



Sobha Realty Green Financing Framework

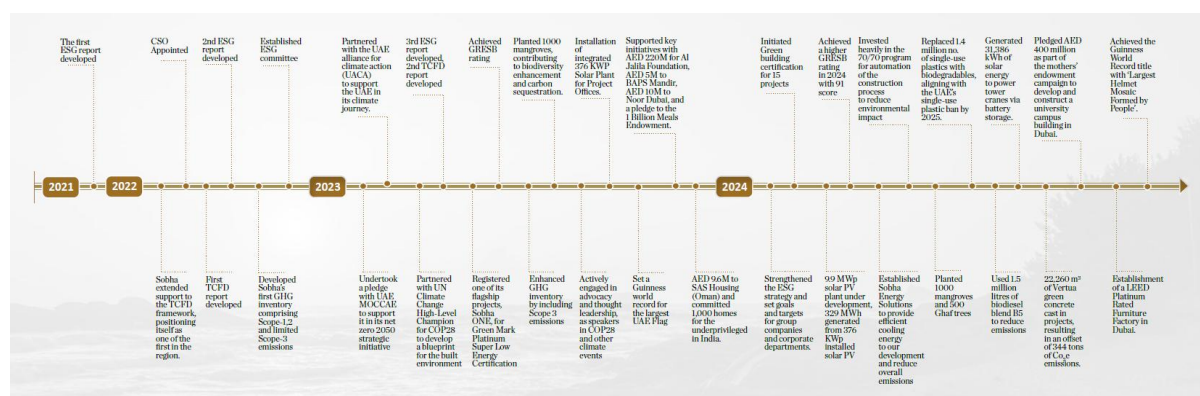
August 2025

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1. Introduction

Sobha Group (“the Group”) was founded in 1976 by a first-generation entrepreneur Mr. PNC Menon and has since then grown into a multinational group with real estate developments and investments in the UAE and India. PNC Investments LLC, operating under the brand name of “Sobha Realty” (henceforth referred to as “Sobha” or “Sobha Realty”) is a UAE based leading luxury developer dedicated to crafting superior quality sustainable communities across UAE. Since its establishment in UAE in 2011, Sobha Realty has transformed the real estate landscape, delivering more than 7,000 units spanning over 13 Mn sq. ft. driven by its vertically integrated model and in-house expertise in conceptualisation, design and development. Since 2021, Sobha has recognized and embraced the pivotal role that the real estate sector plays in shaping sustainable urban landscapes, committing to lead and innovate toward a more sustainable future. Below is an overview of Sobha’s ESG journey to date:



Sobha has received multiple awards recognising its commitment & efforts to sustainability. In 2024 Sobha achieved a score of 91 in its annual GRESB assessment¹ ranking 5th among its peer group. It was also included in GRESB's Expert Service Group to contribute its expertise in real estate.

Sobha currently has over 35 ongoing projects, all of which are being developed with a strong focus on sustainability. Below are some key projects where Sobha has placed particular emphasis on sustainable design and development:

1. Sobha One (Ras-al-Khor, Dubai)

Sobha One is a Green Mark certified building with Super Low Energy (SLE) Platinum rating - the first of its kind in the Middle East and outside of Singapore. This project involved extensive collaboration between all stakeholders of Sobha and Building and Construction Authority (BCA), the certifying authority, to steer innovation, intelligence, resilience and low carbon strategies.

This collaboration will achieve energy savings of more than 60% compared to the base case and will get the prestigious Carbon Badge, exemplifying Sobha's commitment to low environmental-impact development.

2. Sobha Furniture Factory (in Dubai Industrial City (DIC), Dubai)

As part of its backward-integrated structure, Sobha is launching a state-of-the-art, technology-driven furniture factory in DIC. The facility will manufacture and sell high-quality furniture with a strong emphasis on sustainability.

Supported by comprehensive sustainable construction planning, Sobha Furniture is pursuing the LEED Platinum certification for its manufacturing facility. Key initiatives include the use of 100% renewable

¹ [Sobha Realty Scores 91, Reaches New Heights in 2024 GRESB Assessment | Sobha Realty](#)

energy and the integration of innovative low-carbon strategies, making the facility a truly green, intelligent, and impactful addition to Dubai and the wider region.

3. Global Square HQ (Hartland 2, Dubai)

Sobha Global Square is the upcoming headquarters of Sobha, envisioned as a marquee corporate office that reflects Sobha's commitment to excellence, innovation, and sustainability. Located in Dubai's Hartland 2 community, this building is being developed to the highest global standards which is displayed clearly by its current pursuit of the LEED Platinum certification — the benchmark for green building excellence. Designed to embody Sobha's values of quality and forward-thinking design, Sobha Global Square will integrate advanced energy-efficient systems, sustainable materials, and intelligent building technologies.

1.1 Sustainability Strategy

Environmental Strategy

A materiality assessment was conducted in 2023 (in accordance with the GRI standards, covering both internal and external stakeholders) and was then subsequently revisited in 2024 by Sobha's management team in collaboration with an external ESG specialist. By conducting such a stakeholder analysis, Sobha can ensure that its sustainability strategy reflects both business imperatives and stakeholder concerns.

