Second-Party Opinion

LaSalle LOGIPORT REIT Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that LaSalle LOGIPORT REIT's (LLR) Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 (GBP). This assessment is based on the following:

USE OF PROCEEDS The eligible categories for the use of proceeds - (i) Green Buildings and (ii) Energy Efficiency - are aligned with those recognized by the GBP. Sustainalytics considers that the eligible projects will lead to positive environmental impacts and advance the UN Sustainable Development Goals (SDG) 7 and 9.

PROJECT EVALUATION / SELECTION LLR's eligible projects are evaluated and selected based on the Eligibility Criteria by its asset management company, LaSalle REIT Advisors K.K.'s (LRA) President and Chief Executive Officer (CEO), and Investment Committee comprised of its President and CEO, Chief Investment Officer (CIO), Chief Financial Officer (CFO), Chief Compliance Officer, and an external real estate appraiser, in accordance with the delegation of authority. The process is aligned with market practice.

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Introduction

LLR is a publicly traded real estate investment trust which invests in Japanese logistics facilities, primarily located in Tokyo and Osaka. LLR is listed on the Tokyo Stock Exchange in February 2016 and headquartered in Tokyo, Japan. In accordance with LLR's investment policy, the operation and management of LLR's assets are entrusted to its asset manager, LaSalle REIT Advisors K.K.(LRA), which is a wholly owned subsidiary of LaSalle Investment Management (LaSalle), a global real estate investment management firm.

LLR has developed the LaSalle LOGIPORT REIT Green Bond Framework (the Framework) under which it intends to issue green bonds and use the proceeds to finance and refinance, projects related to green buildings and refurbishments that reduce the environmental footprint of LLR's logistics properties . The Framework defines eligibility criteria in two areas:

1. Green Buildings
2. Energy Efficiency

LLR engaged Sustainalytics to review its LaSalle LOGIPORT REIT Green Bond Framework, dated December 2019 and provide a second-party opinion on the Framework's environmental credentials and its alignment with the GBP,[1] and Japan's Green Bond Guidelines 2017.[2] A summary overview of the Framework has been provided in Appendix 1.

As part of this engagement, Sustainalytics held conversations with various members of LRA's management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the LaSalle LOGIPORT REIT Green Bond Framework and should be read in conjunction with that Framework.

[1] International Capital Market Association, "The Green Bond Principles (GBP)", at: https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/.
[2] Ministry of the Environment, Japan, "Green Bond Guidelines, 2017", at: https://www.env.go.jp/en/policy/economy/gb/summary2017.pdf.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the LaSalle LOGIPORT REIT Green Bond Framework

Summary

Sustainalytics is of the opinion that the Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories for the use of proceeds defined in the Framework – (i) Green Buildings and (ii) Energy Efficiency– are recognized as impactful by the GBP. Sustainalytics believes that investments in the eligible projects will lead to a reduction in the environmental footprint of LLR's logistics properties.
  - LLR's green building eligibility criteria include third-party certification standards, namely CASBEE for Real Estate B+ or above, DBJ 3 Stars or above, and BELS 3 Stars or above. With regards to the certification schemes, Sustainalytics has conducted an evaluation of these third–party certification schemes and considers them to be robust and credible. While Sustainalytics considers that buildings certified to the third level of these certification schemes to have a positive impact, it also recognizes that the market best practice is to include only assets certified to the top two levels of each scheme. (See Appendix 2 for additional details on these certification schemes).
  - As part of the eligible refurbishment projects, LLR has set a minimum threshold of 10% energy and water consumption improvement compared to before the refurbishment. Sustainalytics recognizes that by setting a minimum threshold for energy and resource improvements, LLR ensures environmental benefits, and encourages LLR to favor refurbishment projects with 30% or above emission intensity improvement to be in line with best practice.
  - LLR has defined a three-year look-back period for its refinancing activities.

- Project Evaluation and Selection:
  - LLR confirmed that its project evaluation and selection process will be executed by LRA's President and CEO, and Investment Committee comprised of its President and CEO, CIO, CFO, Chief Compliance Officer, and an external real estate appraiser. Sustainalytics considers LLR's evaluation and selection processes to be in line with market practice.

