

Second-Party Opinion

Allreal Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Allreal Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings and Renewable Energy – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to decarbonize Allreal’s real estate portfolio and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11.



PROJECT EVALUATION / SELECTION Allreal has established an ESG Committee (the “Committee”), which will be comprised of the Chief Executive Officer (CEO), Head of Finance, Head of Real Estate and Head of Sustainability, to evaluate and select projects based on the eligibility criteria defined in the Framework. The ESG team is also responsible for the management of project-related environmental and social risks and ensuring compliance with national and international laws. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Allreal’s ESG Committee will be responsible for the allocation and management of proceeds. Allreal intends to fully allocate proceeds within 24 months of each respective issuance. Unallocated proceeds will be held in the Company’s liquidity portfolio including cash, cash equivalents and other short-term liquid instruments. This is in line with market practice.



REPORTING Allreal intends to publish allocation and impact reporting annually until full allocation, on its website. Allocation reporting will include information on the amount allocated to projects, a balance of unallocated funds and the proportion of financing and refinancing. In addition, Allreal is committed to reporting on relevant impact metrics. Sustainalytics views Allreal’s allocation and impact reporting as aligned with market practice.

Evaluation Date	August 23, 2022
Issuer Location	Glattpark, Switzerland

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3
Appendices	8

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Introduction

Allreal (the “Company”) is an owner, manager, and developer of residential and commercial properties across Switzerland. The Company holds over CHF 5.1 billion (EUR 5.32 billion) in asset value of its real estate portfolio, and in 2021, Allreal handled CHF 343 million (EUR 358 million) in project volume. The Company has approximately 250 employees across Switzerland.

Allreal has developed the Allreal Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects that improve the energy performance of buildings in Switzerland. The Framework defines eligibility criteria in two areas:

1. Green Buildings
2. Renewable Energy

Allreal engaged Sustainalytics to review the Allreal Green Bond Framework, dated August 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).¹ This Framework will be published in a separate document.²

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the 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;
- 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 1.11, 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 Allreal’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Allreal representatives have confirmed (1) they understand it is the sole responsibility of Allreal to ensure that the information provided is complete, accurate or 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.

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 Allreal.

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 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. Upon twenty-four (24) months following the evaluation date set stated herein, Allreal is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

¹ 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/>.

² The Allreal Green Bond Framework will be available at: allreal.ch/en/investors-and-media/reporting

³ 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.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond 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 Allreal has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Allreal Green Bond Framework

Sustainalytics is of the opinion that the Allreal Green Bond Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of Allreal's Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings and Renewable Energy – are aligned with those recognized by the GBP. Sustainalytics considers that Allreal's financing of eligible projects is expected to decarbonize the Company's real estate portfolio and improve the energy performance of buildings in Switzerland.
 - Allreal has established three years as the look-back period for refinancing opex and five years for capex. Sustainalytics considers this to be in line with market practice.
 - Under the Green Buildings category, Allreal may finance or refinance the acquisition and development of new and existing residential and commercial buildings, in accordance with the criteria provided below:
 - Buildings that have obtained or are expected to achieve one of the following green building certifications: (i) LEED Gold, (ii) SNBS Gold, or (iii) Minergie ECO. Sustainalytics considers LEED⁴, SNBS⁵ and Minergie⁶ to be credible green building certifications and the selected certification levels to be aligned with market practice.
 - Buildings that have achieved Minergie certification at the standard level and are heated by 80% renewable electricity from one of the following renewable energy sources: (i) electric heat pumps, (ii) wood chips or pellets, or (iii) district heating. These investments are in line with market practice.
 - Under the Renewable Energy category, Allreal may use the net proceeds to finance the installation of photovoltaic systems for local generation of renewable electricity. Sustainalytics considers these expenditures to be aligned with market practice.
- Project Evaluation and Selection:
 - Allreal has established an ESG Committee (the "Committee"), which will be comprised of the Chief Executive Officer (CEO), CFO, Head of Real Estate and Head of Sustainability, to evaluate and select projects based on the eligibility criteria defined in the Framework.
 - Allreal's ESG team is responsible for the management of project-related environmental and social risks, applying internal processes to ensure compliance with national and international standards, as well as laws and regulations. Please refer to Section 2 for more details on the Company's risk management processes and policies.
 - Based on the establishment of a formal committee and the presence of risk management processes, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Allreal's Committee will be responsible for the allocation and management of proceeds. The Company's Finance department will track the proceeds via an internal tracking system.

