

Granite REIT

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Introduction

Granite REIT Holdings Limited Partnership, with an unconditional guarantee by Granite Real Estate Investment Trust and Granite REIT Inc. (collectively "Granite") issued three bonds between June 2020 and October 2023, namely, the "2027 Debentures", the "2028 Debentures" and the "2029 Debentures" (collectively, the "Green Bonds").¹ Granite's Green Bonds raised a total of CAD 1.4 billion to finance and refinance projects related to green buildings, and resource efficiency and management. In February 2025, Granite engaged Sustainalytics to review the projects financed with proceeds from the Green Bonds (the "Nominated Expenditures") and provide an assessment as to whether they meet the use of proceeds criteria and whether Granite complied with the reporting commitments in the Green Bond Framework (the "Framework").² Sustainalytics provided a Second-Party Opinion on the Framework in April 2020.³ This is Sustainalytics' fifth annual review of allocation and reporting of the instruments issued under the Framework, following previous reviews in February 2021, February 2022, February 2023 and February 2024.^{4,5,6}

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and Granite's reporting based on whether they:

1. Meet 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 related to the purchase, development, redevelopment or improvement of logistics, e-commerce, warehouse and industrial properties that have received or are expected to receive at least one of the following green building certifications (or other equivalent green certification):</p> <ul style="list-style-type: none"> - LEED: Silver, Gold, Platinum - DGNB: Silver, Gold, Platinum - BREEAM: Very Good, Excellent, Outstanding 	<ul style="list-style-type: none"> • Level of green building certifications

¹ The Green Bonds include: i) Series 4 Senior Debentures due 2027 (the "2027 Debentures"), issued in June 2020 and raised CAD 500 million; Series 6 Senior Debentures due 2028 (the, "2028 Debentures"), issued in August 2021 and raised CAD 500 million; Series 7 Senior Debentures due 2029 (the, "2029 Debentures"), issued in October 2023 and raised CAD 400 million.

² Granite REIT, "Green Bond Framework", (2020), at: <https://granitereit.com/sustainability>

³ Sustainalytics, "Second-Party Opinion, Granite REIT Green Bond Framework", (2020), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/granite-reit-green-bond-framework-second-party-opinion.pdf>

⁴ Sustainalytics, "Annual Review, Granite", (2021), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/granite-reit-green-bond-framework-annual-review.pdf>

⁵ Sustainalytics, "Annual Review, Granite", (2022), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/granite-reit-green-bond-annual-review-2022.pdf>

⁶ Sustainalytics, "Annual Review, Granite", (2024), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/granite-reit-annual-review-2024.pdf>

	<ul style="list-style-type: none"> - Green Globes: Two, Three, Four <p>Buildings with LEED Silver, DGNB Silver or Two Green Globes certifications will also be confirmed to have been designed to achieve a 20 to 30% energy efficiency improvement.</p>	
Resource Efficiency & Management	<p>Investments that improve energy or water efficiency greater than 15%, or make other environmentally beneficial improvements to properties or land including, but not limited to, investments in:</p> <ul style="list-style-type: none"> - LED and other energy efficient lighting - Cool roof and other sustainability-oriented construction materials - Smart meters - Energy storage - Xeriscaping/drought-tolerant landscaping - Sustainable drainage systems - Water and energy-saving technologies and materials 	<ul style="list-style-type: none"> • Annual energy saved or renewable energy generated • Annual greenhouse gas emissions reduced/avoided

Issuer’s Responsibility

Granite is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

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

Sustainalytics relied on the information and the facts presented by Granite. 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 Granite.

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,⁷ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. Granite has disclosed to Sustainalytics that 100% of the proceeds from the 2027 Debentures and 2028 Debentures and 48.1% of the proceeds from the 2029 Debentures were fully allocated as of December 2024. Granite intends to allocate the remaining proceeds from the 2029 Debentures up to December 2026.

⁷ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Expenditures to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Expenditures to determine if impact was reported in line with the KPIs outlined in the Framework.	Granite reported on at least one KPI per use of proceeds category.	None