- Management of Proceeds:
  - LLR intends to allocate the net proceeds of the green bonds to Eligible Green Assets shortly after issuance, using a portfolio approach. Pending full allocation, the unallocated proceeds will be held in cash or cash equivalents. LRA's Finance Department will monitor the allocation of proceeds and ensure that, as of the end of each fiscal period, the outstanding balance of the green bonds does not exceed the debts of the Eligible Green Assets, by using an internal file. Sustainalytics considers LLR's management of proceeds to be in line with market practice.

- Reporting:
  - LLR has committed to report on the allocation of the proceeds on its website annually until full allocation, and in the event of material developments. LLR's allocation reporting will include the amount of allocated and unallocated proceeds, schedule of allocation, managing method of the proceeds, the book value and debt of the Eligible Green Assets, as well as the outstanding amount of the green bonds. In addition, LLR intends to provide impact reporting annually, until the maturity of the green bond. This disclosure will include relevant impact metrics such as a brief description of the Eligible Green Assets, levels of green building certifications achieved, reduction in electricity consumption, water usage and CO_2 emissions. Sustainalytics considers LLR's allocation and impact reporting processes to be aligned with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Framework aligns with the four core components of the GBP. For detailed information please refer to Appendix 3: Green Bond/Green Bond Programme External Review Form.

Alignment with Japan's Green Bond Guidelines 2017

Japan's Green Bond Guidelines 2017 communicate what an issuer should do to issue a credible green bond, and also highlight what an issuer is recommended to do. Sustainalytics assessed the alignment between the Framework and the 'requirements of' items outlined in the Japan's Green Bond Guidelines 2017.

GBP and Japan's Green Bond Guidelines 2017	Alignment with GBP and with Japan's Green Bond Guidelines?	Sustainalytics' comments on alignment with Japan's Green Bond Guidelines 2017
1. Use of Proceeds	Yes	The Framework describes that the proceeds will be allocated to green buildings that have received, or will receive third-party certifications and refurbishments to improve resource efficiency, which are recognized as green projects with clear environmental benefits in the Japanese Green Bond Guidelines 2017. LLR also explains within its Framework its processes to mitigate environmental risks associated with Eligible Green Assets, and is accessible to the investors.
2. Process for Project Evaluation and Selection	Yes	Within the Framework, LLR explains its sustainability targets and initiatives it seeks to promote through the issuance of green bonds. Additionally, it describes its eligibility criteria as well as the project evaluation and selection process conducted by LRA's President and CEO, and Investment Committee which includes LRA's senior management.
3. Management of Proceeds	Yes	The Framework explains that LRA's Finance Department will monitor to ensure that the outstanding balance of the green bonds does not exceed the debts of the Eligible Green Assets as of the end of each fiscal period, by using an internal file. Pending allocation, unallocated proceeds will be held as cash or cash equivalents, and this management method is also described in the Framework.
4. Reporting	Yes	LLR intends to disclose on the allocation of the proceeds annually until full allocation, and in the event of material developments. Allocation reporting will include the amount of allocated and unallocated proceeds, schedule of

	allocation and method of managing unallocated proceeds. Additionally, LLR will annually report on the environmental impact and disclose relevant indicators including the level of green building certification achieved, estimated reduction in electricity consumption, water usage and CO_2 emissions.

Section 2: Sustainability Strategy of the Issuer

Contribution of the Framework to LLR's sustainability strategy and targets

In line with its mission of maximizing unitholder value, LLR has integrated various environmental sustainability considerations, especially energy consumption, water usage, and carbon emissions, into its day-to-day operations. Sustainalytics has a positive view of the Framework and its alignment with LLR's sustainability policies and strategies due to the following efforts:

- LLR aims to improve sustainable operational practices in line with LaSalle's Environmental, Social Responsibility and Corporate Governance Policy, which articulates the following commitments: (i) minimize the environmental impact of client properties, monitor climate change effects and improve investment performance, (ii) reduce the environmental impacts of business operations, (iii) deliver the best solutions to clients by meeting and exceeding environmental regulations and requirements, (iv) collaborate with stakeholders to ensure optimal sustainability solutions in property management while maximizing investment performance, and (v) drive innovation on sustainable property investment.[3]

- Since LLR's listing in 2016, LLR has obtained 19 third-party green building certifications for 14 owned properties and aims to maintain its progress in expanding its green buildings portfolio. Moreover, in conjunction with the Act on the Rational Use of Energy (Japan's "Energy Conservation Act"), LLR established a reduction goal for the energy consumption intensity of owned properties by 5% over a five-year period, which it intends to achieve by implementing environmental initiatives such as the installation of solar panels on rooftops and conversion from incandescent to LED lighting. As part of its efforts to monitor progress toward reducing the environmental footprint of buildings in its portfolio, LLR provides disclosure on its track record of energy consumption intensity and CO_2 emissions intensity.[4]

Based on the above, Sustainalytics is of the opinion that LLR is well positioned to issue green bonds and that the planned use of proceeds will help LLR to advance its sustainability strategy.

