

Choice Properties Real Estate Investment Trust

Type of Engagement: Annual Review

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Introduction

In November 2021, Choice Properties Real Estate Investment Trust (“Choice” or the “Company”) issued a green bond (the “November 2021 Green Bond”) aimed at financing and refinancing eligible projects that reduce the carbon footprint and the energy consumption of its real estate portfolio. In October 2022, Choice engaged Sustainalytics to review the projects funded with proceeds from the November 2021 Green Bond and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Choice Properties Real Estate Investment Trust Green Financing Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in November 2021.²

Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from the November 2021 Green Bond based on whether the projects:

1. Met the use of proceeds and eligibility criteria outlined in the Framework; and
2. Reported on at least one of the key performance indicators (KPIs) for each use of proceeds category outlined in the Framework.

Table 1: Use of Proceeds Category, Eligibility Criteria and Associated KPIs³

| Use of Proceeds Category | Eligibility Criteria | Key Performance Indicators |
|--------------------------|---|---|
| Green Buildings | <p>Investments and/or expenditures related to the purchase, development, redevelopment, operation and maintenance or improvement of properties that have received or are expected to receive at least one of the following green building certifications:</p> <ul style="list-style-type: none"> • LEED (Gold or Platinum) • BOMA BEST (Gold or Platinum) • Toronto Green Standards (Tier 2 or higher) • Zero Carbon Building Design Certification • Passive House, EnerPHit or PHI Low Energy Building Standard • ENERGY STAR® Multifamily High-Rise (New Construction) • Investments and/or expenditures in industrial buildings that have received or | <ul style="list-style-type: none"> • Green building certifications (by building or square footage) |

¹ Choice Properties REIT, “Choice Properties Real Estate Investment Trust Green Financing Framework”, at: <https://www.choicereit.ca/wp-content/uploads/2021/11/Choice-Properties-Green-Financing-Framework.pdf>

² The Choice Properties REIT Green Financing Framework Second Party Opinion is available on Sustainalytics’ website at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/choice-properties-reit/choice-properties-reit-green-finance-framework-second-party-opinion-\(2021\)/choice-properties-reit-green-finance-framework-second-party-opinion-\(2021\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/choice-properties-reit/choice-properties-reit-green-finance-framework-second-party-opinion-(2021)/choice-properties-reit-green-finance-framework-second-party-opinion-(2021))

³ In addition to Green Buildings, the Framework also includes other use of proceeds categories – Energy Efficiency, Sustainable Water and Wastewater Management, Clean Transportation, Renewable Energy, Pollution and Waste Prevention or Control, Biodiversity and Conservation, and Adaptability and Resilience to Climate Change.

| | | |
|--|---|--|
| | are expected to receive LEED Silver certification will also be confirmed to have been designed to achieve at least a 20% energy efficiency improvement compared to ASHRAE 90.1-2010 | |
|--|---|--|

Issuer's Responsibility

Choice is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of use of proceeds from Choice's green bond. The work undertaken as part of this engagement included collection of documentation from Choice and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Choice. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Choice.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds and reporting criteria outlined in the Framework. Choice has disclosed to Sustainalytics that it raised a total of CAD 350 million from the green bond issuance, of which CAD 239 million has been allocated as of November 2022.

Detailed Findings

Table 2: Detailed Findings

| Eligibility Criteria | Procedure Performed | Factual Findings | Error or Exceptions Identified |
|---------------------------------|--|---|--------------------------------|
| Use of Proceeds Criteria | Verification of the projects funded with proceeds from the 2021 green bond to determine if projects aligned with the use of proceeds criteria outlined in Framework and above in Table 1. | All projects reviewed complied with the use of proceeds criteria. | None |
| Reporting Criteria | Verification of the projects funded with proceeds from the 2021 green to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported, please refer to Appendix 1. | All projects reviewed reported on at least one KPI per financed use of proceeds category. | None |

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, estimated and realized costs of projects, and project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Impact Reporting

| Use of Proceeds Category | Property, Location | Net Proceeds Allocation (CAD) | Environmental Impact Reported by Eligibility Criteria |
|-------------------------------|--|-------------------------------|---|
| Green Buildings | 1801 Hollis Street, Halifax, Nova Scotia, Canada | 26,345,601 | BOMA Best "Gold" |
| | West Block, Toronto, Ontario, Canada | 134,903,655 | LEED "Gold" |
| | 39 E Liberty, Toronto, Ontario, Canada | 77,957,210 | Toronto Green Standard Tier 2 |
| Total Allocation (CAD) | | 239,206,466 | |

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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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