⁴ LEED: <http://www.usgbc.org/LEED>

⁵ SNBS: <https://www.snbs-hochbau.ch/ueber-snbs/ueberblick/>

⁶ Minergie: <https://www.minergie.com/>

- Allreal intends to fully allocate proceeds within 24 months of each respective issuance. Unallocated proceeds will be held in the Company's liquidity portfolio including cash, cash equivalents and other short-term liquid instruments.
- Based on the use of a tracking system, and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Allreal intends to publish allocation and impact reporting annually until full allocation, on its website.
 - Allocation reporting will include information on the amount allocated to projects, a balance of unallocated funds and the proportion of financing and refinancing.
 - Impact reporting is expected to provide category-wide impact of the projects against respective key performance indicators including (i) number of buildings having obtained a certification or aiming to achieve a certification, (ii) energy consumption, (iii) locally generated renewable energy, and (iv) avoided GHG emissions (tCO_{2e}).
 - Based on the commitments to both impact and allocating reporting. Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Allreal Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Allreal

Contribution of the Framework to Allreal's sustainability strategy

Sustainalytics is of the opinion that Allreal demonstrates a commitment to sustainability with a focus on four key areas: (i) environment, (ii) economy, (iii) society and (iv) compliance.⁷

Allreal has established targets to achieve carbon neutrality across its portfolio of existing properties by 2050 and halve the share of fossil fuel use in its energy consumption by 2030.^{8,9} To achieve this goal, Allreal intends to: (i) install solar power systems at 40 buildings with an aggregate roof space of around 63,000 m² by 2024, (ii) increase the energy efficiency of buildings through modernizing materials and infrastructure as part of refurbishment and renovation activities, and (iii) apply latest technologies and green building standards, such as the Minergie-P certification, in the development of new buildings.¹⁰ Additionally, in efforts to reduce the Company's carbon intensity, Allreal commits to partial carbon offsetting as of 2022 and aims to install electric vehicle charging stations in at least 20% of garage parking spaces in its properties by 2024.¹¹ Furthermore, Allreal is currently underway in developing an energy consumption inventory of its properties to create an energy procurement strategy by 2023.¹²

In 2021, Allreal carried out its first solar power system project by installing solar panels on the roof of a property in Zurich, to produce around 120,000 kWh of electricity per year.¹³ As of 2022, 36% of the total energy consumption of Allreal's portfolio is linked to renewable energy sources.¹⁴ Furthermore, the Company conducts life-cycle assessments of the materials used in new buildings as of 2022.¹⁵

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

⁷ Allreal, "Sustainability Report 2021", (2021), at: https://reporting.allreal.ch/fileadmin/user_upload/redakteure/NHB2021/PDF/EN/Allreal-NHB2021-komplett-EN.pdf

⁸ Ibid.

⁹ Allreal, "Annual Report 2021", (2021), at: https://reporting.allreal.ch/fileadmin/user_upload/redakteure/GB2021/PDF/EN/Allreal-Komplett-Geschaeftsbericht-2021-EN.pdf

¹⁰ Allreal, "Sustainability Report 2021", (2021), at: https://reporting.allreal.ch/fileadmin/user_upload/redakteure/NHB2021/PDF/EN/Allreal-NHB2021-komplett-EN.pdf

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ Allreal Green Bond Framework.

¹⁵ Allreal, "Sustainability Report 2021", (2021), at: https://reporting.allreal.ch/fileadmin/user_upload/redakteure/NHB2021/PDF/EN/Allreal-NHB2021-komplett-EN.pdf

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible activities could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects may include land use and biodiversity issues associated with large-scale real estate development, effluents and waste generated in construction, occupational health and safety (OHS) and business ethics.