Well positioned to address common environmental and social risks associated with the projects

While the eligible categories are recognized as impactful by GBP, Sustainalytics also recognizes that the related eligible categories may lead to unintentional negative environmental and social outcomes such as workers' health and safety, environmental impacts related to construction processes such as air, water, and soil pollution, biodiversity loss and land use change.

In order to identify and manage environmental and social risks, LLR has established a risk management system, and progress of sustainability measures and related data on properties are monitored and reported/discussed in the weekly meetings of the Investments Division. Furthermore, LLR confirmed to Sustainalytics that it conducts a sustainability risk review prior to property acquisitions as part of its due diligence process. Areas of assessment include contamination, energy efficiency, water efficiency, waste management, building and safety materials, and additional analysis is conducted to consider mitigation measures for identified risks.

[3] LaSalle Investment Management, "Environmental, Social Responsibility and Corporate Governance Policy", at: http://lasalle-logiport.com/file/en-sustainability-policy-dd427812b76e12224d3e8483cad38edff51c5eec.pdf.
[4] LaSalle LOGIPORT REIT, "Environmental Performance 2018", at: http://lasalle-logiport.com/file/en-environment-set-c334d9f616c0399bc5d747714ed319fa2c199b4d.pdf.

Considering LLR's efforts to implement a risk management system and its process to assess sustainability risks before property acquisition, Sustainalytics is of the opinion that LLR is well-positioned to address environmental and social risks that may associate with the planned use of proceeds. However, Sustainalytics further encourages LLR to publicly disclose its risk mitigation policies.

Section 3: Impact of Use of Proceeds

The two use of proceeds categories described in the Framework are recognized by the GBP and Japan's Green Bond Guidelines 2017 as projects that produce positive environmental impacts. Sustainalytics explains why those project categories produce positive environmental impacts in Japan as follows:

Importance of green buildings towards achieving energy efficiency and climate change targets in Japan

According to the latest report of the World Green Building Council, the building sector is a significant contributor to both global energy use and total CO_2 emissions, accounted for 40% of CO_2 emissions globally in 2017.[5] In Japan alone, residential and commercial buildings account for nearly 28.5% of total energy consumption in 2018.[6]

Given the significant importance of the building sector in the country's energy demand, the Ministry of Land, Infrastructure, Transport and Tourism adopted the Building Energy Efficiency Act in 2016 in order to increase the efficiency of the building sector and set

Conclusion

LLR has developed the Framework, under which it intends to issue green bonds, with the proceeds being directed to financing and/or refinancing investments related to Green Buildings and Energy Efficiency. Use of proceeds may include green buildings that have received, or will receive certifications by CASBEE for Real Estate, DBJ, or BELS, and refurbishments to improve resource efficiency. Sustainalytics considers that the use of proceeds will contribute to decarbonizing and reducing the environmental footprint in the real estate sector as well as supporting SDGs 7 and 9.

The use of proceeds category, Green Buildings and Energy Efficiency, is recognized as impactful by the GBP. Furthermore, LLR's process for project evaluation and selection, management of the proceeds, and commitments on allocation and impact reporting are aligned with market practice.

Based on the above, Sustainalytics is of opinion that LLR is well-positioned to issue green bonds and the Framework is credible, impactful, and is in line with the GBP and Japan's Green Bond Guidelines 2017.

Appendices

Appendix 1: Framework Overview

For the purpose of issuing green bonds, LLR has developed the following framework which addresses the four key core components of the GBP: use of proceeds, project evaluation and selection process, management of proceeds, and reporting, in December 2019. The framework belongs to LLR, and a summary overview has been provided below.

1. Use of proceeds

The proceeds of the green bond will be allocated to acquire existing or new assets that meet the Eligibility Criteria (Eligible Green Assets), or to refinance the existing loan/investment corporation bonds which have been allocated to Eligible Green Assets.

