

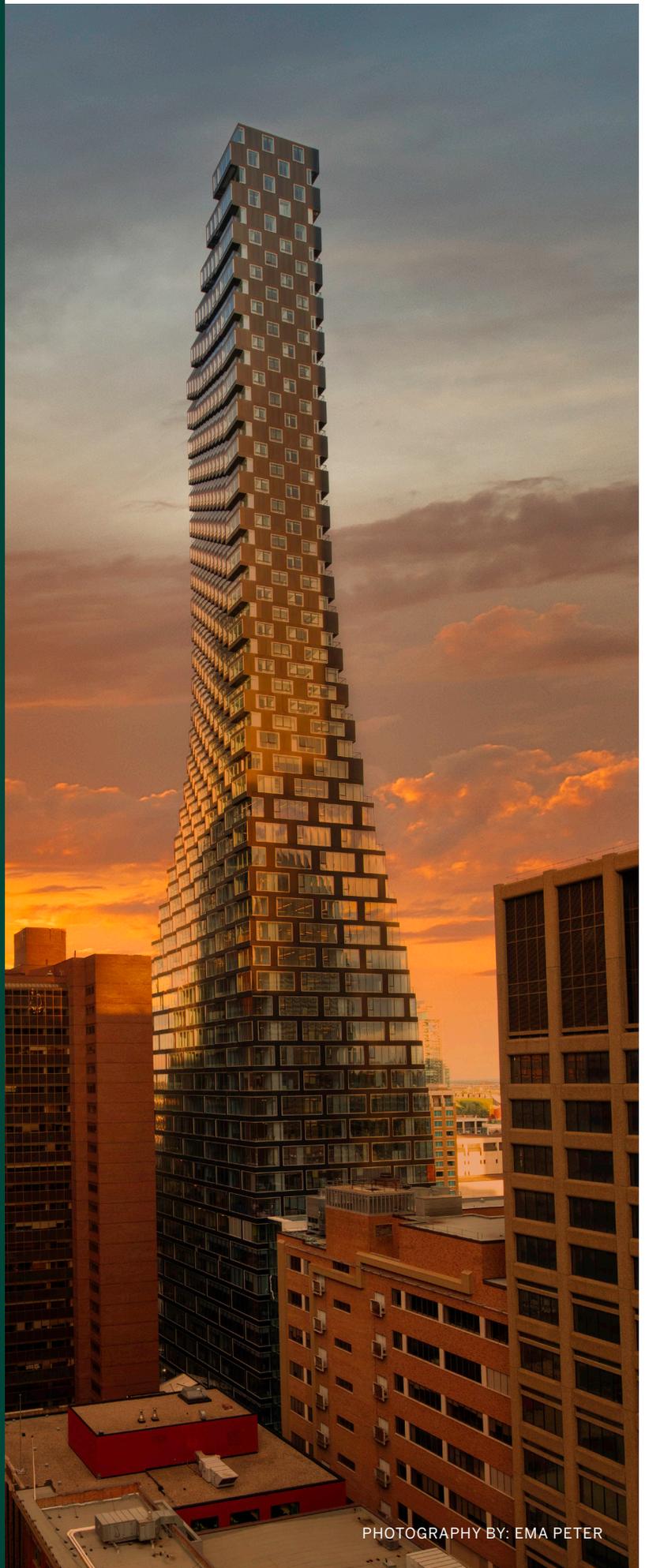
ALLIED

# Green Financing Framework

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Urban environments for  
creativity and connectivity

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PHOTOGRAPHY BY: EMA PETER

# Green Financing Framework

## Company Overview

Allied Properties Real Estate Investment Trust (“Allied”) is a leading owner, manager and developer of (i) urban workspace in Canada’s major cities and (ii) network-dense urban data centers in Toronto that form Canada’s hub for global connectivity. Allied’s business is providing knowledge-based organizations with distinctive urban environments for creativity and connectivity.

Allied invests in office properties in Canada and is known for its leading role in the emergence of Class I workspace. This format features high ceilings, abundant natural light, exposed structural frames, interior brick and hardwood floors created through adaptive re-use of light industrial structures. As of December 31, 2020, Allied had assets of \$9.4 billion, a market capitalization of \$4.8 billion and rental properties with 14 million square feet of GLA in seven cities across Canada.

Allied is committed to sustainability and as a city builder, Allied has a responsibility to ensure its practices and operations create and leave a positive impact. Allied’s dedication to sustainability is reflected in our mission statement:

*“To provide knowledge-based organizations with distinctive urban workspace in a manner that is sustainable and conducive to human wellness, creativity, connectivity and diversity”*

Environmental, social and governance (ESG) issues are a critical consideration of day-to-day business operations and long-range planning. We define ESG as the following:

**Environmental** – Our impact on the natural world at both corporate and property levels. We aim to protect the natural environment while reducing our environmental footprint through thoughtful acquisitions, development and operations.

**Social** – Our relationship with key stakeholders, including users, employees, suppliers and the communities in which we operate. We aim to increase employee and user engagement and support the neighbourhoods where we operate.

**Governance** – Our internal policies, programs and processes that support the management of our business and the execution of ESG-related activities. We aim to ensure our governance infrastructure supports equitable, transparent and responsible business conduct.

