

REPORT REVIEW

Eaglestone Green Retail Bond Report

Green Retail Bond Allocation and Impact Report of Eaglestone Group

09 October 2023

VERIFICATION PARAMETERS

Type(s) of reporting	<ul style="list-style-type: none">Green Bond Allocation and Impact Report
Relevant standard(s)	<ul style="list-style-type: none">Harmonised Framework for Impact Reporting (HFIR), as administered by International Capital Market Association (ICMA), as of June 2023Eaglestone's Green Retail Bond Allocation and Impact Report (as of October 09th, 2023)
Scope of verification	<ul style="list-style-type: none">Eaglestone's Green Finance Framework (as of September 12, 2022)Bond identification: BE0002883644 / October 7, 2026 (26 million euros)/5.5% rate
Lifecycle	<ul style="list-style-type: none">Post-issuance verification
Validity	<ul style="list-style-type: none">As long as no changes are undertaken by the Issuer to its Green Retail Bond Allocation and Impact Report as of October 09th, 2023

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SCOPE OF WORK

Eaglestone Group (“the Issuer” or “Eaglestone”) commissioned ISS Corporate Solutions (ICS) to provide a Report Review¹ on its Green Retail Bond Allocation and Impact Report by assessing:

1. The alignment of Eaglestone’s Green Retail Bond Allocation and Impact Report with the commitments set forth in Eaglestone Green Finance Framework (as of September 22, 2023)².
2. Eaglestone’s Green Retail Bond Allocation and Impact Report - benchmarked against Harmonised Framework for Impact Reporting (HFIR), as administered by the International Capital Market Association (ICMA) updated as of June 2023
3. The disclosure of proceeds allocation and soundness of reporting indicators – whether the impact metrics align with best market practices and are relevant to the Green Bond issued.

¹ A limited or reasonable assurance is not provided on the information presented in Eaglestone Green Retail Bond Allocation and Impact Report. A review of the use of proceeds’ allocation and impact reporting is solely conducted against ICMA’s Standards (Green Bond Principles), core principles and recommendations where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. The Issuer [or Eaglestone] is responsible for the preparation of the report including the application of methods and internal control procedures designed to ensure that the subject matter information is free from material misstatement.

² The Framework was assessed as aligned with the Green Bond Principles as of September 13, 2022.

ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part 1.</p> <p>Alignment with the Issuer's commitments set forth in the Framework</p>	<p>Eaglestone's Green Retail Bond Allocation and Impact Report meets the Issuer's commitments set forth in the Green Finance Framework. The proceeds have been used to refinance Green Buildings in accordance with the eligibility criteria defined in the Framework.</p>	<p>Aligned</p>
<p>Part 2</p> <p>Alignment with the Harmonised Framework for Impact Reporting</p>	<p>The Green Retail Bond Allocation and Impact Report is in line with ICMA's Harmonised Framework for Impact Reporting (HFIR). The Issuer follows core principles and, where applicable, key recommendations.</p> <p>The report was produced on an annual basis and includes impact indicators for the financed eligible expenditure categories to illustrate the environmental impact of the project. Allocated proceeds are reported in a single currency. ESG risks associated with the expenditure categories are identified and managed through an appropriate process.</p>	<p>Aligned</p>
<p>Part 3</p> <p>Disclosure of proceeds allocation and soundness of reporting indicators</p>	<p>The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible projects as proposed in the Framework³.</p> <p>Eaglestone's Green Retail Bond Allocation and Impact Report has adopted an appropriate methodology to report on the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices.</p>	<p>Aligned</p>

³ The assessment is based on the information provided in the Issuer's report. The Issuer is responsible for the preparation of the report including the application of methods and procedures designed to ensure that the subject matter information is free from material misstatement.

REPORT REVIEW ASSESSMENT

PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE GREEN FINANCE FRAMEWORK⁴

The following table evaluates the Green Retail Bond Allocation and Impact Report against the commitments set forth in Eaglestone’s Green Finance Framework, which are based on the core requirements of the Green Bond Principles as well as best market practices.