Eligibility Criteria

Category: Green Building and Energy Efficiency

LaSalle LOGIPORT REIT (LLR) shall apply one or more of the following criteria to allocate the proceeds to Eligible Projects:

1. Buildings that have achieved the following top three levels of third-party green building certification/recertification within 36 months prior to the payment date of green bonds or will achieve:
   - B+, A or S Rank under CASBEE for Real Estate
   - 3, 4 or 5 Stars under DBJ Green Building Certification Program
   - 3, 4 or 5 Stars under BELS

2. Refurbishments with a primary purpose of achieving one of the following criteria and are completed within 36 months prior to the payment date of green bond or will be completed:
   - Refurbishments with more than 10% reduction in CO_2 emissions or energy consumption
   - Refurbishments with more than 10% reduction in water consumption
   - Newly achieve the green building certifications listed in above 1 or more than one level of star/rank improvement in the green building certifications

2. Process for project evaluation and selection

2.1 Application of Eligibility and Exclusionary Criteria in Project Selection

Selection of the projects that meet the eligibility criteria will be executed by LRA's President and CEO, and Investment Committee (comprised of its President and CEO, Chief Investment Officer (CIO), Chief Financial Officer (CFO), Chief Compliance Officer, and an external real estate appraiser), based on the delegation of authority.

2.2 Environmental Objectives

LLR intends to build its portfolio, using location, size, tenants, building performance and cash flow stability and the ability to lower the environmental impact as investment criteria. With respect to sustainability strategies for properties in LLR's portfolio, LRA's Sustainability Committee determines policies and initiatives for receiving third-party certifications as well as methods in which to reduce the environmental impact of its properties on an annual basis, and a variety of actions are taken that can create more value for LLR's unitholders.

LLR has been awarded 19 building environmental certifications for the 14 properties it owns, and aims to obtain these building environmental certifications continuously. In conformity with the Energy Conservation Act, LLR has set out a goal of reducing energy usage intensity of owned properties by 5% over a five-year period through the efforts to reduce environmental impacts such as installation of solar panels on rooftops and introduction of LED lights.

2.3 Process to Mitigate Environmental and Social Risks

LRA has established a system to identify and manage environmental and social risks, in which it regularly monitors the progress of its sustainability goals, measures, and related data on properties, and holds meetings within its Investments Division to report and discuss the progress, key issues and solutions. The Chief Investment Officer (CIO) of the Investment Division oversees the execution of business plans and is

the person responsible for LLR asset management. Accordingly, approval by the CIO is required for the execution of plans or solutions.

3. Management of Proceeds

LRA extracts the Eligible Green Assets out of LLR's portfolio and calculates the Debts of Eligible Green Assets by multiplying the calculable total book value of the Eligible Green Assets by its calculable book value LTV (Loan to Value / based on interest-bearing debt) ratio as of the end of the latest fiscal period prior to the date of each bond issuance. LRA's Finance Department will then monitor to ensure that the outstanding balance of the green bonds does not exceed the debts of Eligible Green Assets, by using an internal file.

LLR will disclose that the net proceeds from the green bonds shortly thereafter, fully allocated to finance the acquisition of Eligible Green Assets or refinance the loans or finance redemption of bonds that have been allocated to Eligible Green Assets.

If the proceeds from the green bonds are temporarily not allocated to finance the acquisition of Eligible Green Assets, LLR will identify the unallocated amount of the funds and manage them in cash or cash equivalents until they are allocated.

4. Reporting

4.1 Allocation reporting

LLR will disclose annually on its website the allocation status, including the amount of unallocated proceeds, schedule of allocation and managing method, of the net proceeds of green bonds until the proceeds are fully allocated to Eligible Green Assets. Additionally, it will disclose that the total amount of outstanding green bonds does not exceed the debts of Eligible Green Assets. Furthermore, after issuance, LLR will annually report on the book value of all the Eligible Green Assets, the debts of Eligible Green Assets and the outstanding amount of the green bonds as of the end of February in each year. In the event of material developments, LLR will update the information on the use of proceeds on a timely basis even after the full allocation of the proceeds.

4.2 Impact reporting

As long as there is an unredeemed balance to the relevant green bonds, LLR will annually disclose on its website a brief description of Eligible Green Assets, progress and levels of certifications and the following indicators:

- Electricity consumption
- Water consumption
- CO_2 emissions

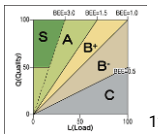
As for environmental benefits of the refurbishments that have been funded by the green bonds, LLR will disclose an estimated rate of reduction (%) of electricity consumption, water usage or CO_2 emissions before and after the refurbishment.

