Second-Party Opinion

Allied Green Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the Allied Green Financing Framework is credible, impactful and aligned with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2025. This assessment is based on the following:

USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Net Zero Carbon (NZC) Transition Projects, Resource Efficiency and Management, Clean Transportation, Renewable Energy, Sustainable Water and Wastewater Management, Climate Adaptation and Resilience, and Circular Economy Adapted Products – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 9, 11 and 12.

PROJECT EVALUATION AND SELECTION Allied Properties Real Estate Investment Trust ("Allied")'s Green Financing Working Committee, comprised of members with varying functional expertise, will oversee the implementation of the Framework and be responsible for identifying projects that meet the eligibility criteria defined in the Framework. The committee will also be responsible for assessing environmental and social risks associated with the financed projects in accordance with Allied's annual risk management assessment process. Sustainalytics considers the project selection process to be in line with market practice.

MANAGEMENT OF PROCEEDS Allied's net proceeds from the issuance of the green financing instruments will be deposited to Allied's general account and earmarked for allocation to eligible projects. Allied intends to fully allocate net proceeds within 36 months of issuance. Until fully allocated to credible projects, net proceeds may be used to repay Allied's debt, held in cash or cash equivalents, or used for general trust purposes. This is in line with market practice.

REPORTING Allied commits to report on the allocation of proceeds and corresponding impacts, on an annual basis until full allocation, in its Annual Report or ESG Report, which will be publicly available on its website. Allocation reporting will include details regarding the eligible green projects, the amount allocated to each project and the balance of unallocated net proceeds. In addition, Allied intends to report on relevant impact metrics. Sustainalytics views Allied's allocation and impact reporting as aligned with market practice.

Second-Party Opinion

Reviewed by: MORNINGSTAR | SUSTAINALYTICS

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[1] This document updates the Second-Party Opinion originally provided by Sustainalytics in February 2021.

Introduction

Allied Properties Real Estate Investment Trust ("Allied" or the "Company") is a real estate investment trust, governed by the laws of Ontario. The Company is an owner-operator of urban workspace, with 13 million square feet of gross leasable area for office space and 1.3 million square feet for retail space, in five major cities across Canada. As of December 2024, the Company manages a portfolio worth CAD 10.6 billion (USD 7.7 billion).[2]

Allied has developed the Allied Green Financing Framework dated May 2025 (the "Framework"), under which it intends to issue green bonds and obtain green loans, including term loans and revolving facilities or other related financial instruments,[3] and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to reduce the carbon footprint and energy consumption of its activities in Canada. The Framework defines eligibility criteria in eight areas:

1. Green Buildings
2. Net Zero Carbon (NZC) Transition Projects
3. Resource Efficiency and Management
4. Clean Transportation
5. Renewable Energy
6. Sustainable Water and Wastewater Management
7. Climate Adaptation and Resilience
8. Circular Economy Adapted Products

Allied engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)[4] and the Green Loan Principles 2025 (GLP).[5] The Framework will be published in a separate document.[6]

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[7] opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2025, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.18, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Allied's management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Allied representatives have confirmed that: (1) they understand it is the sole responsibility of Allied to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

[2] Allied, "Annual Report December 31, 2024", at: https://alliedreit.com/wp-content/uploads/2025/02/Allied_Q4AR_December-31-2024.pdf
[3] Sustainalytics' opinion is limited to the financial instruments expressly listed in the Framework.
[4] The Green Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/.
[5] The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at https://www.lsta.org/content/green-loan-principles/
[6] The Allied Green Financing Framework will be available at: https://alliedreit.com/company/esg/
[7] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Allied.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Allied has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Allied Green Financing Framework

