has identified measurable social benefits for this category. The expected benefits will be quantified in the post-issuance reporting.</p>

The Issuer has not provided information on the **estimated share of refinancing** but has committed to (i) communicate the estimated share of refinancing for each issuance within its annual reporting and (ii) respect, in case of re-financing, a look-back period of maximum 24 months from the issuance date, in line with good market practices.

SDG Contribution

The Eligible Categories are likely to contribute to four of the United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Green Buildings		7.3 By 2030, double the global rate of improvement in energy efficiency
		11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
		The Assets are likely to contribute to SDG 13 which consists in adopting urgent measures to combat climate change and its effects
Energy Efficiency		7.3 By 2030, double the global rate of improvement in energy efficiency
		The Assets are likely to contribute to SDG 13 which consists in adopting urgent measures to combat climate change and its effects.
Renewable Energy		7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
		The Assets are likely to contribute to SDG 13 which consists in adopting urgent measures to combat climate change and its effects.
Climate change adaptation		The Assets are likely to contribute to SDG 13 which consists in adopting urgent measures to combat climate change and its effects.
Social finance assets		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.

BEST PRACTICES

⇒ The look-back period for refinanced assets is equal or less than 24 months, in line with good market practices

Project Evaluation and Selection



- The process for **Evaluation and Selection** process has been clearly defined and detailed by the Issuer and will be publicly disclosed. Additionally, the roles and responsibilities for asset evaluation, selection and monitoring are clearly defined and include relevant internal expertise.
- The **Eligibility and Exclusion Criteria** have been clearly defined by the Issuer for all the Eligible Categories.
- The Issuer's commitment and measures related to the **management of material E&S risks** combine identification and monitoring. Material ESG risks are Identified for some of the Eligible Categories.

Evaluation and Selection Process

The process for evaluation and selection of Eligible Assets is clearly defined.

The evaluation and selection of Eligible Assets is based on relevant internal expertise, with well-defined roles and responsibilities:

- For general purposes, including the evaluation and selection of Eligible Assets, a Sustainability Steering Committee (the "Committee") has been created, it is composed of representatives of:
 - Representatives of all the company's departments;
 - Three members of the executive committee, namely: CEO, CFO and COO.
- The operations working groups will be in charge of the identification of Eligible Assets and of their due diligence;
- The list of selected assets is presented to the Sustainability Steering Committee which will be responsible for its approval;
- The executive committee will then be in charge of the final validation of the selected assets to be financed by the Instruments.

The traceability and verification of the selection and evaluation of the assets is ensured throughout the process:

- The Committee meets at least quarterly, and will meet in case of controversy.
- The traceability of the decisions appears to be ensured throughout the process, through dedicated sustainable bond files in the Issuer's internal server.

Areas for improvement consist in:

- Having internal and external reviews, to verify the compliance of the selected assets with the eligibility criteria and process defined in the Framework.
- Monitoring ESG controversies and establishing a process for managing them.

Eligibility Criteria Selection

The process relies on explicit eligibility criteria, relevant to the environmental and social objectives defined for the Eligible Categories.

- The selection is based on the Eligible Categories defined in the Use of Proceeds section of the Framework.

Transparency of the Environmental and Social Risks Mitigation Process

The E&S risks identification and mitigation process is publicly disclosed in the SPO and is considered to be **robust** (see detailed analysis on page 13).

Management of Proceeds



The rules for the management of proceeds are clearly defined and will be verified. We consider that they would enable a documented and transparent allocation process.

- The **Management Process for the allocation** of proceeds is clearly defined, detailed and publicly available.
- The **allocation period** is 24 months or less.
- The net proceeds of the Instruments will be credited to the Issuer's general treasury, tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- The Information on **intended type of temporary placement** for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer has committed that, as long as the Instrument is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible categories made during that period.
- The Issuer has provided information on the procedure that will be applied in case of **asset divestment, postponement or ineligibility** and it has committed to reallocate divested proceeds to assets that are compliant with the Framework within 24 months.

