

Choice Properties Real Estate Investment Trust

Type of Engagement: Annual Review

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Engagement Team:

Hamoda Youssef, youssef.hamoda@sustainalytics.com, (+1) 416 861 0403

Han Xing, han.xing@sustainalytics.com

Introduction

In November 2021, Choice Properties Real Estate Investment Trust (“Choice” or the “Company”) issued a green bond (the “November 2021 Green Bond”) to finance and refinance eligible projects that reduce the carbon footprint and the energy consumption of its real estate portfolio. In October 2023, Choice engaged Sustainalytics to review the projects financed 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 This is Sustainalytics’ second annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in November 2022.³

Evaluation Criteria

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

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

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

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) 	<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 Sustainalytics, “Second-Party Opinion, Choice Properties REIT Green Financing Framework”, (2021), 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 The 2022 Annual Review is available at: https://www.choicereit.ca/wp-content/uploads/2022/12/Choice-Properties-REIT_November-2021-Green-Bond-Sustainalytics-SecondParty-Opinion.pdf

	<ul style="list-style-type: none"> Investments and/or expenditures in industrial buildings that have received or 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 	
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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 the use of proceeds from the November 2021 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 criteria and reporting commitments in the Framework. Choice has disclosed to Sustainalytics that the proceeds from the green bond were fully allocated as of 10 August 2023.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the 2021 November Green Bond to determine if projects aligned with the use of proceeds criteria outlined in the 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 November Green Bond 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 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, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Reported Impact

Use of Proceeds Category	Property, Location	Net Proceeds Allocation (CAD)	Environmental Impact Reported by Eligibility Criteria
Green Buildings	22 St Clair Ave W, Toronto, Ontario, Canada	128,500,000	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
	390 Dufferin, Toronto, Ontario, Canada	62,952,296	Toronto Green Standard Tier 2
Total amount Allocated (CAD)		404,313,161	

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

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