ALLIED

Green Financing Framework

Urban environments for creativity and connectivity

MAY 2025

Green Financing Framework

Company Overview

Allied is a leading owner-operator of distinctive urban workspace in Canada's major cities. Allied's mission is to provide knowledge-based organizations with workspace that is sustainable and conducive to human wellness, creativity, connectivity and diversity. Allied's vision is to make a continuous contribution to cities and culture that elevates and inspires the humanity in all people.

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 at December 31, 2024, Allied had assets of $10.6 billion, a market capitalization of $2.2 billion and rental properties with 14.3 million square feet of GLA in five cities across Canada.

Sustainability Commitment

Allied believes that a robust sustainability program is integral to its business strategy, driving continuous improvement and enhancing operational efficiency to generate long term value. By embedding ESG into its core business practices, Allied safeguards the environment, positively contributes to its communities and enhances user experience, which supports the resilience and competitiveness of Allied's business. Allied's approach to sustainability is articulated in its Environmental, Social and Governance (ESG) Strategy.

The ESG Strategy is designed to drive performance and impact. Allied's most material topics that were initially determined in 2021 by completing a materiality assessment, which is annually updated and reviewed. Allied enhanced its assessment in 2024 by completing a double materiality assessment.

2024 Material ESG Topics

- Building decarbonization
- Physical climate resilience
- Waste management
- Building certifications
- Equity, diversity and inclusivity
- User engagement
- Cybersecurity

ESG Governance at Allied

Allied's Board and Management believe that sound governance practices are essential to achieving the best long-term interests of Allied and its constituents. The Governance, Compensation, and Nomination Committee annually reviews board policies, committee mandates and best practices for corporate governance. ESG performance is a top priority, supported by dedicated committees and management systems for effective decision-making and accountability. Allied integrates ESG-related risks, starting with climate-related risks, into its risk management process and business functions. The Board is responsible for Allied's risk assessment process, including the identification, evaluation and management of ESG and climate change risks. In December 2021, the Board adopted an ESG Policy aligned with Allied's ESG Strategy. Allied maintains a clear governance and metric-based approach to hold itself accountable to its stakeholders. Since 2021, Allied's corporate ESG metrics are tied to employees' annual incentive compensation.

ESG GOVERNANCE AT ALLIED

OVERSIGHT

BOARD OF TRUSTEES

Reviews our governance practices regularly and is responsible for overseeing Allied's ESG Strategy and ESG initiatives, including the integration of sustainability into Allied's overall business strategy, the development of Allied's Net Zero Carbon Plan and the monitoring of climate-related targets. Receives regular updates and an annual presentation on ESG from management.

BOARD GOVERNANCE, COMPENSATION & NOMINATION COMMITTEE

Develops and monitors Allied's overall approach to matters of governance. Oversees and monitors ESG performance. Reviews Allied's ESG Report, ESG Policy and other governance policies and practices and makes comprehensive recommendations to the Board annually.

EXECUTIVE ESG COMMITTEE

Assists management and the Board in defining, designing, implementing, expanding and evaluating Allied's ESG Strategy. Meets semi-annually to review all matters related to ESG initiatives, performance and reporting.

CORPORATE SUSTAINABILITY & BRAND TEAM

Responsible for establishing and reporting Allied's ESG Strategy and supporting all teams to achieve our ESG objectives.

ASSET & ENVIRONMENTAL SUSTAINABILITY TEAM

Responsible for establishing and executing the environmental performance strategies of Allied's portfolio, including energy, GHG emissions, water and waste.

DEPARTMENTS & COMMITTEES

Support the execution of Allied's ESG Strategy and related initiatives.

RESOURCES & TOOLS

- ESG Policy
- Corporate ESG Metrics
- ESG Strategy
- 2024 Reduction Targets
- Net Zero Carbon Plan
- 2024+ EDI Roadmap
- Owner's Project Requirements
- Physical Climate Resilience Strategy
- National Building Certification Strategy

KEY STAKEHOLDERS

- Employees
- Users
- Investors
- Partners
- Communities
- Suppliers
- Contractors

Key Initiatives

a. Physical Climate Resilience Strategy

In 2023, Allied evolved its Physical Climate Resilience Strategy by optimizing its approach to climate-related physical risks across its business activities. Allied partnered with climate risk experts to analyze potential site-specific risks and impacts of extreme weather events by developing a building assessment framework that examines buildings' vulnerabilities across seven natural hazards. Based on these findings, Allied identified opportunities to improve physical climate resilience through capital investments, updating emergency response plans and reviewing insurance policies.