Management Process

The allocation and management of the proceeds are clearly defined:

- The net proceeds of the Instruments will be credited to the Issuer's general treasury and will be allocated within 24 months.
- The unallocated proceeds will be held within Aedifica's general treasury or be invested in short-term interest-bearing securities. The Issuer commits that the temporary placements and instruments for unallocated proceeds do not finance GHG intensive activities, controversial activities, or activities facing material ESG issues.
- In case of projects postponement, cancelation, divestment or ineligibility, or in case an Eligible Asset has matured, the Issuer has committed to replace the no longer Eligible Asset by a new one within 24 months.

Traceability and Verification

Traceability and verification of both the tracking method and allocation of the proceeds are ensured throughout the process:

- The proceeds will be appropriately managed and tracked through a Green Project and Social Investment register.
- The allocation of proceeds to Eligible Assets will be reviewed and approved by the Aedifica's Executive Committee until the maturity of the Instrument.
- The Issuer commits to mandate an external auditor to verify the allocation of proceeds to eligible assets, annually and until full allocation, and in case of material changes.

BEST PRACTICES

- ⇒ The allocation period is 24 months or less
- ⇒ The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework within 24 months.

Monitoring & Reporting



The reporting process and commitments appear to be good, covering both the funds allocation and the environmental and social benefits of the Eligible Assets.

- The Issuer has **committed to report annually and until full allocation**. The report will be made publicly available.
- The **process and responsibility for reporting** on the Instruments are clearly defined in internal documentation. An area for improvement consists in formalising the process in the Framework.
- The Issuer will report on **the allocation of proceeds and on environmental and social benefits** at Eligible Category level. The reporting will cover relevant information related to the Instruments.
- **The reporting methodology and assumptions** used to report on sustainable benefits of the Eligible Categories will be disclosed in the reporting.
- Indicators used to report on the allocation of proceeds and on the sustainable benefits of the Eligible Categories **will be verified externally**.

Reporting Process

The processes for monitoring, data collection, consolidation, validation and reporting are clearly defined by the Issuer in internal documentation. An area for improvement is formalising these processes in the Framework.

The process is structured and based on relevant internal expertise and involves relevant departments of the Issuer:

- Operational CSR data collection is done by the Operations Team and environmental data will be verified by an external consultant;
- The company's monitoring system will be used to monitor the financial aspects of the projects for which the Treasury department is responsible.

The Issuer has committed to report annually and until the full allocation of the Instruments' proceeds, and later in case of material changes, through its Sustainability Reports which will be made publicly accessible on Aedifica's website. The reporting will be at category level.

Indicators

The Issuer has committed to transparently communicate at Eligible Category level, on:

- Allocation of proceeds: the selected reporting indicators are clear and relevant.

REPORTING INDICATORS

- ⇒ The total amount outstanding (in EUR) of issued instruments
- ⇒ The list of Eligible Projects/Assets (re)financed, including a brief description
- ⇒ The amount of (re)allocated net proceeds to Eligible Projects/Assets including a breakdown by category of Eligible Projects and/or Assets and a breakdown by projects/assets (use and location);
- ⇒ The share of financing vs refinancing (%)
- ⇒ The share of the unallocated proceeds and types of temporary placements (if any) (%)
- ⇒ The share of co-financing (if relevant)

- Environmental/social benefits: the selected reporting indicators are clear and relevant.