Sustainalytics is of the opinion that the Allied Green Financing Framework is credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Green Buildings, Net Zero Carbon (NZC) Transition Projects, Resource Efficiency and Management, Clean Transportation, Renewable Energy, Sustainable Water and Wastewater Management, Climate Adaptation and Resilience, and Circular Economy Adapted Products – are aligned with those recognized by the GBP and GLP.
  - The Framework defines a look-back period of up to 36 months for refinancing expenditures.
  - Under the Green Buildings category, Allied may finance or refinance the purchase, development and redevelopment of residential and commercial buildings that have received or will receive at least one of the following green building certifications: i) LEED (Gold or Platinum);[8] ii) BOMA BEST (Gold or Platinum);[9] iii) Toronto Green Standard (Tier 2 or above);[10] and iv) CaGBC Zero Carbon Building Standard (Design or Performance Standard).[11,12]
    - For buildings certified with CaGBC Zero Carbon Building Performance Standard, Sustainalytics emphasizes that deep decarbonization of the building sector must be driven primarily by improvements in energy efficiency, with low-carbon energy serving as a complementary solution. In addition, Sustainalytics believes that carbon offsets should be used only to address residual emissions. Sustainalytics, therefore, encourages Allied to prioritize financing buildings with strong energy efficiency performance and to report on the energy use intensity of the buildings that have received the CaGBC Zero Carbon Performance Standard.
    - Allied has confirmed to Sustainalytics that: i) industrial buildings and ii) commercial buildings that are intended for controversial activities such as gambling will not be financed under the Framework.

[8] LEED: https://www.usgbc.org/leed
[9] BOMA BEST: https://bomabest.org/
[10] Toronto Green Standard: https://www.toronto.ca/city-government/planning-development/official-plan-guidelines/toronto-green-standard/
[11] CAGBC: https://www.cagbc.org/our-work/certification/zero-carbon-building-standard/
[12] Allied has communicated to Sustainalytics that buildings certified with CaGBC Zero Carbon Building Standard can use the Design Standard or the Performance Standard, separately. Sustainalytics notes that the Performance Standard requires achieving a zero-carbon balance by reducing greenhouse gas emissions. This can involve the use of carbon offsets and procurement of renewable energy.

- Under the Net Zero Carbon (NZC) Transition Projects category, Allied may finance or refinance investments in projects, systems and equipment that contribute to the reduction of operational emissions[13] from its buildings by 30% by replacing parts of or all of its fossil fuel-based systems with electric or low carbon energy sources. The Company may finance the following expenditures:
    - Infrastructure investments for connecting to district energy systems facilitating low carbon energy, such as electric heaters or geo-exchange heat pumps.
        - Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics encourages Allied to exclude financing of heat pumps with refrigerants with high global warming potential and promote robust refrigerant leak control, detection and monitoring while ensuring the recovery, reclamation, recycling or destruction of refrigerants at end of life.
    - Electric heat pumps, including dual-fuel electric heat pumps, with natural gas furnace used as a back-up during low temperatures.
        - Sustainalytics recognizes that dual-fuel heat pump systems demonstrate increased energy efficiency relative to conventional heating systems, with automated transition between electric heat pump and furnace operation providing a consistent heating supply in the building. Nevertheless, Sustainalytics notes that the dual-fuel systems create a risk of fossil fuel lock-in that will prolong the use of natural gas.
- Under the Resource Efficiency and Management category, Allied may finance or refinance projects, systems, equipment and technologies to improve energy and resource efficiency. Eligible projects may include the following:
    - Installation of energy-efficient heating, ventilation, refrigeration, lighting and electrical equipment.
    - Improvement of energy storage, capture and recycling of waste heat, including thermal energy systems, such as ice tanks and batteries.
    - Improvement of efficiency in energy storage and battery systems that are connected to renewable energy or a grid with an average emissions intensity of lower than 100 gCO_2/kWh.
    - Installation of smart grids, electricity and water smart meters.
        - Allied has communicated to Sustainalytics that smart grid investments will focus on improving grid efficiency, which may include the use of electrical equipment and digital technology to track, control and optimize electricity use to reduce buildings' energy demand and improve overall grid reliability. Additionally, Allied has confirmed that financing smart grids will exclude the energy efficiency applications related to transmission lines connected to fossil fuels.
    - Allied has confirmed to Sustainalytics that projects, systems and equipment financed under this category are not powered by fossil fuels.
    - Sustainalytics considers expenditures under this category to be in line with market practice.
- Under the Clean Transportation category, Allied may finance or refinance infrastructure to accommodate electric vehicles (EVs), low carbon vehicles and active transportation. Eligible projects may include upgrading existing electrical infrastructure in buildings, and designing and constructing charging stations.
    - Allied has confirmed to Sustainalytics that only upgrades that are directly connected to EV charging stations will be financed under the Framework.
    - Allied has confirmed to Sustainalytics that parking facilities will not be financed under this category.
    - Sustainalytics considers expenditures under this category to be in line with market practice.