Allied continues to partner with climate and technology experts to expand its building assessment framework nationally, enhancing site-specific awareness and providing comprehensive mitigation measures, including developing risk ratings for all properties across its portfolio.

b. Building Certification Strategy

In 2021, Allied established an internal committee to evaluate leading building certifications and determine a consistent approach across its portfolio. In 2023, the Committee finalized Allied's National Building Certification Strategy. Key commitments include:

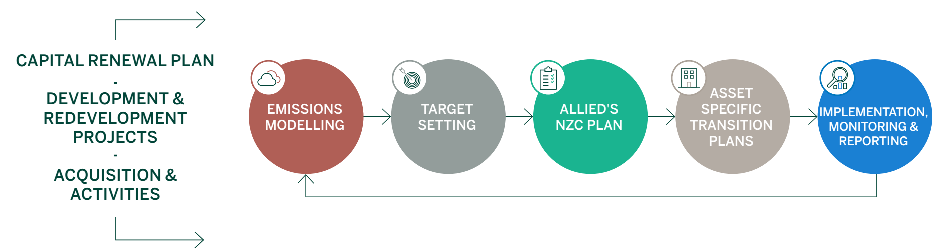
- pursuing LEED v4 Building Design and Construction (BD+C) Gold certification;
- completing a life-cycle assessment for all ground-up developments;
- assessing the feasibility of achieving LEED v4 BD+C Platinum and CaGBC's Zero Carbon Building-Design certification using life-cycle cost analysis and Allied's internal shadow price of carbon; and
- certifying 70% of Allied's portfolio to LEED Operations and Maintenance (O&M) and/or BOMA BEST by 2028.

c. Net Zero Carbon Plan

In May 2025, the Science Based Targets initiative (SBTi) validated Allied's near- and long- term science-based greenhouse gas (GHG) emissions reduction targets. These targets are consistent with a 1.5°C decarbonization pathway and will apply to both Allied's rental and development portfolios. 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 42% by 2030 from a 2022 base year. Allied has also committed to reduce absolute scope 1 and 2 GHG emissions 90% by 2050 from a 2022 base year and to reduce absolute scope 3 GHG emissions 90% within the same timeframe.

Allied's Net Zero Carbon Plan focuses on four pillars: development and redevelopment projects, acquisition due diligence, operational asset decarbonization, and renewable energy procurement. Each pillar has objectives to drive GHG emissions reduction and overall performance.

ALLIED'S APPROACH TO ACHIEVING NET ZERO CARBON



EMISSIONS MODELLING

- Modelling our portfolio's future carbon emissions including existing buildings and forecasted development projects, and acquisitions.

TARGET SETTING

- Establishing NZC targets based on SBTi guidance and our emissions modelling.
- Defining our scope 1, 2 and 3 emissions boundaries.

ALLIED'S NZC PLAN

- Formulating potential pathways to achieve our NZC targets by evaluating business strategies (10-year capital renewal plan and redevelopment and upgrade project pipeline) to identify aligned opportunities.

ASSET SPECIFIC TRANSITION PLANS

- Preparing asset level NZC transition plans, which will include updating engineering design concepts, construction cost estimates and timelines.
- Utilizing our internal shadow price of carbon to evaluate different decarbonization options.

IMPLEMENTATION, MONITORING & REPORTING

- Completing retrofits and subsequently measuring energy and carbon performance.
- Updating emissions modeling and decarbonization pathways based on data.
- Securing government incentives and funding opportunities.

Overview of Framework

In support of its ESG Commitments, Allied established the following Green Financing Framework (the "Framework") under which it may issue Green, Bonds or Loans (including term loans and revolving facilities) or related financial instruments referred to as "Green Financing Instruments". The Framework complies with the Green Bond Principles (the "GBP") developed by the International Capital Markets Association as of June 2021 (with June 2022 Appendix 1), and the Green Loan Principles (the "GLP") developed by the Loan Market Association as of March 2025. This Framework is based on the four core components of the GBP and the GLP:

- Use of Proceeds
- Process for Project Selection & Evaluation
- Management of Proceeds
- Reporting

a. 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") as identifying with one or more of the following categories.

ELIGIBLE GREEN PROJECT CATEGORY	ELIGIBLE INVESTMENTS
GREEN BUILDINGS	Investments related to the purchase, development and/or re-development of properties that have received or are expected to receive at least one of the following green building certifications (or other equivalent green certification): • LEED (Gold, Platinum) • BOMA BEST (Gold or Platinum) • Toronto Green Standard (Tier 2 or higher) • CaGBC Net Zero Carbon Standard
NET ZERO CARBON (NZC) TRANSITION PROJECTS	Investments in projects systems and equipment that aim to decarbonize a building's operational emissions[(1)] by replacing building systems, including fossil-fuel-based systems, with electric or low-carbon energy sources such as district energy systems. Eligible NZC transition projects are expected to reduce operational emissions by at least 30%.
RESOURCE EFFICIENCY & MANAGEMENT	Investments in projects, systems, equipment and technologies to improve resource efficiency, including: • Installation of energy efficient heating, ventilation, refrigeration, lighting and electrical equipment. • Improvement of energy storage, capture and recycling of waste heat. • Improved efficiency in the delivery of services such as energy storage and battery systems, installation of smart grids, and smart meters. Energy storage and battery systems will be connected to renewable energy or to a grid with an emissions intensity below 100g CO_2/kWh.

(1) Operational emissions refer to scope 1 and 2 emissions from a building's operational energy consumption.