ELIGIBLE CATEGORIES	ENVIRONMENTAL AND SOCIAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Green Buildings & Energy Efficiency	<ul style="list-style-type: none"> - Number and rating level of energy certified assets (EPC labels); - Number of energy efficient or refurbished buildings and total size in m²; - Energy intensity (in kWh/m²) through the portfolio of energy efficient buildings and the related greenhouse gas emission intensity (in kg of CO₂ equivalent per m²); - Energy intensity (in kWh/m²) through the portfolio of refurbished buildings and the related greenhouse gas emission intensity (in kg of CO₂ equivalent per m²). 	<ul style="list-style-type: none"> - Estimated GHG emissions avoided per year (tCO₂eq) - Annual energy savings (in MWh)
Renewable Energy	<ul style="list-style-type: none"> - Solar and geothermal installed capacity (in MW) - Electricity/heat produced per year (MWh/year) 	<ul style="list-style-type: none"> - Estimated GHG emissions avoided per year (tCO₂eq)
Climate change adaptation	<ul style="list-style-type: none"> - Storage installed capacity (MW) 	<ul style="list-style-type: none"> - Water savings per year (m³)
Social finance assets	<ul style="list-style-type: none"> - Number of healthcare real estate assets selected and their size in m² as well as project name 	

Process for controlling monitoring & reporting

The Issuer commits to appoint an external auditor to verify - on an annual basis, and until the proceeds' full allocation - the tracking and allocation of proceeds and the environmental et social indicators used for reporting.

BEST PRACTICES

⇒ The reporting methodology and assumptions used to report on environmental/social benefits of the Eligible Categories will be disclosed publicly.

Contribution to sustainability

Expected Impacts

The potential positive Impact of the Eligible Categories on environmental and social objectives is considered to be **robust**.

ELIGIBLE CATEGORIES	LEVEL OF EXPECTED IMPACT
Green Buildings	ROBUST
Energy Efficiency	ROBUST
Renewable Energy	ROBUST
Climate change adaptation	LIMITED
Social finance assets	ROBUST
OVERALL	ROBUST

Relevance of ESG Risks Identification and Management systems in place at project level

ESG risks identification and management

The identification and management of the environmental and social risks associated with the Eligible Assets are considered to be **robust**.

	ELIGIBLE CATEGORIES				
	GREEN BUILDINGS	ENERGY EFFICIENCY	RENEWABLE ENERGY	CLIMATE CHANGE ADAPTATION	SOCIAL FINANCE ASSETS
Environmental Management system	X	X	X	X	X
Environmental Impact Assessment and Eco design (Life cycle approach)	X	X	X	X	X

Biodiversity	X	N/A	X	X	N/A
Energy Efficiency and GHG emissions	X	N/A	N/A	N/A	X
Human and Labour rights	X	X	X	X	X
Health and safety	X	X	X	X	X
Community involvement	X	X	X	X	X
Business ethics	X	X	X	X	X
Overall Assessment	Robust	Robust	Limited	Limited	Robust

Environmental Management System

Aedifica reports that it has implemented an Environmental Management System that is in the process of being ISO 14001 certified.

Environmental Impact Assessment and Eco design

The Issuer reports that climate change risks assessments are conducted for all its asset portfolio. In addition, the Global Real Estate Sustainability Benchmark (GRESB) analysis scorecard has been considered for its 2020 asset portfolio. The Issuer reports that it is increasingly inserting a life cycle assessment in the due diligence procedure for the entire portfolio and this analysis is annually reviewed for all assets. The Issuer also aims at adopting an eco-design approach for some parts of its buildings.

Biodiversity

The Issuer reports to conduct land use assessments for all new acquisitions, pro-active decontamination of land and encourages the redevelopments and the reuse of parcels. In addition, Aedifica reports to conduct fauna and flora verifications for projects located in the Netherlands. An area for improvement consists in identifying biodiversity related risks for all assets and setting monitoring tools and mitigation measures.

Energy Efficiency and GHG emissions

The Issuer reports that monitoring tools have been implemented to monitor energy consumption and estimated GHG emissions of green buildings for all its asset portfolio. Aedifica reports that it has started a procurement process to install an energy management system (which includes the installation of smart meters) in its properties, to notably allow to measure real time energy consumption and energy produced by solar panels.