[13] The Framework defines operational emissions as scope 1 and 2 emissions from a building's operational energy consumption.

- Under the Renewable Energy category, Allied may finance or refinance renewable energy projects, including wind, solar photovoltaic and geothermal energy that have a direct emissions intensity of less than 100 gCO_2/kWh.
  - Sustainalytics considers expenditures under this category to be in line with market practice.
- Under the Sustainable Water and Wastewater Management category, Allied may finance or refinance investments in systems or equipment that reduce water consumption or improve water use efficiency in its properties with projects for the collection, recycling or reuse of rainwater or wastewater. Eligible systems and equipment may include the following:
  - Smart water sub-metering programmes, low-flow plumbing fixtures and rainwater harvesting systems for irrigation or toilets. Allied has confirmed to Sustainalytics that such systems will be either electric or passive and not powered by fossil fuels.
  - Sustainalytics considers expenditures under this category to be in line with market practice.
- Under the Climate Adaptation and Resilience category, Allied may finance or refinance investments related to climate adaptation in its real estate properties, including:
  - Design, construction, maintenance and upgrade of buildings or assets to adapt to extreme weather events caused by climate change.
    - Allied has confirmed that the renovation, upgrade and maintenance expenditures will directly support the adaptation of buildings against physical climate risk and extreme events, such as flooding. Examples include creation of bioswales or use of pervious pavement to allow rainwater to seep into the ground.
      - For landscape projects, such as bioswale creation, Allied has confirmed to Sustainalytics that invasive and genetically modified species will be excluded.
  - Advanced monitoring equipment, information support systems, climate observation and early-warning systems.
  - Sustainalytics notes that Allied undertakes vulnerability assessments and develops adaptation plans for such investments, where applicable.
  - Sustainalytics considers expenditures under this category to be in line with market practice.
- Under the Circular Economy Adapted Products category, Allied may finance or refinance investments or expenditures for the procurement, and research and development of sustainable building materials that can reduce a property's embodied carbon, including:
  - Reused, recycled and refurbished materials for property construction, renovation and retrofit, such as recycled aggregate concrete, reclaimed wood and steel, recycled and upcycled carpet, and ceiling tiles.
  - Sustainalytics considers expenditures under this category to be in line with market practice.

- Project Evaluation and Selection:
  - Allied's Green Financing Working Committee, comprised of members from the Company's various departments, such as Sustainability, Finance, Development, Asset Management and Legal, will oversee the implementation of the Framework and be responsible for identifying projects that meet the eligibility criteria defined in the Framework.
  - The Green Financing Working Committee will also be responsible for assessing environmental and social risks associated with the financed projects in accordance with the Company's annual risk management assessment process. Sustainalytics considers this environmental and social risk management system to be adequate. For more information on Allied's internal risk management processes and procedures, please refer to Section 2.
  - Based on the established process for project selection and the presence of risk management processes, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - Allied's Finance and Accounting Department will be responsible for the management and allocation of proceeds. The net proceeds from the issuance of the green financing instruments will be deposited to Allied's general account and earmarked for allocation to eligible projects.

Allied will use a Green Financing Register to track relevant information regarding the projects financed by the instruments issued under the Framework.
  - Allied intends to fully allocate net proceeds within 36 months of issuance. Until fully allocated to credible projects, net proceeds may be used to repay Allied's debt, held in cash or cash equivalents, or used for general trust purposes. If a project is no longer deemed eligible pursuant to the eligibility criteria in the Framework, the net proceeds will be reallocated to ensure continuous allocation of the asset portfolio. Allied has confirmed to Sustainalytics that the repayment of the Company's debt will not be linked to carbon-intensive assets or activities.
  - Sustainalytics notes that instruments issued under the Framework may include multi-tranche loan facilities. Allied has confirmed to Sustainalytics that it intends to label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.
  - Based on the use of a tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Allied commits to report on the allocation of proceeds and corresponding impacts, on an annual basis until full allocation, in its Annual Report or ESG Report, which will be publicly available on its website. Allied will also seek external verification of the allocation of net proceeds issued to the eligible green projects from an independent external reviewer.
  - Allied has confirmed to Sustainalytics that for revolving credit facilities obtained under the Framework, it will report on allocation until the maturity of the loan facilities.
  - Allocation reporting will include details regarding the eligible green projects, the amount allocated to each project, the amount of new financing and refinancing, and the balance of unallocated net proceeds.
  - In addition, Allied is committed to report on relevant impact metrics (at least one per category), such as the green building certifications achieved, renewable energy generated or procured (in MWh), annual water savings (in m^3) and annual greenhouse gas emissions avoided (in tCO_2e).
  - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with the Green Bond Principles 2021 and Green Loan Principles 2025