ELIGIBLE GREEN PROJECT CATEGORY	ELIGIBLE INVESTMENTS
CLEAN TRANSPORTATION	Investments in infrastructure to accommodate electric vehicles and other low carbon or active transportation options such as upgrading existing building electrical infrastructure or the design and construction of charging stations.
RENEWABLE ENERGY	Investments aimed at providing renewable energy including wind, solar, or geothermal with direct emissions of less than 100g CO_2/kWh.
SUSTAINABLE WATER & WASTEWATER MANAGEMENT	Investments in systems or equipment that reduce water consumption or improve water-use efficiency in properties including projects for collection, recycling or re-use of water, rainwater or wastewater.
CLIMATE ADAPTATION & RESILIENCE	Investments in adapting real estate properties in relation to climate change considerations, including: • Expenditures related to design, construction, maintenance, and upgrades of buildings/assets for adapting to more frequent and extreme weather events caused by climate change. • Investments for advanced monitoring equipment, information support systems, climate observation and early warning systems. Vulnerability assessments will be undertaken and adaptation plans developed for these investments, where applicable.
CIRCULAR ECONOMY ADAPTED PRODUCTS	Investments and/or expenditures into procurement, research and development of sustainable building materials, beneficial to reducing the embodied carbon of the property, including: • Reused, recycled, refurbished materials for property construction, renovation and retrofit, such as recycled aggregate concrete, reclaimed wood and steel, re- and up-cycled carpet, and ceiling tiles.

b. Process for Project Evaluation and Selection

Allied's Green Financing Working Committee (the "Committee") will 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. The Committee will also assess environmental and social risks associated with projects financed in accordance with Allied's annual risk management assessment process.

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.

c. 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 36 months of issuance.

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. If an Eligible Green Project is no longer deemed eligible pursuant to the eligibility criteria set forth in this Framework, the net proceeds from the Green Financing Instrument previously allocated to such project will be allocated to another Eligible Green Project as soon as reasonably practicable.

d. 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 and/or in its Annual Report or ESG Report that includes relevant information such as Eligible Green Projects, amount allocated to Eligible Green Projects, amount of new financing and refinancing, and the balance of unallocated net proceeds. Allied intends to report on relevant environmental impact metrics on a proportion funded basis including the following:

- Green building certifications achieved
- Floor space of certified real estate (ft^2)
- Renewable energy generated or procured (MWh)
- Annual energy savings or renewable energy generated (MWh)
- Annual water savings (m^3) or percentage reduction in water use
- Annual greenhouse gas emissions reduced/avoided (tonnes of CO_2e)

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/corporate-solutions/sustainable-finance-and-lending/published-projects, and available on Allied's website: https://www.alliedreit.com/company/esg/.

Disclaimer

This Framework is provided for informational purposes only and is subject to change without notice. Any updated or amended Framework will be applied to Green Financing Instruments issued by Allied following such updates or amendments. No representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained herein. No liability whatsoever is or will be accepted by Allied for any loss or damage howsoever arising out of or in connection with the use of, or reliance upon, the information contained in this document. Nothing in this document shall constitute, or form part of, an offer to sell or solicitation of an offer to buy or subscribe for any security or other instrument of Allied. This material is not intended for distribution to, or use by, any person or entity in any jurisdiction where such distribution or use would be contrary to law or regulation. Certain information included in this Framework contains forward-looking statements within the meaning of applicable securities laws, including, among other things, statements (i) relating to our strategies, plans, targets, goals and priorities; (ii) relating to the implementation of and reporting on this Framework; (iii) relating to the use or allocation of proceeds of any Green Financing Instrument issued by Allied; (iv) relating to Eligible Green Projects financed, re-financed, acquired or maintained in connection with this Framework; (v) that are predictive in nature or that depend upon or refer to future events or conditions; (vi) that include words such as “may”, “will”, “expect”, “estimate”, “anticipate”, “intends”, “believe”, “goal”, “objective”, “plan”, “strategy”, “target”, and similar expressions suggesting future outcomes or events. Such forward-looking statements reflect Management’s current expectations, estimates and projections regarding future events and are based on information currently available to Management. These forward-looking statements are not a guarantee of future performance, involve inherent risks and uncertainties and are based on key factors and assumptions, all of which are difficult to predict. Future results may differ materially from those expressed in forward-looking statements, and Allied makes no guarantee that investments that meet the eligibility criteria under this Framework will result in any environmental, social or sustainability impact, outcome or benefit, that such impacts, outcomes or benefits will meet anticipated targets or objectives, or that such impacts, outcomes and benefits can be quantified. Factors that may cause actual results to differ materially from those expressed in forward-looking statements include the matters set out in the Allied’s Annual Report under the heading “Risks and Uncertainties”, and other factors detailed in Allied’s annual and interim financial statements and management’s discussion and analysis available on www.sedarplus.ca. All forward-looking statements in this Framework are qualified in their entirety by this forward-looking disclaimer. Except as required by applicable law, Allied undertakes no obligation to update publicly or revise any such statements after the date of this Framework to reflect new information or the occurrence of future events or circumstances.

ALLIED PROPERTIES REIT
134 PETER STREET, SUITE 1700 TORONTO, ONTARIO M5V 2H2 T 416.977.9002 F 416.306.8704 *alliedreit.com*