Human and Labour rights

Aedifica commits in its Code of Conduct to respect human and labour rights standards. In addition, an internal whistleblower procedure has been set up to report not only infringements of legal provisions but also conducts that are contrary to the ethical standards of Aedifica. Moreover, Aedifica has formalised a commitment to prevent any form of bullying and discrimination. The Issuer reports that a human rights policy is under development and will be formalised in 2020.

Health and Safety

The Issuer's reports that health and safety issues are the responsibility of the operators, which have to ensure that the construction works are being executed within the legal frameworks. In addition, the Issuer reports that for the healthcare sector, national health authorities conduct regular inspections. Aedifica receives the reports of these inspections and implements appropriate actions. An area for improvement consists in conducting regular audits to ensure that minimum health and safety standards are respected by the operators.

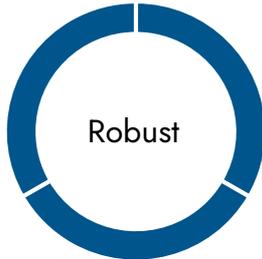
Community Involvement

In 2020, the Issuer has formalised a community engagement plan which includes specific programmes, actions and guidelines to engage with its stakeholders structurally.

Business Ethics

Aedifica has formalised a Code of Conduct, to which all of Aedifica's employees and operators must comply to. The Code of Conduct covers notably conflicts of interests and corruption. In addition, the Issuer reports that an anti-bribery/anti-money laundering policy is under development and will be formalised in 2020.

PART 2: ISSUER



Aedifica is a Belgian listed company that specialises in investments in European healthcare real estate, in particular housing for seniors with care needs. Aedifica has developed a portfolio of more than 450 sites in Belgium, Germany, the Netherlands, the United Kingdom, Finland and Sweden, worth more than EUR3.3 billion. Approximately 32,000 residents live in its properties.

Level of ESG strategy

As of August 2020, we reach a robust level of assurance on Aedifica's capacity to integrate relevant ESG factors in its strategy, and to account on them. We reach a robust assurance on Aedifica's capacity to integrate relevant environmental factors in its strategy and in the Governance pillar. We reach a limited assurance on Aedifica's capacity to integrate relevant social factors in its strategy. (Appendix 2)

ESG STRATEGY AS OF AUGUST 2020



Management of ESG Controversies

As of today, the review conducted by Vigeo Eiris did not reveal any ESG controversy against Aedifica over the last three years.

Involvement in Controversial Activities

The Issuer appears to be not involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

PART 3: COHERENCE

Coherent	We are of the opinion that the contemplated Framework is coherent with Aedifica's strategic sustainability priorities and sector issues and contributes to achieving the Issuer's sustainability commitments.
Partially coherent	
Not coherent	

Context note: According to the United Nations, the real estate sector accounts for 40% of global energy consumption and 33% of greenhouse gas emissions. As a result, this sector can play a leading role in how CO₂ emissions are valued and integrated into the development, design and management of real estate. Real estate players are expected to integrate environmental considerations into their investment and management decisions and should rely on international certifications that frame the environmental performance of buildings (including LEED and BREEAM). As existing buildings will last for decades to come, improving energy efficiency is a priority to fight climate change. The cooperation with tenants is also an essential element to improve the environmental performance of buildings.

In addition, the real estate sector is expected to play a crucial role in the promotion of social and economic development through, for instance, the re-development of marginalized urban areas and the promotion of employability in local communities. The social accessibility of properties is also an increasingly significant factor for real estate companies, both in terms of proximity and connectivity of buildings and economic affordability of properties in the residential segment.

Aedifica appears to acknowledge its role in managing its properties' impacts to support society's transition to a low-carbon economy and to promote social and economic development.

