



**NOVAL** PROPERTY

# **GREEN BOND**

# **INVESTORS & IMPACT**

# **ASSESSMENT REPORT**

December 2022





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# 1. INTRODUCTION

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## 1.1 General Information

In a fiscal year dominated by Greece's development in the aftermath of the pandemic, Noval Property forged ahead with its Green Bond Program expanding to new projects development and acquisition, consequently delivering several headline trades. This year's program brings Noval Property's first reporting year for the €120M green bond raised in December 2021.

The Report encompasses the investments financed from the Proceeds of the Green Bond for the period December 6th, 2021, through December 5th, 2022 (the Reporting Period). Amount of **€ 17,111,047.97** was allocated to the full refinancing of the common secured Bond Loan between the Company and "Eurobank S.A." related to the completion of the construction of "Butterfly" office building certified with LEED v4 Core and Shell at Gold level and the full refinancing of the common secured Bond Loan between the Company and "Alpha Bank S.A.", as well as to the partial refinancing of the short-term revolving facility (STRF) with the same bank related to the construction of "Mare West" Retail Park in Corinth, which is certified with BREEAM In-Use Commercial v6, as per Noval Property commitment in section 4.1.2 of the Green Bond Prospectus. The amount **€ 19,327,450.60** was allocated to financing Eligible Projects which are aligned with Noval Property's Green Bond Framework. Finally, **€ 3,835,076.36** were allocated for the expenses related to the Green Bond issuance. The remaining unutilized Proceeds amount to **€ 79,608,783.68**.

Noval Property has been a leader in green, sustainable, bioclimatic, resilient, and environmentally certified building design, construction, and operation of real estate assets in Greece. Fundamental analysis of significant environmental aspects has been carried out about these efforts. The analysis is regularly evaluated and consistently reveals that the Company primarily impacts the environment and climate change through energy consumption, resourceful use of materials, waste generation, and other indirect attributes such as transportation.

Emphasis on reducing the energy consumption of our portfolio's assets is therefore self-evident. Significant reduction in energy consumption, is pursued through investments in energy-efficient properties and working in close collaboration with our tenants. New construction, redevelopment, and improvements of properties require construction materials. When these materials are extracted, produced, and transported to our construction sites, they have an environmental impact. Therefore, it is essential to reduce the use of construction materials and to opt for reused materials or materials produced from recycled products to a larger extent. In addition, we need to ensure that the materials used do not contain hazardous substances that are spread into indoor environments or the environment outside of our buildings. That is why all the materials used in our portfolio's new buildings are always evaluated and documented.

The European Union (EU) aims to be climate-neutral by 2050 – an economy with net-zero greenhouse gas emissions. This objective is at the heart of the European Green Deal and in line with the EU's commitment to



global climate action plans under the Paris Agreement. The transition to a carbon-neutral society is both an urgent challenge and an opportunity to build a better future for all. Decarbonization is one of the most critical topics for green buildings. Reducing the emissions that raise global temperatures is a non-negotiable part of Noval Property's investment strategy for supporting our communities and protecting our planet for future generations.

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## 1.2 The Company

**Noval Property** is a **Real Estate Investment Company (R.E.I.C.)**, which is active in the real estate development and investment sectors. With a modern, diversified, and versatile asset portfolio, with high marketability and significant geographical distribution, Noval Property is ranked second among the existing R.E.I.C.s in Greece by portfolio value. Based on its strong capital structure, Noval Property has designed and implemented a strategic investment and development plan, with attractive prospects aiming to strengthen and enrich its real estate portfolio structure. Since the issuance of the Green Bond in 2021, Noval Property has been implementing the commitments undertaken in the Green Bond Framework outlining the necessary governance and management measures required for the execution of its investment strategy.



## 2. SUSTAINABILITY

### 2.1 U.N. Sustainable Development Goals

The **Sustainable Development Goals (SDGs)** are a set of goals for future development in global scale. The Global Goals were adopted on September 25<sup>th</sup>, 2015, during the 70<sup>th</sup> General Assembly of the United Nations Member States, as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The Goals were set by the United Nations and promoted as the Global Sustainable Development Goals to be accomplished from 2015 up to 2030. There are 17 SDG's with 169 associated targets that are strictly interconnected with these goals. The agenda 2030 promotes the integration of all three dimensions of sustainable development - social, environmental, and economic.



