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Press release

A First in Belgium

Inaugural **Green Bond** Private Placements for a Belgian Issuer

45 Mio EUR to finance Aquafin's low-carbon, climate-resilient, and environmentally friendly investments

The Flemish water treatment company Aquafin mandated Belfius as joint lead manager and joint bookrunner (together with HSBC) to structure and place a Green Bond. Through this type of issuance, the company was able to diversify its funding sources and benefit from competitive market opportunities. Aquafin successfully launched a 45 Mio EUR Private Placement, being the very first Green Bond issue for a Belgian Issuer. As such, Aquafin attracted funding which will be dedicated to low-carbon, climate-resilient, and environmentally friendly investments.

Green Bonds represent a new type of financing products that recently emerged on the capital markets. It is targeted towards financing Green or environmentally friendly projects. This new type of financing improves the alignment of issuers' financing needs and investors' appetite for increased exposures to green projects, while offering issuers a broader diversification.

We observe increased market demand for this type of product. The first corporate Green Bonds were issued in November 2013 and propelled the overall Green Bonds market in 2013 to 9,83 Bn EUR. The market size tripled in 2014 to 32,7 Bn EUR and issuance in 2015 (YTD) amounts to 22,9 Bn EUR. The Green Bond framework lists eligible projects that are generally supportive of the dual objective of promoting a transition to low-carbon and climate-resilient growth, while at the same time improving the environment.

Proceeds from Green Bonds will exclusively fund Aquafin's investments in projects executed on behalf of the Flemish Region. The eligible projects have a mitigating impact on climate change. Other projects are dedicated to further water treatment or increasing biodiversity.

In line with the demand for higher transparency in the Green Bond market, this issue obtained an extra-financial certificate called 'Second Opinion' delivered by the independent research institution Cicero. The Green Bond framework and the eligible projects are graded Medium Green, and even Dark Green, reflecting the climate and environmental ambitions of the bonds. The grading is based on a broad

qualitative assessment of the selection process and the criteria to select projects under the Green Bond framework, according to their contribution to building a low-carbon society.

A successful Green Bond placement for Aquafin's environmentally friendly investments

“An independent second opinion is very important for Aquafin”, underlines the Chief Financial Officer Johan Maes. “We stand for a broad and renewing policy of financing sources. While we observe a clear tendency towards durable initiatives, we absolutely do not want to do window-dressing. The independent judgment of CICERO is a testimony thereof. With this first issue, we intend to test the market and the participating investors, in order to possibly launch a new bigger placement in the future. With this type of product, Aquafin can further diversify its investor base and optimize its financing strategy, in a way that really matches Aquafin's needs.

Aquafin successfully issued a dual tranche transaction with 10 and 15 years tenors for a total amount of 45 Mio EUR. Following a marketing phase with several key accounts, investors have positively responded and made this a success: Aquafin's expectations were exceeded, as the initial target was 25 Mio EUR. Aquafin was established by the Flemish Region in 1990, for the purpose of expanding, operating and pre-financing the wastewater treatment infrastructure in Flanders. over the last twenty-five years Aquafin executed 3.4 Bn EUR in water treatment projects to comply with European and Flemish environmental regulations. The treatment level has increased from just 30% to around 81% in the last 25 years. The company has for an amount of 1,6 Bn EUR new projects in the pipeline.

Belfius Bank is the reference partner for Utility companies in Belgium and can demonstrate a long lasting experience and leading role in structuring and issuing bonds not only for the Belgian Utility issuers, but to a larger extent for the (semi)-public and corporate actors. The two consecutive awards of Euronext Brussels as 'N°1 Bond Finance House' respectively in 2013 and in 2014 awarded to Belfius Bank are also a testimony thereof.

Aquafin and Belfius are delighted of the result of this transaction which confirms the confidence of investors in Aquafin's low-carbon, climate-resilient, and environmentally friendly projects.

Media contacts

Belfius:

Ulrike Pommée, + 32 2 222 02 57 , Ulrike.pommee@belfius.be / press@belfius.be,

Aquafin

Johan Maes, Financial manager, +32 476 56 06 99, johan.maes@aquafin.be

Sofie De Clercq, Financial advisor, +32 494 48 71 42, sofie.declercq@aquafin.be