Sustainalytics has determined that the Allied Green Financing Framework aligns with the four core components of the GBP and GLP.

Section 2: Sustainability Strategy of Allied

Contribution to Allied's sustainability strategy

Allied focuses on the following environmental areas in its sustainability strategy: i) decarbonization; ii) climate resilience; and iii) building performance.[14]

Allied's sustainability strategy is centered on decarbonization and targets to reduce environmental impact across its portfolio. Allied's greenhouse gas emissions (GHG) reduction targets for its rental and development portfolio were validated by the Science Based Targets initiative (SBTi) in May 2025. Consistent with a 1.5°C decarbonization pathway and in line with the science-based requirements of the SBTi's Corporate Net-Zero Standard, Allied commits to reach net-zero GHG emissions across the value chain by 2050. This includes a reduction in absolute scope 1 and 2 GHG emissions by 42% by 2030 from the 2022 base year. Allied has also committed to reduce absolute scope 1 and 2 GHG emissions by 90% by 2050 from the 2022 base year and to reduce absolute scope 3 GHG emissions by 90% within the same period. These targets will apply to both Allied's rental and development portfolios.[15] Additionally, the Company aims to certify 70% of its standing portfolio to LEED or BOMA BEST by 2028, up from 41% in 2023. In addition, in 2023, the Company exceeded its 2024 target of a 19% reduction in energy use intensity, a 17% decrease in GHG emissions intensity and a

[14] Allied, "Environmental, Social and Governance Report 2023", (2024), at: https://alliedreit.com/wp-content/uploads/2024/06/Allied_ESG_2023.pdf
[15] Allied, "Allied Announces Net-Zero Emissions Reduction Targets Validated by the Science Based Targets initiative", (2025), at: https://alliedreit.com/wp-content/uploads/2025/05/PressRelease_May22_EN.pdf

30% reduction in its water use intensity for its target portfolio[16], compared to the 2019 baseline. Also in 2023, Allied achieved a waste diversion rate of 56% through its waste management strategy.[17]

Allied prioritizes deep carbon retrofits, energy-efficient lighting and smart water submetering to enhance efficiency while reducing emissions and operational costs. Since 2019, Allied has invested CAD 8.8 million (USD 6.4 million) in energy and water conservation capital projects and has completed 108 lighting retrofits, covering over 10.2 million square feet, reducing lighting energy costs by more than 40%.[18] In 2023, Allied implemented a demand response programme at one of its Montreal properties to optimize heating systems, leading to a 44% reduction in natural gas consumption without an increase in energy costs. Additionally, Allied continues to enhance its portfolio resilience through sustainable design, low carbon upgrades and strategic capital allocation to support its long-term NZC Plan.[19]

Sustainalytics is of the opinion that the Allied Green Financing Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) land use and biodiversity issues related to large-scale infrastructure development; ii) emissions, effluents and waste generated during construction; iii) occupational health and safety (OHS); iv) community relations; and v) business ethics.

Sustainalytics is of the opinion that Allied is able to manage and/or mitigate potential risks through implementation of the following:

