

RioCan Real Estate Investment Trust

Type of Engagement: Annual Review

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Introduction

On March 10, 2020, RioCan Real Estate Investment Trust (“RioCan”) issued a \$350 million Series AC unsecured debenture (the “March 2020 Green Bond”), a green bond aimed at improving environmental performance through the Company’s activities and mitigating the impacts of climate change. RioCan engaged Sustainalytics to review the projects funded through the March 2020 Green Bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the reporting commitments outlined in RioCan’s Green Bond Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with net proceeds from the March 2020 Green Bond based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in RioCan’s Green Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Green Bond Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligible Investments	Key performance indicators (KPIs)
Green Buildings	Projects that have received or are expected to receive LEED (Gold or Platinum), Toronto Green Standard (TGS Tier 2), BOMA BEST (Gold or Platinum) or other equivalent green certifications.	Level of green building certifications
Resource efficiency and management	Projects, systems, equipment or technologies that: <ul style="list-style-type: none"> • reduce energy consumption or improve energy efficiency; • reduce waste or improve waste diversion rates; or • reduce water consumption or improve water efficiency. 	Annual greenhouse gas emissions reduced/avoided
Renewable Energy	Projects aimed at providing energy through sources such as wind, solar or geothermal for heating and cooling.	Annual energy saved or renewable energy generated
Adaptability and resilience to climate change	Projects related to energy storage, storm water management or other equivalent climate resilience projects.	Annual greenhouse gas emissions reduced/avoided

Issuing Entity's Responsibility

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

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of RioCan's Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from RioCan employees and review of documentation to confirm the conformance with the Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by RioCan with respect to the projects funded with proceeds from the March 2020 Green Bond. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by RioCan.

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 over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,¹ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects, funded through the net proceeds of RioCan's March 2020 Green Bond are not in conformance with the Use of Proceeds and Reporting Criteria outlined in RioCan's Green Bond Framework. RioCan has disclosed to Sustainalytics that the net proceeds of the March 2020 Green Bond were fully allocated as of March 8, 2021.

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 by the green bond in 2020 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Green Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the green bond in 2020 to determine if impact of projects was reported in line with the KPIs outlined in the Green Bond 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 criteria.	None

¹ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Project	Amount Allocated (CAD, Millions)	Environmental Impact Reported by Project
Green Buildings	King Portland Centre	\$92.5	King Portland Centre is a mixed-use property located in Toronto, Ontario with approximately 276,000 GFA. This site is pursuing LEED v2009 certification (Platinum Level). The project was completed in September 2018.
Green Buildings	Kingly	\$32.3	Kingly is a 132-unit condominium building at the intersection of King Street West & Portland Street in Toronto, Ontario with approximately 115,000 square feet of GFA. This site is pursuing LEED v2009 certificate (Gold Level). This project was completed in October 2019.
Green Buildings	Pivot ²	\$187.9	Pivot is a 361-unit residential rental building at the intersection of Yonge and Sheppard in Toronto, Ontario with approximately 295,000 square feet of GFA. This site is pursuing TGS Tier 2. The project was completed in December 2020.
Renewable Energy	Geothermal energy system in Frontier	\$35.7	Completed the installation and commissioning of the geo-exchange heat pump system in Frontier. ³ Frontier is a 228-unit residential rental building in Ottawa, Ontario with approximately 220,000 square feet of gross floor area ("GFA"). The geothermal system is designed to satisfy the building's heating and cooling needs and is estimated to save over 300,000 kWh of electricity and 46,000 cubic meters of natural gas, more than 100 tons of CO ₂ emissions, and more than 600,000 gallons of water annually. ⁴ The project was completed in May 2019.
Total		\$348.4	

² Pivot total project costs are approximately \$239.4 million, resulting in approximately \$51.5 million in excess costs available for allocation to future green bond issuances.

³ RioCan has confirmed that the geothermal project is expected to operate below 100 grams of CO₂/kWh.

⁴ RioCan owns 50% of this project. The estimated electricity, gas and water savings are for the entire system.

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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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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

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The
Green Bond
Principles