Appendix 2: Overview and Comparison of Green Building Certification Schemes

	CASBEE Certification[9]	**DBJ Green Building Certification**[10]	**BELS**[11]
Background	The Comprehensive Assessment System for Built Environment Efficiency (CASBEE) Certification is a green building certification scheme in Japan, which a third party certifies the environmental performance of buildings. The certification scheme includes, based on types of buildings: CASBEE for Buildings, CASBEE for Real Estate, and CASBEE for Housing.	The Development Bank of Japan (DBJ) Green Building Certification Programme was launched by Development Bank of Japan in 2011 and is operated in conjunction with the Japan Real Estate Institute (JREI), a major appraisal firm in Japan. The certification scheme is recognized as one of Japan's major regional standards. The certification is available for office buildings, logistics, residential, and retail facilities.	The Building-Housing Energy-efficiency Labelling System (BELS) is an energy performance label, issued under guidelines established by Japan's Ministry of Land, Infrastructure, Transport, and Tourism. The BELS certification scheme evaluates primary energy consumption in order to measure performance of energy conservation.
Certification levels	C (Poor) B- (Slightly Poor) B+ (Good) A (Very Good) S (Excellent) * 4-grade evaluation for CASBEE for Real Estate excluding C rank	1 Star (Properties with satisfactory environmental & social awareness) 2 Stars (Properties with high environmental & social awareness) 3 Stars (Properties with excellent environmental and social awareness) 4 Stars (Properties with exceptionally high environmental & social awareness) 5 Stars (Properties with the best class environmental & social awareness)	1 Star 2 Stars 3 Stars 4 Stars 5 Stars
Areas of Assessment: Environmental Project Management	CASBEE assesses two main factors: inside and outside the building site, which translate into Q (Built Environment Quality) and, L (Built Environment Load), respectively. * The above are not applied to CASBEE for Real Estate	Evaluation of DBJ Green Building Certification includes construction specifications, environmental features as well as the following factors: - Disaster-prevention and anticrime measures; - Tenants' comfort and convenience;	None

[9] Institute for Building Environment and Energy Conservation, "CASBEE certification scheme (Japanese only)", at: http://www.ibec.or.jp/CASBEE/certification/certification.html.
[10] Development Bank of Japan, Japan Real Estate Institute (JREI), "DBJ Green Building", at: http://igb.jp/en/index.html.
[11] Association for Housing Performance Evaluation & Labeling, "Building-Housing Energy-efficiency Labelling System Building Energy-efficiency Performance Labeling System (Japanese only)", at: https://www.hyoukakyoukai.or.jp/bels/bels.html.

		- Harmony with the surrounding environment; - Collaboration with stakeholders (including tenants and investors); and - Environmental Investor Relations activities.	
Areas of Assessment: Environmental Performance of the Building	• Energy Efficiency • Resource efficiency • Local environment • Indoor environment * Areas for assessment of CASBEE for Real Estate are energy/GHG, water, resource, biodiversity, indoor environment	Assessment include three areas with some examples of following subcategories: Ecology • Energy conservation • Water resources conservation • 3R (Reduce, Reuse and Recycle) • Use of renewable energy Risk management & amenities/diversity • Security & Safety of tenant users • Convenience of tenant users Community & partnership • Landscape • Biodiversity • Relation with the local community • Owner & stakeholder relationship	Energy efficiency
Requirements	Score-based performance level. CASBEE uses the BEE (Built Environment Efficiency) as its assessment indicator, which is calculated from Q (Built Environment Quality) as the numerator and L (Built Environment Load) as the denominator. Q and L are obtained through the classification and rearrangement of the four areas of assessment. Buildings may receive ranks ranging from C (poor) to S (excellent), in order of increasing BEE value. For authorization, a building must receive a report from the CASBEE Certification system, which is afterwards	Score-based performance level. Assessment structure composed of the following three pillars: 1. Areas of assessment The features and characteristics of the green building will be classified into five main categories: •Energy & Resources •Amenity •Resilience •Community & Diversity •Partnership The assessment has a full score of 300 points and consists of 85 questions. 2. Innovation point system	Score-based performance level. The BELS score is based on the Building Energy Index, obtained by comparing the energy consumption of a building to the standard primary energy consumption of the building type in official guidelines. A two-star rating is equivalent to meeting existing energy conservation standards, with higher star ratings implying greater savings. The score is calculated by an accredited third party.