Appendices

Appendix 1: Allocation Reporting

Table 3: Allocation of proceeds from the 2027 Debentures

Use of Proceeds Category	Projects Financed	Location	Amount Allocated (CAD million)
Green Buildings	Acquisition of a green building located at 3501 North Lancaster Hutchins Road.	Lancaster, Texas, US	106.1
	Acquisition of a green building located at Oude Graaf 15.	Weert, Netherlands	31.9
	Completed development of a green building at 1201 Allpoints Court.	Plainfield, Indiana, US	36.0
	Acquisition of a green building located at Francis Baconstraat 4.	Ede, Netherlands	21.4
	Acquisition and subsequent expansion of a green building located at De Kroonstraat 1 and De Poosthoornstraat 2 (expansion).	Tilburg, Netherlands	83.8
	Acquisition and subsequent development of a green building located at Aquamarijnweg 2.	Bleiswijk, Netherlands	66.2
	Acquisition of a green building located at 1243 Gregory Drive	Antioch, Illinois, US	56.5
	Completed development of a green building at Im Ghai 36	Altbach, Germany	41.2
	Completed development of a green building at 5000 Village Creek Road	Fort Worth, Texas, US	51.6 ⁸
Resource Efficiency and Management	LED lighting retrofits at six properties	Various properties in Canada and US	1.8
	HVAC replacements at two properties	Joliet, IL, US and Novi, MI, US	0.4
Total Allocated Amount (CAD million)			496.9
Total Unallocated Amount (CAD million)			0.0
Gross Proceeds Raised (CAD million)			500.0⁹

⁸ Sustainalytics notes that the allocation for the green building in Fort Worth, Texas has been financed using CAD 51.6 million from the 2027 Debentures and CAD 3.5 million from the 2028 Debentures.

⁹ Sustainalytics notes that CAD 3.1 million were incurred as transactional costs.

Table 4: Allocation of proceeds from the 2028 Debentures

Use of Proceeds Category	Projects Financed	Location	Amount Allocated (CAD million)
Green Buildings	Completed development of a green building at 5000 Village Creek Road	Fort Worth, Texas, US	3.5
	Acquisition of a green building located at Swaardvenstraat 75	Tilburg, Netherlands	101.2
	Completed expansion of a building at 2095 Logistics Drive	Mississauga, Ontario, Canada	11.5
	Completed development of a green building at 2120 Logistics Way	Murfreesboro, Tennessee, US	93.7
	Completed development of three green buildings at 13220/13230/13250 Crosby Freeway	Houston, Texas, US	147.4
	Completed development of two green buildings at 10144/10207 Veterans Drive	Avon, Indiana, US	108.7
	Completed development of a green building at 905 Belle Lane	Bolingbrook, Illinois, US	31.3 ¹⁰
Total Allocated Amount			497.3
Total Unallocated Amount			0.0
Gross Proceeds Raised			500.0¹¹

Table 5: Allocation of proceeds from the 2029 Debentures

Use of Proceeds Category	Projects Financed	Location	Amount Allocated (CAD million)
Green Buildings	Completed development of a green building at 905 Belle Lane	Bolingbrook, Illinois, US	22.1
	Completed development of three green buildings at 100/120/150 Business Park Drive	Lebanon, Tennessee, US	72.9
	Completed development of a green building at 4 Bowery Road	Brantford, Ontario, Canada	78.5
	Completed expansion of a building at 555 Beck Crescent	Ajax, Ontario, Canada	16.4
Resource Efficiency and Management	LED lighting retrofits at five properties	Various properties in the US and Germany	1.4
Total Allocated Amount			191.3
Total Unallocated Amount			206.2
Gross Proceeds Raised			400.0¹²

¹⁰ Sustainalytics notes that the allocation for the green building in Bolingbrook, Illinois has been financed using CAD 31.3 million from the 2028 Debentures and CAD 22.1 million from the 2029 Debentures.

¹¹ Sustainalytics notes that CAD 2.7 million were incurred as transactional costs.

¹² Sustainalytics notes that CAD 2.5 million were incurred as transactional costs.