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

- In relation to land use and biodiversity issues, and effluents and waste, Allreal is subject to Switzerland's Federal Act on the Protection of the Environment which sets principles for environmental impact assessment, pollution control, environmentally hazardous substances and waste management, amongst other topics.¹⁶ Moreover, Allreal complies with Swiss federal regulations on nature conservation, covering environmental protection, spatial planning, forest, and protection of nature and heritage.
- In order to address OHS risks, Allreal has developed an emergency response process addressing accidents with injuries, consisting of six steps to assess the situation, recognize subsequent dangers, respond to subsequent hazards, request first aid and inform the organization about the accident.¹⁷ Allreal has also developed a safety checklist on construction sites.¹⁸
- Addressing risks concerning business ethics, Allreal is committed to eliminating non-compliance with minimum wage laws and statutory working conditions by contractors and subcontractors in its supply chain. The Company requires identification of all construction workers, conducts access checks on large construction sites and provides contract terms in line with the Posted Workers Act.¹⁹ Moreover, Allreal requires all partner construction companies to register to the information system Allianz Bau (ISAB),²⁰ maximizing transparency of contractor compliance with minimum working conditions.²¹
- The Company's code of conduct outlines principles and internal rules on environmental protection, workers health and safety, ethical behavior, integrity and compliance with legislation. In addition, Allreal includes clauses requiring compliance with its code of conduct in contracts with third parties. Allreal has also set up internal mechanisms for confidential reporting of any violation of its code of conduct.²²
- Switzerland is recognized as a Designated Country under the Equator Principles, indicating the presence of robust environmental and social governance systems, legislation and institutional capacity to mitigate common environmental and social risks associated with the projects financed under the Framework.²³

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Allreal 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

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

¹⁶ Swiss Confederation, "Federal Act on the Protection of the Environment", (2018), at: https://fedlex.data.admin.ch/filestore/fedlex.data.admin.ch/eli/cc/1984/1122_1122_1122/20180101/en/pdf-a/fedlex-data-admin-ch-eli-cc-1984-1122_1122_1122-20180101-en-pdf-a.pdf

¹⁷ Allreal has shared the emergency response guide directly with Sustainalytics for assessment on a confidential basis.

¹⁸ Allreal has shared the safety checklist on construction site directly with Sustainalytics for assessment on a confidential basis.

¹⁹ Swiss Confederation, "Posted Workers Act", at: https://entsendung.admin.ch/cms/content/recht/entsendegesetz_en/

²⁰ Allianz Bau Information System (ISAB), "Über uns", at: <https://isab-siac.ch/ueber-uns/>

²¹ Allreal, "Sustainability Report 2021", (2021), at: https://reporting.allreal.ch/fileadmin/user_upload/redakteure/NHB2021/PDF/EN/Allreal-NHB2021-komplett-EN.pdf

²² Allreal, "Code of Conduct", (2021), at: https://allreal.ch/fileadmin/user_upload/redakteure/ueber_allreal/allreal-gruppe/Code_of_Conduct.pdf

²³ Equator Principles, "Designated Countries", (2020), at: <https://equator-principles.com/designated-countries/>

Importance of green buildings in Switzerland

As of 2022, buildings were responsible for one third of the Switzerland's GHG emissions and 45% of total energy consumption in the country.²⁴ The Swiss Government has set climate targets to reduce the country's net carbon emissions to zero by 2050.²⁵ Currently, only 1% of Swiss homes are renovated per year, a rate that will need to double to achieve the goals set out by the government.²⁶ Swiss buildings have traditionally relied on oil as an energy source for heating and buildings are scarcely insulated, further contributing to heat loss.²⁷ The Swiss Government has introduced the Building Programme to reduce energy consumption in the building industry by subsidizing the cost of energy-saving renovations of buildings, which is partially financed by revenue from the CO₂ levy on fuels.²⁸ As of 2020, the programme had provided more than CHF 2.3 billion (EUR 2.4 billion) in subsidies leading to an estimated 16 million tonnes of GHG emissions avoided and 65.5 billion kWh of energy saved over the lifetime of the subsidized measures.²⁹ In addition, the Swiss Government adopted the Long-Term Climate Strategy in January 2021, creating guidelines to achieve net zero by 2050. The strategy is implemented and enforced through the CO₂ Act and the CO₂ Ordinance. In accordance with the CO₂ Act revised in 2020, Swiss cantons must ensure that the GHG emissions from the building stock decrease by 50% by 2026/27 compared to 1990 levels.³⁰

Based on the above, Sustainalytics is of the opinion that Allreal's investments into certified green buildings are expected to contribute to the decarbonization of the building stock in Switzerland.