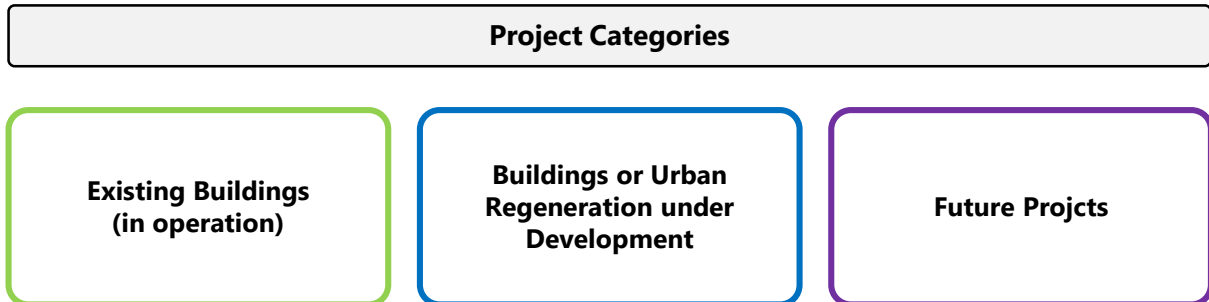
*U.N. Sustainable Development Goals*

In this respect, all Goals are interlinked and, therefore, require an integrated approach to all policy areas, from tackling poverty and social exclusion (SDG 1), to ensuring universal access to quality health services (SDG 3) and education (SDG 4), ensuring full employment and decent work for all (SDG 8), reducing social and regional disparities (SDG 10), to ensure integrated water resources management (SDG 6), the promotion of Renewable Energy Sources (RES) and energy efficiency (SDG 7) and the protection and sustainable management of the seas (SDG 14). The goal framework also includes procedural Goals, such as building efficient, credible, and transparent institutions (SDG 16) and strengthening and promoting open, participatory, and democratic processes as a means of implementing them (SDG 17).

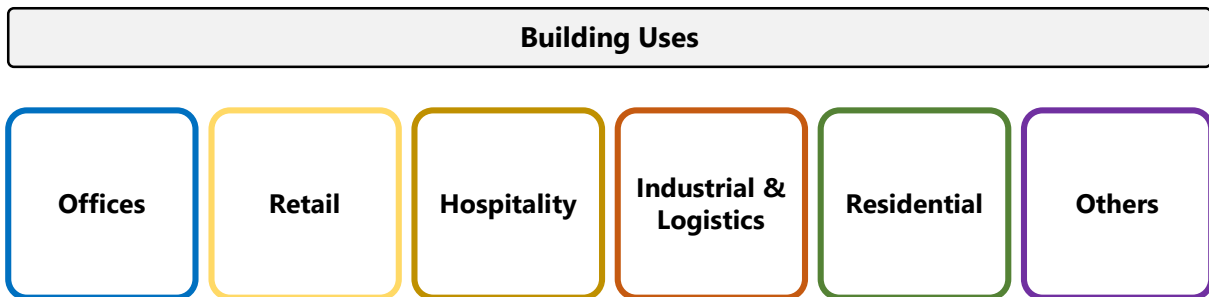


## 2.2 Investment Strategy

According to our investment strategy, Noval Property invests, directly or indirectly through joint ventures, in the management and/ or development of real estate that mainly focuses on office, hotel, logistics, and residential projects in Greece. Current and future investments in real estate relate mainly to the following cases of projects by maturity:



The Projects are classified into the following categories based on their use:



## 2.3 ESG Topics

Sustainability is at the core of Noval Property's investment strategy, business operations and decisions. We have developed and implemented a Sustainability Policy, which identifies the Company's priority areas in terms of the Environment, Society, and Corporate Governance.

The adoption of **ESG** criteria, i.e., Environmental, Social, and Corporate Governance criteria, in the investment process and the selection of investments is a rapidly rising trend internationally. The Company prioritizes the integration and implementation of ESG during the performance of its operations as a R.E.I.C. to align with international best practices. In this context, Noval Property documents in practice its firm commitment to investments and projects that are sustainable, resilient, environmentally certified, modern, and user-friendly, while at the same time compliant with the strictest international sustainability standards. With digital connectivity, smart technology, and user experience as our main priorities, our buildings prove our commitment to creating modern spaces that focus on the users and their needs.

Accordingly, Noval Property, integrates ESG criteria into investment analysis and decision-making process, adopts these criteria in its policy and practices, recognizes best practices in ESG issues, and aims to continuously improve efficiency in implementing the ESG principles.