Appendix 2: Reported Impact

Table 6: Reported Impact from Green Building Projects

Location	Certification rating	Building area certified (m ²)	Annual energy intensity (kWh/m ²)	Annual energy use reduction (%)	Annual greenhouse gas emissions avoided ^{13,14}		Annual greenhouse gas emissions intensity (kgCO ₂ e/m ²)	Proportion of on-site renewable energy ¹⁵ (%)	Proportion of construction waste diverted from landfill ¹⁶ (%)	Annual water use reduction ¹⁷ (%)
					(tCO ₂ e)	(%)				
Ajax, Ontario, Canada	Two Green Globes	4,626.01	120.35	38%	37	31.9%	17.08	-	-	-
Brantford, Ontario, Canada	Two Green Globes	38,076.67	88.04	46%	333	44.6%	10.87	-	-	-
Mississauga, Ontario, Canada	Two Green Globes	5,810	231.55	26%	11.3	21.8%	6.95	-	90%	100%
Altbach, Germany	DGNB Gold	27,188	80	23.8%	-	-	23	-	92%	-
Ede, Netherlands	BREEAM Very Good	11,479	31.5	11.5%	-	-	14.81	12.6%	91%	24.8%
Weert, Netherlands	BREEAM Excellent	22,126	29.7	100%	-	100%	-0.9	73.6%	93%	-
De Kroonstraat 1 and De Poosthoornstraat 2, Tilburg, Netherlands	BREEAM Excellent	45,242	34	100%	-	100%	-0.95	73.8%	89%	39.9%
Swaardvenstraat 75, Tilburg, Netherlands	BREEAM Excellent	46,083	-62.66	231.4%	42.04	-	-29.7	152.8%	81.2%	59.5%
Bleiswijk, Netherlands	BREEAM Very Good	22,319	81.11	20%	-	-	17.91	5.9%	91.3%	50%
Antioch, Illinois, US	LEED Silver	42,204	57.2	28.2%	192.05	-	11.61	-	84.1%	30.4%
Bolingbrook, Illinois, US	Two Green Globes	20,496.26	10.17	50%	333	83%	3.32	-	-	32.1%
10144 Veterans Drive, Avon, Indiana, US	Two Green Globes	66,221	38.32	50%	1,047	64%	8.88	-	-	-

¹³ In comparison with a local baseline.

¹⁴ Compared to median property.

¹⁵ Proportion of base building electricity usage that is generated through rooftop solar PV array.

¹⁶ Based on the total amount of construction waste generated that was minimized, reused or recycled.

¹⁷ Design water consumption from flush and flow fixtures, excluding process water and irrigation.

10207 Veterans Drive, Avon, Indiana, US	Two Green Globes	27,035	39.14	50%	438	65.5%	8.54	-	-	-
Plainfield, Indiana, US	Two Green Globes	47,470	69.50	34%	853	54%	15.40	-	-	26.9%
100 Business Park Drive, Lebanon, Tennessee, US	Two Green Globes	15,724	13.90	50%	283	81.6%	4.07	-	-	-
120 Business Park Drive, Lebanon, Tennessee, US	Two Green Globes	16,258	13.44	50%	291	82%	3.93	-	-	-
150 Business Park Drive, Lebanon, Tennessee, US	Two Green Globes	15,329	4.31	50%	314	93.7%	1.37	-	-	-
Murfreesboro, Tennessee, US	Two Green Globes	78,455	17.35	50%	1,304	75.8%	5.32	-	-	-
Fort Worth, Texas, US	Two Green Globes	56,247	50.07	38%	209.4	24%	11.69	-	-	-
13220 Crosby Freeway, Houston, Texas, US	Two Green Globes	27,466	15.21	50%	342	68.7%	5.68	-	-	-
13230 Crosby Freeway, Houston, Texas, US	Two Green Globes	34,664	15.17	50%	443	69.4%	5.63	-	-	-
13250 Crosby Freeway, Houston, Texas, US	Two Green Globes	63,908	27.74	38%	499	43%	10.34	-	-	-
Lancaster, Texas, US	LEED Silver	18,243	144.60	39.7%	678	39.9%	56.00	-	82.3%	50.7%

Table 7: Reported Impact from Resource Efficiency and Management Projects

Property Location	Annual Energy Savings (MWh)	Annual reduction of greenhouse gas emissions¹⁸ (tCO₂e)
Concord, Ontario, Canada	312.04	9.4
Saltzgitter, Niedersachsen, Germany	239	78.68
Pooler, Georgia, US	427.98	210
Joliet, Illinois, US	8.31	2.61
Plainfield, Indiana, US	599.87	519.7
Shepherdsville, Kentucky, US	826	767.4
Novi, Michigan, US	66.54	41.6
Novi, Michigan, US	1,074.44	194.6
Southaven, Mississippi, US	437	205
Groveport, Ohio, US	380.54	252.2
Monroe, Ohio, US	1,345.59	926
Wilmer, Texas, US	2,401.15	1,306

¹⁸ Granite obtained the carbon intensity of the electricity supply from the following sources:

- a. US Energy Information Administration, "State Electricity Profiles", at: <https://www.eia.gov/electricity/state/>
- b. Ontario Power Generation, "Our Climate Change Plan", (2020), at: <https://www.opg.com/documents/opg-climate-change-plan-2020/>
- c. Climate Transparency, "Germany Climate Transparency: Comparing G20 Climate Action", (2022), at: <https://www.climate-transparency.org/wp-content/uploads/2022/10/CT2022-Germany-Web.pdf>

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