GREEN BOND PRINCIPLES	OPINION	ALIGNMENT WITH COMMITMENT
<p>1. Use of Proceeds</p>	<p>Eaglestone confirms to follow the Use of Proceeds’ description provided by Eaglestone’s Green Finance Framework.</p> <p>The report is in line with the initial commitments set in Eaglestone’s Green Finance Framework: to finance the acquisition or construction/refurbishment of Green Buildings aligned with mandatory requirements linked with green building certifications (BREAAAM Excellent or DGNB/HQE) or the energy and carbon performance, water efficiency and savings or waste management (achieve a minimum of 75% of the BREAAAM category).</p> <p>For assets not subject to official classification, the criterion is to achieve a high level of energy efficiency with a maximum Primary Energy Demand (PED) of 85 kWh/sqm. Assets are located in France, Belgium and Luxembourg. 100% of the proceeds are for refinancing.</p> <p>The Issuer is transparent that 26 million euros are allocated to the refinancing of Green Buildings. The Issuer’s green category is in accordance with the eligibility criteria set in Eaglestone’s Green Finance Framework. Environmental benefits at the project level are described and quantified.</p>	
<p>2. Process for Project Evaluation and Selection</p>	<p>Eaglestone confirms to follow the Process for Project Evaluation and Selection description provided by Eaglestone’s Green Finance Framework.</p> <p>The report is in line with the initial commitments set in Eaglestone’s Green Finance Framework: follow a transparent process for selection and evaluation of Eligible Assets, complying with local laws and regulations, including</p>	

⁴ The Eaglestone Green Finance Framework was assessed as aligned with the GBP/SBP as of September 13, 2022.

	<p>applicable regulatory environmental and social requirements, managed by an internal checklist. Eligibility criteria are assessed two times, at the end of the design stage and the delivery of the building.</p> <p>The projects selected are defined and structured in a congruous manner. The Issuer ensures compliance with the Eligibility Criteria. ESG risks associated with the project categories are identified and managed through an appropriate process.</p>	
<p>3. Management of Proceeds</p>	<p>Eaglestone confirms to follow the Process for Management of Proceeds description provided by Eaglestone’s Green Finance Framework.</p> <p>The report is in line with the initial commitments set in Eaglestone’s Green Finance Framework: 100% of the proceeds collected (26 million euros) have been allocated to eligible projects with no exceptions, within 12 months after issuance.</p> <p>The proceeds are tracked in an appropriate manner and attested in a formal internal process. Moreover, the Issuer confirms there are no unallocated proceeds.</p>	<p>✓</p>
<p>4. Reporting</p>	<p>Eaglestone Impact Report is coherent with the Reporting description provided by Eaglestone’s Green Finance Framework.</p> <p>The report is in line with the initial commitments set in Eaglestone’s Green Finance Framework: Publish annually, until the bond matures, on their website the Allocation and Impact Reporting of the net proceeds of issued green finance instruments under its Green Assets Portfolio, including year of acquisition, amounts of investment, geographic distribution, the balance of unallocated proceeds (if any) and the proportion of new financing and refinancing.</p> <p>On Impact Reporting, the environmental impacts of the Eligible Assets (re-)financed, the eligible assets' green building certifications, the specific classification level for Office Buildings and additional impact indicators subject to availability of data: expected annual generation of renewable energy (in kWh) and the related CO2 emission avoidance and the expected quantity of recycled material (in metric tons per year) have been disclosed.</p> <p>The sections “Allocation Reporting” and “Impact Reporting” of the Green Retail Bond Allocation and Impact Report</p>	<p>✓</p>

	<p>comply with the pre-issuance commitment expressed in the Framework. The report is publicly available at the link: https://eaglestone.group/investors/.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	
5. Verification	ISS ICS has provided a Second Party Opinion (SPO) on Eaglestone's Green Finance Framework.	

PART II: ASSESSMENT AGAINST THE ICMA HARMONIZED FRAMEWORK FOR IMPACT REPORTING

Reporting is a core component of the Green Bond Principles and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of an annual report. Green bond issuers are required to report on both the use of green bond proceeds, as well as the environmental impacts at least on an annual basis until full allocation or maturity of the bond. The Harmonized Framework for Impact Reporting has been chosen as a benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates Eaglestone’s Green Retail Bond Allocation and Impact Report against the ICMA Harmonized Framework for Impact Reporting.