As part of its sustainability strategy, Aedifica has identified four material environmental topics:

- Energy management
- Climate change adaptation
- Life cycle assessment of new development
- Innovation in buildings

The Issuer has also formalised four associated ambitions:

- Measure 80% of its buildings' environmental Impact (and more specifically monitor energy consumption for 80% of the portfolio in cooperation with their tenants);
- Reduce CO₂ emissions by 10% per square meter by 2025;
- Introduce a life-cycle assessment for each new project;
- Introduce a structural dialogue on energy efficiency with its operators on an annual basis.

Aedifica has also issued a formalised and accessible commitment to promote local social and economic development and is currently working on a community engagement plan with specific programmes, actions and guidelines to engage with its stakeholders structurally.

By creating a Framework to issue Instruments to finance or refinance, in full or in part, assets related to Green buildings, Energy efficiency, Renewable energy, Climate change adaptation and Social finance assets, the Issuer coherently aligns with its sustainability strategy and commitments and addresses the main issues of the sector in terms of environmental and social responsibility.

APPENDIX 1 – ELIGIBLE CATEGORIES

AEDIFICA'S FRAMEWORK		
ELIGIBLE CATEGORY	DEFINITION AND ELIGIBILITY CRITERIA	OBJECTIVES AND BENEFITS
Green Building	<p>1) Eligible green building projects include the financing of newly constructed or acquired buildings which have received, or are expected to receive, one of the following certifications.</p> <ul style="list-style-type: none"> – <u>For Belgium:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC 'A' or corresponding to a Net Primary Energy Demand of maximum 100 kWh/m² or E-level ≤ 50; or better – <u>For Germany:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC 'A' or corresponding to a Net Primary Energy Demand of maximum 100 kWh/m²; or better – <u>For The Netherlands:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC 'A'; or corresponding to a Net Primary Energy Demand of maximum 100 kWh /m²; or better – <u>For the United Kingdom:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC 'B'; or corresponding to a Net Primary Energy Demand of maximum 150 kWh /m²; or E-level ≤ 70; or better – <u>For Finland:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC 'A'; or better – <u>For Sweden:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC 'A'; or better – <u>For any other country within the European Union:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC 'A' or better <p>Any new or standing asset with a GRESB Real Estate Reference Guide acceptable building certificate similar or equal to minimum BREAAAM / BREAAAM In-Use 'Good' or GPR '7'.</p> <p>2) Eligible green building projects include the financing of refurbished buildings which have received, or are expected to receive, one of the following certifications.</p> <ul style="list-style-type: none"> – <u>For Belgium:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC 'B' or corresponding to a Net Primary Energy Demand of maximum 150 kWh /m²; or E-level ≤ 70; or better – <u>For Germany:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC 'B'; or corresponding to a Net Primary Energy Demand of maximum 150 kWh/m²; or better – <u>For The Netherlands:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC 'B'; or corresponding to a Net Primary Energy Demand of maximum 150 kWh/m²; or better – <u>For the United Kingdom:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC level 'B'; or corresponding to a Net Primary Energy Demand of maximum 150 kWh/m²; or E-level ≤ 70; or better – <u>For Finland:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC 'B'; or better – <u>For Sweden:</u> <ul style="list-style-type: none"> • A building certificate equivalent to EPC 'B'; or better 	<p>Climate change mitigation</p> <p><i>Reduction of energy consumption and avoidance of GHG emissions</i></p>