## Overview of Framework

In support of these practices, Allied established the following Green Financing Framework (the “Framework”) which complies with the Green Bond Principles (the “GBP”) developed by the International Capital Markets Association as of June 2018, and the Green Loan Principles (the “GLP”) developed by the Loan Market Association as of May 2020. This Framework is based on the four core components of the GBP and the GLP:

1. Use of Proceeds
2. Process for Evaluation and Selection
3. Management of Proceeds
4. Allocation and Impact Reporting

Allied has developed a Green Financing Framework under which Allied or any of its subsidiaries may issue Green Financial Instruments including Green Bonds, Green Loans, or other financial instruments (hereinafter referred to as the “Green Financing Instruments”).

## 1. Use of Proceeds

Allied intends to allocate the net proceeds from the issuances of Green Financing Instruments to finance and/or re-finance eligible green projects (the “Eligible Green Projects” or the “Projects”) as identifying with one or more of the following categories.

ELIGIBLE GREEN PROJECT CATEGORY	ELIGIBLE INVESTMENTS
<b>GREEN BUILDINGS</b>	<p>Investments related to the purchase, development and/or re-development of properties other than data centres that have received or are expected to receive at least one of the following green building certifications (or other equivalent green certification):</p> <ul style="list-style-type: none"> <li>• LEED: Gold, Platinum</li> <li>• BOMA BEST (Gold or Platinum)</li> </ul> <p>Investments related to the purchase, development and/or re-development of data centre properties that have received or are expected to receive the following green building certifications (or other equivalent green certification):</p> <ul style="list-style-type: none"> <li>• LEED: Silver, Gold, Platinum</li> </ul>
<b>RESOURCE EFFICIENCY &amp; MANAGEMENT</b>	<p>Investments that support measures to improve resource efficiency (energy and/or water efficiency, wastewater management and/or waste diversion) including, but not limited to, projects, systems, equipment or technologies that:</p> <ul style="list-style-type: none"> <li>• Improve energy storage and capture such as district heating and cooling (e.g. thermal storage facilities)</li> <li>• Reduce energy consumption or improve energy efficiency<sup>1</sup></li> <li>• Reduce waste or improve recycling and/or waste diversion rates; or</li> <li>• Reduce water consumption or improve water efficiency</li> </ul>
<b>CLEAN TRANSPORTATION</b>	<p>Investments in infrastructure to accommodate electric vehicles and other clean or active transportation options.</p>
<b>RENEWABLE ENERGY</b>	<p>Investments aimed at providing renewable energy including, but not limited to, wind, solar or geothermal. Geothermal projects are expected to result in direct emissions &lt;100 grams of CO<sub>2</sub>/kWh.</p>

<sup>1</sup> Eligible projects will exclude energy efficiency measures for fossil fueled projects.

## 2. Process for Project Evaluation and Selection

Allied has established the following process:

Allied will appoint a Green Financing Working Committee (the “Committee”) to oversee the implementation of its Framework. The Committee will consist of members across different departments such as Sustainability, Finance, Development, Asset Management and Legal. For the avoidance of doubt, other representatives of Allied may be admitted as additional members of the Committee.

The Committee will identify projects that satisfy the Eligible Green Projects criteria set forth in the “Use of Proceeds” section. Projects identified will be brought to Allied’s senior management team for final approval.

A list of Eligible Green Projects will be maintained in a Green Financing Register and will include the project name and location, description of the use of proceeds, reference to the relevant eligibility criteria and amount allocated. The relevant information of each Green Financing Instrument issue will also be documented in the Green Financing Register.

## 3. Management of Proceeds

The net proceeds from a Green Financing Instrument issue will be deposited to Allied’s general account and be earmarked for allocation to Eligible Green Projects in accordance with the Framework.

All relevant information regarding the issuance of Green Financing Instruments and the Eligible Green Projects financed by such Green Financing Instruments will be kept in a Green Financing Register to be managed by Allied’s Finance and Accounting department.

Net proceeds may be allocated for investments associated with Eligible Green Projects made by Allied in the 36 months preceding the issuance of a Green Financing Instrument. Allied intends to allocate net proceeds within 24 months of an offering.

Prior to allocation, net proceeds of a Green Financing Instrument issuance may be utilized, in part or in full, for repayment of Allied’s debt, held in cash or cash equivalents, or for general trust purposes.

## 4. Allocation and Impact Reporting

Allied will engage a third party to complete an annual verification of its allocation of net proceeds issued to Eligible Green Projects until full allocation. In addition, until full allocation, Allied will provide annual updates via its website [www.alliedreit.com](http://www.alliedreit.com) and/or in its Annual Report or ESG Report that includes relevant information such as Eligible Green Projects, amount allocated to Eligible Green Projects and the balance of unallocated net proceeds.

Allied will provide information on environmental impact metrics and/or the level of green building certifications for applicable Eligible Green Projects and if feasible and practicable, Allied may provide such information as:

- Green building certifications
- Floor space of green real estate (m<sup>2</sup>)
- Annual energy savings or renewable energy generated (MWh)
- Annual water savings (m<sup>3</sup>) or percentage reduction in water use
- Annual waste that is prevented or diverted (% of total waste or amount in tonnes)
- Annual greenhouse gas emissions reduced/avoided (tonnes of CO<sub>2</sub>e)
- New clean transportation infrastructure (km)

## External Review

Allied obtained an independent second party opinion from Sustainalytics on its Green Financing Framework, indicating alignment with the Green Bond Principles and the Green Loan Principles. This opinion is available on Sustainalytics' website: <https://www.sustainalytics.com/sustainable-finance/our-work/>, and also available on Allied's website: <https://www.alliedreit.com/company/esg/>.

**ALLIED PROPERTIES REIT**

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