- With board-level oversight, Allied integrates ESG-related risks, such as transition-related and physical climate risks, into its overall risk management process and business functions to reduce its exposure to physical and transition risks and achieve net zero by 2050.[20,21]
- To mitigate risks associated with land use and biodiversity issues related to large-scale infrastructure development, Allied adheres to national law and regulations and aligns with the Canadian Environmental Assessment Act, 2012, which outlines the responsibilities and procedures for carrying out environmental assessments for projects.[22] Furthermore, Allied obtains a Phase I environmental assessment, conducted by an independent and experienced environmental consultant, prior to acquiring any property. The Company also commits to evaluating potential impacts to its business on an ongoing basis and making investments to mitigate identified risks.[23]
- To address risks associated with emissions, effluents and waste generated during construction, Allied has established its Environmental, Social and Governance Policy,[24] in which it commits to environmental goals, such as reducing waste generated in operations and development through sorting, handling, responsible treatment, storage and disposal. Furthermore, Allied adheres to the following to manage risks related to waste generated during construction and operation of buildings: i) Canadian Environmental Protection Act, 1999 (S.C. 1999, c.33); and the ii) Waste Audits and Waste Reduction Work Plans (O.R. 102/94); and the iii) Industrial, Commercial and Institutional Source Separation Programs (O.R. 103/94) regulations under Ontario's Environmental Protection Act.[25] The Company also has a contractor management and permit-to-work programme to ensure that work performed by third parties meets Allied's expectations and minimum requirements.

[16] Allied's target portfolio was established in 2021, based on data availability at that time and representative building types for like-for-like performance comparison. Details of the Company's reporting boundaries are outlined in the Reporting Methodology section on page 30 of its Environmental, Social and Governance Report.
Allied, "Environmental, Social and Governance Report 2023", (2024), at: https://alliedreit.com/wp-content/uploads/2024/06/Allied_ESG_2023.pdf
[17] Ibid.
[18] Ibid.
[19] Ibid.
[20] Allied, "Environmental, Social and Governance Report 2023", (2024), at: https://alliedreit.com/wp-content/uploads/2024/06/Allied_ESG_2023.pdf
[21] Allied, "Environmental, Social and Governance Policy", (2024), at: https://alliedreit.com/wp-content/uploads/2023/10/7-–-Environmental-Social-and-Governance-Policy.pdf
[22] Government of Canada, "Canadian Environmental Assessment Act", (2012), at: https://laws-lois.justice.gc.ca/eng/acts/c-15.21/
[23] Allied, "Annual Report December 31, 2024", at: https://alliedreit.com/wp-content/uploads/2025/02/Allied_Q4AR_December-31-2024.pdf
[24] Allied, "Environmental, Social and Governance Policy", (2024), at: https://alliedreit.com/wp-content/uploads/2023/10/7-–-Environmental-Social-and-Governance-Policy.pdf
[25] Allied, "Environmental, Social and Governance Report 2023", (2024), at: https://alliedreit.com/wp-content/uploads/2024/06/Allied_ESG_2023.pdf

- Allied has an OHS management system (OHSMS) that applies to all of its employees, users, contractors and visitors at all the sites that the Company owns and manages.[26] It adheres to the provincial and federal OHS requirements related to policy, roles, responsibilities, hazard recognition, reporting, assessment, workplace inspections, training, injury and incident investigations.[27] The components of the OHSMS comply with the following: i) Ontario's Occupational Health and Safety Act; ii) Quebec's Act Respecting Occupational Health and Safety; iii) Alberta's Occupational Health and Safety Act; and iv) British Columbia's Occupational Health and Safety Regulation.[28]
- Regarding business ethics risks, Allied has established a Code of Business Conduct,[29] that is a guide to describe key issues and identify policies and resources to help employees, officers, contractors and trustees to make decisions and take actions in alignment with the code. The code requires all the aforementioned representatives to commit to conducting Allied's business in the best interest of all stakeholders. The Company has a zero-tolerance policy for: i) bribery, ii) corruption, iii) money laundering, or iv) terrorist financing. Allied also requires its representatives to not engage in transactions that may involve these practices and to follow applicable laws.[30] Allied representatives are expected to conduct due diligence when transacting with third parties, including to understand ownership and to maintain accurate records to reflect the nature of each transaction.[31] The code also highlights Allied's zero-tolerance policy for fraud and provides guidelines on conflicts of interest including related to the material interests of trustees and officers, board membership and investments.[32]
- To address risks related to community relations, Allied commits to community impact and engagement through interaction with communities during the development process, supported by measures such as town hall meetings.[33] Additionally, Allied acknowledges the United Nations Declaration on the Rights of Indigenous Peoples and strives to enable reconciliation and nurture good relationships with the Indigenous and non-Indigenous peoples in Canada.[34]
- Sustainalytics notes that financing under the Framework will take place primarily in Canada, which is recognized as a Designated Country under the Equator Principles, indicating the presence of environmental and social governance legislation systems and institutional capacity for protecting the environment and communities.[35]