	Any new or standing asset with a GRESB Real Estate Reference Guide acceptable building certificate similar or equal to minimum BREAAAM / BREAAAM In-Use 'Good' or GPR '7'.	
Energy Efficiency	Eligible energy efficiency projects include capital expenditure for upgrades designed to deliver at least 100 kWh/m ² energy savings or minimum of 30% energy efficiency gains.	Climate change mitigation <i>Reduction of energy consumption and avoidance of GHG emissions</i>
Renewable Energy	<p>Eligible renewable energy projects represent all investments and expenditures related to onsite renewable energy production. Renewable energy projects can include (but are not limited to):</p> <ul style="list-style-type: none"> – Solar panel installations – Geo-thermal energy production (heat pump air/water and heat pump ground/water) – District heating supplied by a renewable energy source 	Climate change mitigation <i>Avoidance of GHG emissions</i>
Climate change adaptation	<p>Eligible climate change adaptation investments represent all capital expenditure projects to address the climate change challenges such as:</p> <ul style="list-style-type: none"> – Energy storage²; – Water efficiency projects by e.g. reducing the water consumption, increasing on-site buffering and recycling, installing wastewater treatment on site, smart irrigation, etc.; – Passive cooling systems – Overheating prevention measures such as screens, HR++ glass, night ventilation 	Climate change mitigation <i>Increase of energy storage capacity</i> <i>Reduction of water consumption</i> <i>Improvement of energy efficiency</i>
Social finance assets	<p>Eligible social finance assets representing investments in :</p> <ul style="list-style-type: none"> – Non-ordinary investments in the inside or outside environment of nursing homes, targeting improvements with the goal of increased well-being and life quality; – Existing or new facilities that promote innovative or inclusive healthcare or education concepts; – Existing or new facilities that improve accessibility to adequate healthcare or education facilities for vulnerable groups. 	Access to essential services <i>Improve access to healthcare and education facilities</i>

² The Issuer commits that the best available technology will be considered for financing.

APPENDIX 2 – ISSUER ESG STRATEGY

DOMAIN	COMMENTS	OPINION
Environment	<p>We reach a robust assurance on Aedifica's capacity to integrate relevant environmental factors in its strategy.</p> <p>The company has issued a formalised commitment to manage the environmental impact of its properties, which covers energy efficiency improvements, environmental impacts reduction from the use of buildings and including environmental considerations in investment processes. In addition, the company has set the following targets: reduce CO₂ emissions by 10% per square meter by 2025 and target energy monitoring of 80% of the portfolio in cooperation with their tenants.</p>	Robust
		Limited
		Weak
Social	<p>We reach a limited assurance on Aedifica's capacity to integrate relevant social factors in its strategy.</p> <p>The company has issued a formalised and accessible commitment to promote local social and economic development in its Sustainability Report. As of today, the company has not provided the documentation specifying quantitative targets. The commitment only covers part of its responsibilities namely: promote community engagement.</p> <p>The company has made references to freedom of association and the right to collective bargaining, however Vigeo Eiris lacks visibility on the company's engagement with international trade unions in this regard.</p>	Robust
		Limited
		Weak
Governance	<p>We reach a robust assurance on Aedifica's performance in the Governance pillar.</p> <p>Concerning the Board of directors, 7 members of the 9-member Board are considered independent. The roles of Chairman and CEO are separated, and the Chairman is considered independent. The Board's diversity appears to be advanced: at least 40% of directors are women, board members appear to have demonstrated professional experience in the company's sector of activities and CSR related issues.</p> <p>The company has set up an audit committee with a comprehensive role whose members are independent non-executive directors. However, it appears that the committee is not in charge of nominating the statutory auditor and that there is no dedicated process to manage CSR related risks. Non-audit fees represented more than 25% of total fees paid to Ernst and Young in the last fiscal year.</p> <p>Concerning shareholders' rights, it appears that there are no major restrictions on the shareholders' ability to vote, and it is possible to vote using online services. In addition, all major items are voted upon in separate resolutions.</p> <p>The company has set up a remuneration committee whose members are all considered independent. There is no disclosure of the links between variable remuneration of executives and the CSR performance of the company. Bonuses are linked to predetermined and disclosed economic and/or operational performance indicators. However, the actual quantified targets are not disclosed. Moreover, the ratio of CEO compensation vs. average employee salary has decreased over the past three years.</p> <p>The company has issued a formalised commitment to preventing corruption in its Corporate governance charter, however money laundering has not been mentioned.</p>	Robust
		Limited
		Weak