CORE PRINCIPLES		
ICMA HFIR	GREEN RETAIL BOND ALLOCATION AND IMPACT REPORT	ASSESSMENT
Reporting on an annual basis	Eaglestone has reported within one year from issuance and all the proceeds (26 million euros) have been fully allocated. The report will be available on Eaglestone’s website.	✓
Illustrating the environmental impacts or outcomes	<p>The assessment and measurement of the impacts generated by Eaglestone’s Green Retail Bond covered the following areas:</p> <ul style="list-style-type: none"> a. Green Building Certifications (i.e. BREEAM, DGNB, WELL Certified) including the specific classification level where applicable (e.g “Outstanding”) b. Primary Energy Demand (i.e. kWh/m²) 	✓
ESG Risk Management	<p>To identify and manage the ESG risks of eligible projects, Eaglestone has developed criteria for the evaluation and selection of projects. These criteria include Green Building Certifications, such as BREEAM, DGNB, and HQE. Further, a minimum requirement on Energy and Carbon Performance, Water Efficiency and Savings, and Waste Management are set for the evaluation and selection of projects. Where official certificates are not applicable, an Energy Efficiency criterion is set in the project evaluation and selection process.</p> <p>Additionally, the projects are located in the EU and follow local and regional laws and regulations, including applicable regulatory environmental and social requirements. To ensure the respect of those</p>	✓

	requirements, Eaglestone has an internal checklist which covers all those points.	
Allocation of proceeds - Transparency on the currency	All green bond-related cash flows are reported in one currency, EUR, both when allocating the green bond proceeds and when reporting on the projects.	✓

RECOMMENDATIONS

ICMA HFIR	GREEN RETAIL BOND ALLOCATION AND IMPACT REPORT	ASSESSMENT
Define and disclose period and process for Project Evaluation and Selection	<p>The entirety of the proceeds has been allocated to Green Assets. No modification (removal or additional projects) of the portfolio is planned.</p> <p>The Issuer followed a transparent process for the selection and evaluation of Eligible Green Projects. Projects refinanced through the Green Bond issued under the Green Finance Framework were evaluated and selected based on compliance with the Eligibility Criteria as laid out in the Framework.</p>	✓
Disclose the total amount of proceeds allocated to eligible disbursements	A total of EUR 26m has been raised through the Issuer's Green Retail Bond. 100% of the proceeds have been allocated to Green Assets.	✓
Formal internal process for the allocation of proceeds and to report on the allocation of proceeds	The Issuer followed a transparent process for the allocation of proceeds. Eaglestone's finance and transaction departments manage the net proceeds of issued Green Bond on a portfolio basis. The allocation of the net proceeds of issued Green Bond to the portfolio of Eligible Assets is reviewed and approved by Eaglestone Group's entities/countries Boards on a quarterly basis.	✓
Report at the project or portfolio level	The Green Retail Bond Allocation and Impact Report includes the total amount of proceeds allocated per specific project, type of building and geographical breakdown (country).	✓
Describe the approach to impact reporting	The Issuer identifies the specific eligible projects and clearly defines, for each project,	✓

	the project's total amount allocated, Green Building certification or Primary Energy Demand.	
Report the estimated lifetime results and/or project economic life (in years)	The Issuer has not disclosed the estimated lifetime results and/or project economic life for the projects.	-
Ex-post verification of specific projects	The Issuer does not plan to carry out ex-post verification of projects.	-
Report on at least a limited number of sector specific core indicators	The Issuer reports on certification standards (BREEAM, DGNB, WELL Certified) and Primary Energy Demand that are core indicators for the Green Building sector.	✓
If there is no single commonly-used standard, Issuers may follow and disclose their own calculation methodologies	The Issuer uses commonly used standards in reporting for green buildings.	-
Disclosure on the conversion approach (if applicable)	None of the reported units need to be converted.	-
Projects with partial eligibility	All financed projects are fully eligible.	-
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	The impact of Eaglestone's projects is reported separately per project and no attribution approach is used.	-

OPINION

Eaglestone follows the Harmonized Framework for Impact Reporting's core principles and some key recommendations. Eaglestone adhered to the core principles by reporting the allocated proceeds from the Green Bond annually and the ESG risk management process, illustrating the environmental impacts generated by the Green Bond, and disclosing the currency associated with the allocation of green bond proceeds. The Issuer provides transparency on the project selection and evaluation process, total signed amount of the green bond, and internal process for the allocation and report on the allocation of proceeds, aligned with best practices.

PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

Use of Proceeds Allocation

Use of Proceeds allocation reporting is key to putting the impacts into perspective with the number of investments allocated to the respective Use of Proceeds projects.

The Use of Proceeds allocation reporting occurred within one year from the issuance, after the full allocation of the proceeds.