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Allied has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

The impact of green buildings in reducing GHG emissions in Canada

The buildings sector is a key contributor to GHG emissions in Canada, accounting for 13% of total GHG emissions in the country in 2022, the third largest emitter after oil and gas, and transportation.[36,37] The majority of the energy consumption in residential buildings comes from space heating, which is primarily powered by natural gas and accounts for 61% of a building's energy use.[38] The remaining energy use relates to water

[26] Ibid.
[27] Ibid.
[28] Ibid.
[29] Allied, "Code of Business Conduct", (2024), at: https://alliedreit.com/wp-content/uploads/2023/12/Code-of-Business-Conduct-ua.pdf
[30] Ibid.
[31] Ibid.
[32] Ibid.
[33] Allied, "Environmental, Social and Governance Report 2023", (2024), at: https://alliedreit.com/wp-content/uploads/2024/06/Allied_ESG_2023.pdf
[34] Allied, "Code of Business Conduct", (2024), at: https://alliedreit.com/wp-content/uploads/2023/12/Code-of-Business-Conduct-ua.pdf
[35] Equator Principles, "About the Equator Principles", at: https://equator-principles.com/about-the-equator-principles/
[36] Government of Canada, "Annex: Homes and buildings", at: https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/healthy-environment-healthy-economy/annex-homes-buildings.html
[37] Government of Canada, "Greenhouse gas emissions", at: https://www.canada.ca/en/environment-climate-change/services/environmental-indicators/greenhouse-gas-emissions.html
[38] Natural Resources Canada, "Energy Fact Book 2023-2024", at: https://energy-information.canada.ca/sites/default/files/2023-10/energy-factbook-2023-2024.pdf

heating (18%), appliances (15%), lighting (4%) and space cooling (3%).[39] In commercial and institutional buildings, space and water heating combined represent 63% of the total energy consumed.[40]

As a signatory to the Paris Agreement, the Government of Canada has committed to reducing the country's total GHG emissions by 40-45% by 2030 compared to 2005 and achieving net zero GHG emissions by 2050.[41] In line with its climate targets and as part of the Canada Green Buildings Strategy, Canada aims to achieve a 37% emission reduction in the buildings sector by 2030 compared to 2005.[42] The Government of Canada has identified complementary actions to achieve its emissions reduction targets, including strengthening codes to ensure that new buildings are more energy-efficient, retrofitting existing buildings, encouraging fuel switching, improving the efficiency of appliances and equipment, and supporting mandatory energy-labelling and disclosure.[43] According to the Canada Green Building Council, Canada can reduce GHG emissions from its building sector by 17% by 2030 from a 2005 baseline by adhering to the zero carbon standards for all new large building constructions made since 2017.[44]

Sustainalytics expects Allied's investments in projects that enhance buildings' energy efficiency to contribute positively to the building sector in Canada and help meet global environmental objectives.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Allied Green Financing Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated, and sustainable human settlement planning and management in all countries
Net Zero Carbon (NZC) Transition Projects	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Resource Efficiency and Management	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

[39] Ibid.
[40] Ibid.
[41] Government of Canada, "Net-zero emissions by 2050", at: https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/net-zero-emissions-2050.html
[42] Government of Canada, "2030 Emissions Reduction Plan – Sector-by-sector overview", (2023), at: https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030/sector-overview.html#sector2
[43] Government of Canada, "Complementary actions to reduce emissions", at: https://www.canada.ca/en/services/environment/weather/climatechange/pan-canadian-framework/complementary-actions-reduce-emissions.html#3_2
[44] Canada Green Building Council, "Canada's Green Building Engine: Market Impact and Opportunities in a Critical Decade", (2020), at: https://portal.cagbc.org/cagbcdocs/advocacy/CaGBC_CanadasGreenBuildingEngine_EN.pdf

Climate Adaptation and Resilience	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
Circular Economy Adapted Products	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Conclusion

Allied has developed the Allied Green Financing Framework under which it may issue green bonds, and obtain green loans, or other related financial instruments and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to lead to positive environmental outcomes in Canada.

The Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Framework is aligned with the overall sustainability strategy of Allied and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that Allied has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Allied is well positioned to issue bonds and obtain loans, and that the Allied Green Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2025.

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