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, Vigeo Eiris provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Vigeo Eiris' methodology for the definition and assessment of the corporation's ESG performance is based on criteria aligned with international standards, in compliance with the ISO 26000 guidelines, and is organised into 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. Our evaluation framework of the material ESG issues has been adapted on the basis of the specificities of the Issuer's business activity.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, and internal review by the Issuers Business Unit for Second Party Opinions) complemented by a final review and validation by the Director of Methods. Our Second Party Opinions (SPOs) are also subject to internal quality control at three levels (consultants in charge of the mission, Project Manager, Quality Reviewer) and final review and validation by the Director of Methods and the Director of Issuers or the Sustainable Finance Senior Advisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company, then the Director of Methods, and finally Vigeo Eiris' Scientific Council.

All employees are signatories of Vigeo Eiris' Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

PART 1. ISSUANCE

Alignment with the Green and Social Bond Principles and Green Loan Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by Vigeo Eiris according to the ICMA's Green Bond Principles - June 2018 ("GBP") and the Social Bond Principles - June 2020 ("SBP"), and with the Loan Market Association's Green Loan Principles - May 2020 ("GLP"), and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. Vigeo Eiris evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris on its transparency, governance and relevance. The eligibility criteria have been assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds have been assessed by Vigeo Eiris on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer have been assessed by Vigeo Eiris on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: **Weak, Limited, Robust, Advanced**

For Vigeo Eiris, the potential positive impact of an activity on environmental and/or social objectives cannot be decoupled from the management of the associated potential negative impacts and externalities. Our assessment of expected positive impacts and of identification and management of ESG risks is therefore consolidated into the activity's overall contribution to sustainability.

Expected positive impact of the activities on environmental and/or social objectives

This section assesses the potential/expected positive impact of the activities to be financed by the Issuer or Borrower on environmental and/or social objectives.

The expected positive impact of activities on environmental objectives is assessed on the basis of:

- i) the relevance of the claimed environmental objective for the sector of the activity and location/context;
- ii) the scope of the expected impact (value chain, local and global stakeholders);
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental objectives (capacity to not just reduce, but to prevent/avoid negative impact);
- iv) the extent to which the activity is adopting the best available option.

The expected impact of activities on social objectives is assessed on the basis of:

- i) the relevance of the claimed social objective (social need) at local/country level;
- ii) the extent to which the activity is targeting of a population in need;
- iii) the magnitude and durability of the potential impact of the proposed activity on the social objective (capacity to provide a structural/long-term improvement to the social issue in question).

Project ESG risk management

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of Vigeo Eiris' ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

PART 2. ISSUER

Issuer's ESG strategy

Scale of assessment of ESG strategy: **Weak, Limited, Robust**

NB: The Issuer's integration of ESG factors in its strategy has not been assessed through a complete process of rating and benchmark developed by Vigeo Eiris. The assessment of the Issuer's ESG strategy has focused only on the Leadership item from Vigeo Eiris' ESG rating methodology (see below), based on information provided by the Issuer, public information and stakeholders' views and opinions collected from public documents.

The issuer has been evaluated by Vigeo Eiris on its ESG strategy, based on relevant ESG drivers organised in the 6 sustainability domains. The Issuer's strategy has been assessed by Vigeo Eiris based on its Leadership: relevance of the commitments (content, visibility and ownership).

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation based on unproven facts.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to screen the company's involvement in any of them. The company's level of involvement (Major, Minor, No Involvement) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

PART 3. COHERENCE

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

Scale of assessment: not coherent, partially coherent, coherent

VIGEO EIRIS' ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of sustainability. Reasonable level of risk management and using innovative methods to anticipate emerging risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles by adopting recommended and other best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles, but not all of them.
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of assurance of risk management is weak to very weak.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.

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This opinion aims at providing an independent opinion on the sustainability credentials and management of the Instruments, based on the information which has been made available to Vigeo Eiris. Vigeo Eiris has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on the financial performance of the Instruments, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

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