Proceeds allocated to eligible projects/assets

The proceeds' allocation is broken down by type of project.

The allocation report section of the Green Retail Bond Allocation and Impact Report of Eaglestone aligns with best-market practices by providing information on:

- The number of projects (re-)financed
- The total amount of proceeds in millions of euros
- Breakdown of the allocated amount per project for financing and refinancing
- Location of the assets (per country)
- Size of the assets (per m²)
- Type of building
- Year of acquisition
- Project status (Development or Construction)
- Expected delivery of the projects

Impact Reporting Indicators

The table below presents an independent assessment of the Issuer’s report and disclosure of the output, outcome, and/or impact of projects/assets using impact indicators.

ELEMENT	ASSESSMENT
<p>Relevance</p>	<p>The impact indicator chosen by the Issuer for this bond is the following:</p> <p>Green Building Certifications</p> <ul style="list-style-type: none"> a) BREEAM Outstanding b) DGNB c) WELL Certified <p>Primary Energy Use</p> <ul style="list-style-type: none"> d) Primary Energy Demand (kWh/m²) <p>These indicators are quantitative and qualitative and material to the Use of Proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics for Green Building Projects by the ICMA Harmonized Framework for Impact Report for Environmental and Social Bonds. This aligns with best market practices.</p>
<p>Data sourcing and methodologies of quantitative assessment</p>	<p>For its impact indicator(s), the Issuer uses Internationally recognized certification standards for Green Buildings such as BREEAM (Building Research Establishment Environmental Assessment Method), DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen), WELL Building Standard.</p> <p>Additionally, the Issuer measures the energy usage using third parties, specialized in EPC measurement. The calculation methodology is based on the Th-BCE 2012 methodology for French assets and on the PEB software⁵ for assets located in Belgium.</p> <p>The indicators rely on external reference, leveraging on country-specific thresholds and regulations. Each unit of the project is measured and a dedicated report is issued.</p>
<p>Baseline selection</p>	<p>The impact data is compared with relevant baseline since regional, national, or internationally recognized standards are providing important baselines against which the green building project can be benchmarked. In this sense, the report is in line with the suggestion of the ICMA Harmonized Framework for Impact Reporting.</p>
<p>Scale and granularity</p>	<p>The impact data is presented at the project level for the indicator(s).</p>

⁵ More information could be find here: <https://energie.wallonie.be/fr/logiciel-peb.html?IDC=9596>

High-level mapping of the impact indicators with the UN Sustainable Development Goals

Based on the project categories financed and refinanced by the bonds as disclosed in the Issuer’s Green Retail Bond Allocation and Impact Report, the impact indicator(s) adopted by Eaglestone for its Green Bond can be mapped to the following SDGs, according to the ICMA “A High -Level Mapping to the Sustainable Development Goals”⁶.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p>Green Building Certifications (e.g. BREEAM, WELL, DGNB), including the specific classification level where applicable (e.g. “Outstanding”)</p>	
<p>Green Buildings</p> <p>Primary Energy Demand (kWh/m²)</p>	

OPINION

The allocation of the bond’s proceeds has been disclosed, with a detailed breakdown of the eligible project category as proposed in Eaglestone’s Green Finance Framework and has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices. Besides, the impact indicators used align with best market practices using ICMA’s recommended metrics in the HFIR.

⁶ [ICMA’s Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds](#)

DISCLAIMER

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ANNEX 1: Methodology

Review of the post-issuance Reports

The ISS ESG Report Review provides an assessment of labelled transactions reporting against international standards using ISS ESG proprietary methodology. For more information, please visit: <https://www.issgovernance.com/file/publications/SPO-Report-Reviews.pdf>

High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent to which the Issuers reporting and project categories contribute to related SDGs is identified.

ANNEX 2: Quality management processes

ISSUER'S RESPONSIBILITY

The issuer's responsibility was to provide information and documentation on:

- Green Retail Bond Allocation and Impact Report
- Green Finance Framework
- Proceeds Allocation
- Reporting Impact Indicators
- Methodologies, and assumptions for data gathering and calculation
- ESG Risk Management

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent Report Review has been conducted by following the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with Issuer Name took place from August to October 2023.

ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements for integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this Report Review

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyzes companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyze the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent Report Review so that investors are as well informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information on Report Review services, contact: SPOsales@isscorporatesolutions.com

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