	assessed by the local government. * CASBEE for Real Estate does not use BEE, additional point system. Certification will not be given, if required item are not met.	An additional point system is adopted to reflect exceptionally innovative initiatives in each subcategory. Such initiatives need not fit in the scope of the respective questions. 3. Onsite survey JREI will conduct on the ground review of building performance on the indicators above, and a committee set in JREI will decide the result of certification rank.	
Performance display	 12	[redacted] 13	14
Qualitative considerations	CASBEE is continuously developed based on industry-government-academia collaboration under the support of Ministry of Land, Infrastructure, Transport and Tourism. In Japan, many local governments have made CASBEE assessment results mandatory for building permits. Compared to similar tools available internationally, CASBEE displays a unique and simple structure.	In addition to LEED and CASBEE, DBJ Green Buildings Certification Programme is considered as one of the green building standards in Japan. According to its website, as of March 2019, 695 properties in Japan are certified by the programme.[15]	BELS is aligned with official government standards. The scheme assesses only energy performance, without any broader consideration of holistic environmental factors.

[12] Institute for Building Environment and Energy Conservation, "Method of Evaluation and Built Environment Efficiency (BEE)", at: http://www.ibec.or.jp/CASBEE/CASBEE_outline/method.html.
[13] Development Bank of Japan, "DBJ Green Building", at: http://www.dbj.jp/en/pdf/service/finance/g_building/gb_presentation.pdf.
[14] Institute for Building Environment and Energy Conservation, "Display example of BELS (Japanese only)", at: https://www.hyoukakyoukai.or.jp/bels/pdf/170401bels_07.pdf.
[15] Development Bank of Japan, Japan Real Estate Institute (JREI), "DBJ Green Building", at: http://igb.jp/en/index.html.

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 -(i) Green Buildings and (ii) Energy Efficiency - are aligned with those recognized by the GBP. Sustainalytics considers that the eligible projects will lead to positive environmental impacts and advance the UN Sustainable Development Goals (SDG) 7 and 9.

Use of proceeds categories as per GBP:

Renewable energy	☒	Energy efficiency
Pollution prevention and control		Environmentally sustainable management of living natural resources and land use
Terrestrial and aquatic biodiversity conservation		Clean transportation
Sustainable water and wastewater management		Climate change adaptation

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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)*:

LLR intends to allocate the net proceeds of the green bonds to Eligible Green Assets shortly after issuance, using a portfolio approach. Pending full allocation, the unallocated proceeds will be held in cash or cash equivalents. LRA's Finance Department will monitor the allocation of proceeds and ensure that, as of the end of each fiscal period, the outstanding balance of the green bonds does not exceed the debts of the Eligible Green Assets, by using an internal file. Sustainalytics considers LLR's management of proceeds to be in line with market practices.

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):

LLR intends to report annually on the allocation of the proceeds until full allocation, and on the environmental impact until the maturity of Green Bond. Allocation reporting will include the amount of allocated and unallocated proceeds, schedule of allocation, managing method of the proceeds, the book value and debt of the eligible projects, as well as the outstanding amount of the green bonds. The impact reporting will include relevant impact metrics per eligibility criteria. Sustainalytics views LLR's allocation and impact reporting to be 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):* amount of unallocated proceeds, schedule of allocation, managing method of the proceeds, the book value and debt of the eligible projects, as well as the outstanding amount of the green bonds.

Frequency:

☒ Annual Semi-annual

☒ Other (please specify): on a timely basis in the event of material developments

Impact reporting:

Project-by-project ☒ On a project portfolio basis

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

Frequency:

☒ Annual Semi-annual

Other (please specify):

Information reported (expected or ex-post):

☒ GHG Emissions / Savings Energy Savings

Decrease in water use ☒ Other ESG indicators (please specify): brief description of Eligible Green Assets, progress and level of green building certification, amount of consumption of electricity and water, estimated reduction rate in consumption of electricity and water.

Means of Disclosure

Information published in financial report	☐	Information published in sustainability report	
Information published in ad hoc documents	☒	Other (please specify): LLR's Corporate website	

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:

Consultancy (incl. 2nd opinion)	Certification
Verification / Audit	Rating
Other *(please specify):*	

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.

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider. The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit www.sustainalytics.com

Or contact us info@sustainalytics.com