# 3. GREEN BOND REPORTING

## 3.1 Applicable ICMA Categories

The net Proceeds from the issuance of the Green Bond have been and will be used to finance or refinance the eligible buildings portfolio, which may consist of eligible sustainable Projects under the following International Capital Markets Association - ICMA categories:

ICMA Green Project Categories					
Green Buildings	Energy Efficiency	Renewable Energy	Pollution Prevention & Control	Clean Transportation	Climate Change Adaptation
buildings that meet internationally recognised standards for environmental performance	for both new and refurbished buildings: energy storage, district heating, smart grids, appliances & products etc	production, transmission, appliances & products	reduction of CO <sub>2</sub> emissions, soil remediation, waste prevention - reduction - recycling etc.	non-motorised, multi-modal transportation, infrastructure for clean energy vehicles & reduction of harmful emissions	more resilient infrastructure to address climate change, support climate observation & early warning systems etc.

## 3.2 Effect on UN Sustainable Development Goals

In 2015, the UN’s member states committed to the 17 SDGs, which are to be achieved by 2030. The business world plays a key role in this, and many companies are working to reach these goals.

The Proceeds related to the Green Bond will directly and indirectly contribute to the enhancement of the sustainability and resilience of our portfolio. In this context, the SDG’s directly related to the Green Bond Proceeds according to ICMA correspond to approximately eight out of the seventeen targets in total:



*Goals associated with ICMA categories*

Noval Property’s operations in relation to SDG Goal 7 “Affordable and clean energy,” Goal 9 “Industry, innovation and infrastructure,” Goal 11 “Sustainable cities and communities” and Goal 12 “Responsible consumption and production” presents the largest positive impact. Through the corporate positive impact on the aforementioned SDG’s, Noval Property’s operations also contribute to Goal 13, “Climate Action”.

<b>Green Buildings</b>					
<b>Energy Efficiency</b>					
<b>Renewable Energy</b>					
<b>Pollution Prevention &amp; Control</b>					
<b>Clean Transportation</b>					
<b>Climate Change &amp; Adaptation</b>					

*Goals associated with each ICMA category*

### 3.3 Reporting

Our Company publishes the Green Bond Investor Report which incorporates an account of the use of Green Bond Proceeds and environmental investment footprint. Information provided on:

1. Distribution of Proceeds (“**Allocation Reporting**”)

The relevant information provides the total amount of investments and expenditures in Projects included in the Register of Eligible Sustainable Projects, as well as the total amount of unallocated Proceeds. The





Green Bond Investors Report contains information on the distribution of net income and indicatively includes:

- Total amount of non-allocated green Proceeds.
  - Total amount of investments and expenditure associated with Projects included in the Register of Eligible Sustainable Projects.
  - Description & geographical distribution of Projects included in the Register of Eligible Sustainable Projects.
  - Information on the separation between new financing and refinancing.
  - Balance of unallocated Proceeds.
2. Disclosure of the anticipated impacts of the Projects ("**Impact Reporting**"), when possible and under the condition that relevant data are available.

This report is a key component of the ICMA Green Bond Principles and the Company reports on both the use of the Proceeds utilized and the expected or actual environmental impact of its investments financed by the Green Bond Proceeds.

The Impact Assessment table lists expected climate results from projects that have been eligible to be funded, in whole or in part, with Green Bond Proceeds. The projects fall under the ICMA "green building category".

Reporting is based on estimates at the time of project appraisal. Because the Impact Assessment table includes not only actual results from completed projects but also the estimated results of projects that are still in the design and/or construction or implementation phase, there is no guarantee that these results will ultimately materialize. Thus, the reporting is not intended to provide actual results achieved in a specific year or reporting period but the aspired goals which are strictly aligned with the process of implementing the most robust sustainability rating systems.