Alignment with/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 the year 2030. The bonds issued under the Allreal Green Bond Framework advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	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
Renewable Energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

²⁴ Swiss Government, "Buildings", at: <https://www.bfe.admin.ch/bfe/en/home/efficiency/buildings.html#kw-107686>

²⁵ Swiss Government, "Federal Council aims for a climate-neutral Switzerland by 2050", (2019), at: [Federal Council aims for a climate-neutral Switzerland by 2050 \(admin.ch\)](#)

²⁶ Swiss National Science Foundation, "Building renovation needs to be speeded up – synthesis on the main topic of Buildings and Settlements", (2019), at: http://www.nfp70.ch/en/News/Pages/191017_news_nfp70_building_renovation_needs_to_be_speeded_up.aspx

²⁷ SWI Swiss Info, "Why most Swiss buildings are environmentally inefficient", (2020), at: https://www.swissinfo.ch/eng/climate-crisis_why-it-may-take-100-years-to-renovate-every-building-in-switzerland/45481906#:~:text=Buildings%20use%20about%2040%25%20of,as%20the%20chart%20below%20shows.

²⁸ Swiss Federal Office of Energy, "Measures for increasing energy efficiency", (2020), at: <https://www.bfe.admin.ch/bfe/en/home/policy/energy-strategy-2050/initial-package-of-measures/measures-for-increasing-energy-efficiency.html>

²⁹ Das Gebäudeprogramm, "Jahresbericht 2020", at: https://www.dasgebaeudeprogramm.ch/media/filer_public/03/a6/03a60b89-4d45-487b-bf88-b1d421521a23/bfe_gebaeudeprogrammjahresbericht_de_210805_final.pdf

³⁰ Swiss Government, "Switzerland's Long-Term Climate Strategy", (2021), at: <https://www.bafu.admin.ch/dam/bafu/en/dokumente/klima/fachinfo-daten/langfristige-klimastrategie-der-schweiz.pdf.download.pdf/Switzerland's%20Long-Term%20Climate%20Strategy.pdf>

Conclusion

Allreal has developed the Allreal Green Bond Framework under which it intends to issue green bonds and use the proceeds to finance and refinance green buildings and renewable energy projects that are expected to improve the energy performance of buildings in Switzerland. Sustainalytics considers that the projects funded by the green bond proceeds are expected to have provide positive environmental impact.

The Allreal Green Bond Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Allreal Green Bond Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9 and 11. Additionally, Sustainalytics is of the opinion that Allreal has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Allreal is well positioned to issue green bonds and that the Allreal Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: Allreal

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: Allreal Green Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: August 23, 2022

Publication date of review publication:
Original publication date *[please fill this out for updates]:*

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify):</i> | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Green Buildings and Renewable Energy – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to decarbonize Allreal’s real estate portfolio and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

Allreal has established an ESG Committee (the “Committee”), which will be comprised of the Chief Executive Officer (CEO), Head of Finance, Head of Real Estate and Head of Sustainability, to evaluate and select projects based on the eligibility criteria defined in the Framework. The ESG team is also responsible for the management of project-related environmental and social risks and ensuring compliance with national and international laws. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer’s environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available Other (*please specify*):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (*please specify*):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Allreal's ESG Committee will be responsible for the allocation and management of proceeds. Allreal intends to fully allocate proceeds within 24 months of each respective issuance. Unallocated proceeds will be held in the Company's liquidity portfolio including cash, cash equivalents and other short-term liquid instruments. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

Allreal intends to publish allocation and impact reporting annually until full allocation, on its website. Allocation reporting will include information on the amount allocated to projects, a balance of unallocated funds and the proportion of financing and refinancing. In addition, Allreal is committed to reporting on relevant impact metrics. Sustainalytics views Allreal's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis

- Linkage to individual bond(s) Other (please specify):

Information reported:

- Allocated amounts Green Bond financed share of total investment
- Other (please specify):
Outstanding amounts

Frequency:

- Annual Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (please specify):

Frequency

- Annual Semi-annual
- Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (please specify):
Information published in green bond report
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE
Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):
Date of publication:
ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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