Green Bond Sector	ID	Eligible Project	Country	Description	Allocated Amount	GBA	Energy (Nov 21 – Oct 22)	Sustainability Rating	SDG
Sustainable and/or Resilient Buildings and/or Urban Regeneration Projects	01	Mare West, Korinthos	GR	Green Bond Proceeds refinanced the existing loans including interest related to Mare West. The project contributed to the reduction of GHG emissions, water consumption, and energy consumption thus achieving <b>BREEAM In-Use certification</b> .	€ 11,898,988.57	14,153,69m <sup>2</sup>	215,040 kWh	BREEAM In-Use Very Good, Good *The Project achieved two separate certifications.	    
	02	The Butterfly, Chalandri	GR	Green Bond Proceeds refinanced the existing loan (including interest). The project was developed and achieved <b>LEED for Core &amp; Shell</b> at Gold level and thus contributed to the reduction of GHG emissions, water consumption and energy consumption.	€ 5,329,700.75	10,144 m <sup>2</sup>	551,119 kWh	LEED BD+C: Core & Shell – Gold	
	03	The Grid, Maroussi	GR	Green Bond Proceeds have been financing the design and construction of a resilient project attempting <b>LEED BD+C for Core &amp; Shell</b> and thus setting very high sustainability goals.	€ 3,225,000	Projected 59,771.05m <sup>2</sup>	N/A	Attempting LEED BD+C: Core & Shell – min. Gold	
	04	Mandra Logistics Center, Mandra	GR	Green Bond Proceeds have been financing the design of a resilient project attempting <b>LEED BD+C for Core &amp; Shell</b> and thus setting very high sustainability goals.	€ 1,100,000	Projected 9,441.43 m <sup>2</sup>	N/A	Attempting LEED BD+C: Warehouses & Distribution Centers	
	05	Himaras Str., Maroussi	GR	Green Bond Proceeds have been financing the design of a resilient project attempting <b>LEED BD+C</b> and thus setting very high sustainability goals.	€ 1,197,802.64	Projected 6,025.38 m <sup>2</sup>	N/A	Attempting LEED BD+C - Gold	
	06	40-42 Ardittou Str., Athens	GR	Green Bond Proceeds have been financing the design of a resilient project attempting <b>LEED BD+C</b> and thus setting very high sustainability goals.	€ 355,210	Projected 2,654 m <sup>2</sup>	N/A	Attempting LEED BD+C: - Gold	
	07	199 Kifissias Ave. Maroussi	GR	Green Bond Proceeds have been financing the acquisition and design of a resilient project attempting <b>LEED BD+C for Core &amp; Shell</b> and thus setting very high sustainability goals.	€ 11,023,438	Projected 4,151m <sup>2</sup>	N/A	Attempting LEED BD+C: - Gold	
	08	43Amarousiou Chalandriou Str., Maroussi	GR	Green Bond Proceeds have been financing the acquisition of a resilient project attempting <b>LEED BD+C for Core &amp; Shell</b> and thus setting very high sustainability goals.	€ 1,416,000	Projected 5,730m <sup>2</sup>	N/A	Attempting LEED BD+C: - Gold	
	09	Fragkoklisias & Amarousiou Chalandriou Str., Maroussi	GR	Green Bond Proceeds have been financing the acquisition of a resilient project attempting <b>LEED BD+C for Core &amp; Shell</b> and thus setting very high sustainability goals.	€ 1,010,000				



	<b>ID</b>	<b>Use of Proceeds</b>	<b>Amount</b>
<b>Summary of Proceeds Allocation</b>	<b>01</b>	<b>Total Proceeds</b>	<b>€ 120,000,000.00</b>
	<b>02</b>	<b>Green Bond issuance cost</b>	<b>€ 3,835,076.36</b>
	<b>03</b>	<b>Allocated Proceeds</b>	<b>€ 36,556,139.96</b>
	<b>04</b>	<b>Unallocated Proceeds</b>	<b>€ 79,608,783.68</b>



## 4. DEFINITIONS

**R.E.I.C.:** The Real Estate Investment Companies that have acquired an operational license from the Hellenic Capital Market Commission in accordance with the law in force, N. 2778/1999.

**RES (Renewable Energy Sources):** Energy sources that are replenished through the natural cycle in a short period (e.g., Geothermal, Wind, Solar, Hydroelectric, Biomass Energy, etc.).

**Sustainable Development:** Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

**Sustainable Development Goals (SDGs):** On the 25<sup>th</sup> of September 2015 at the United Nations HQs in New York, 193 representatives of states and governments from around the world committed themselves to 17 Global Goals to act upon three major global challenges over the next 15 years (until 2030): extreme poverty, inequality, and climate change.

**Paris Agreement:** The Paris Agreement was negotiated at the United Nations Framework Convention on Climate Change (UNFCCC) and it sets out a global framework for climate change mitigation, adaptation, and finance. It was signed in 2016.

**BREEAM (“Building Research Establishment Environmental Assessment Method”):** It is an internationally established method of assessing, rating and certifying the sustainability of buildings, which was developed by the Building Research Establishment (BRE) of the United Kingdom.

**COVID 19:** The SARS-CoV-2 virus was first identified in Wuhan, China in December 2019 and since then it has spread around the world. The novel virus is a new strain of coronavirus which until then had never been isolated in humans and causes a respiratory infection named COVID-19.

**Green Bond Framework:** The official document which sets out the framework for issuing green bonds in accordance with the Green Bond Principles (June 2021) published by the International Capital Market Association (ICMA).

**Green Bond Principles (GBP):** The voluntary process guidelines of issuing Green Bonds which are published by the International Capital Market Association (ICMA).

**LEED (“Leadership in Energy and Environmental Design”):** It is an internationally established method of assessing, rating, and certifying the sustainability of buildings, which was developed by the U.S. Green Building Council.