Sobha's environmental commitments have been framed by such stakeholder engagement and are based on four key pillars: climate action, energy optimisation, water optimisation and circularity. Such environmental commitments are a driving force behind the company's strategy, exemplified by efforts to steer green building certification in all development projects, and investing in energy efficient technologies & renewable energy. This centralised commitment allows Sobha to drive sustainability across the group, with initiatives such as:

1. Seeking globally acclaimed green building certifications across all developments, including LEED, Green Mark SLE buildings and EDGE
2. Driving emission reductions by lowering embodied carbon in developments through innovative low-carbon materials such as Vertua (low carbon cement)
3. Decarbonization of site-based emissions through the adoption of biodiesel as part of the fuel-related emissions reduction strategy. Biodiesel is a cleaner-burning alternative to conventional diesel, helping lower carbon emissions from fuel combustion and reduce reliance on fossil fuels
4. Food waste composting to minimize the environmental impact of the significant food waste generated in Sobha's technical residences. This initiative supports Sobha's waste reduction goals and helps prevent methane emissions - a potent greenhouse gas typically released from decomposing organic waste in landfills
5. Recycling / Waste Management
6. Electric / Hybrid vehicles
7. Energy efficiency optimization in existing buildings
8. Embracing technology to decarbonize operations through an IoT-based monitoring system, revolutionizing how Sobha manages power generation. The benefits will be both environmental and operational, significantly reducing diesel consumption, lowering emissions, and decreasing energy costs
9. Integrating climate-related issues into Sobha's governance structure by leveraging board-level expertise and a dedicated ESG Committee with clearly defined roles and responsibilities
10. Integrating solar photovoltaic panels across developments and optimising HVAC systems for energy efficiency, actively embedding this to Sobha's flagship projects such as Opulence, Dubai Industrial City and Global HQ

11. Incorporating sustainable construction materials such as low-carbon concrete, recycled steel and sustainably sourced timber in projects. Sobha rigorously assesses suppliers to ensure they meet standards for sustainability, displaying how Sobha's commitment to sustainability flows across the entire value chain
12. Increasing circularity principles across the entire value chain with innovative practices. These include recycling AAC² blocks, wood, and concrete and then integrating them into new construction projects, thereby diverting them from landfills
13. Implementing policies such as the Chemical Use Management Policy, and participating in the Clean UAE drive to protect the communities in which Sobha operates
14. Strengthened the ESG strategy and set goals and targets for Group companies and corporate departments

Details on specific initiatives can be found on Sobha's dedicated ESG webpage. By executing these strategies, Sobha Group aims to create long-term value for stakeholders while building a sustainable future.

Social Dimension

Sobha Group, under the visionary leadership of Mr. PNC Menon, has consistently demonstrated a strong commitment to social responsibility and community welfare. Over the years, Sobha has initiated numerous philanthropic programs focused on education, healthcare, housing, women empowerment, and sustainability, benefiting thousands of individuals across UAE, Oman, and India.

Sobha is proud to be a people-driven business, adopting a holistic approach to support and empower people. It also places strong emphasis on developing and training its diverse workforce, implementing comprehensive and tailored training opportunities from the junior to the management level. Sobha's commitment to its workforce is reflected in the wide range of Health and Sports Initiatives, Employee Welfare Programs, and its dedication to maintain the highest standards of Health, Safety, Security and Environmental management (ISO 45001 Certified HSSE Management System). Sobha also recognise the vast and major impact it has on the communities it serves and operate in and has taken proactive steps towards welfare of communities which include:

- Contributing to One Billion Meals Program to offer food assistance to underprivileged individuals worldwide, focusing on vulnerable groups
- Supporting Al Jalila Foundation's Mission for Cancer Patient Care by establishing Hamdan Bin Rashid Cancer Charity Hospital
- Constructing an advanced smart room for children at the Rashid Centre for People of Determination centre, offering interactive games, activities and tailored amenities for children with disabilities
- Pledging AED 400 million as part of the Mothers' Endowment campaign to develop and construct a university campus building in Dubai. The agreement forms part of the Mothers' Endowment campaign. Launched by His Highness Sheikh Mohammed bin Rashid Al Maktoum, the Ruler of Dubai, it honours mothers by establishing an AED1 billion endowment fund to support the education of millions around the world

Governance Approach

Sobha recognises that a robust governance structure is required to ensure that its sustainability strategy is realised. In 2022, Sobha appointed a Chief Sustainability Officer (CSO). Then in 2023, Sobha further reinforced its governance framework by formally establishing an ESG committee, empowered by the Board of Directors.

Ethical and responsible governance is embedded into its corporate culture, implementing a structured approach to ensure integration of ESG consideration across the Group. This responsibility is built upon

² AAC = Autoclaved aerated concrete, a lightweight concrete building material.

policies and guidelines to ensure everyone understands their role in operating ethically and responsibly. They include but are not limited to Anti-Bribery Measures and Gift Policies, Prevention of Harassment and Hostile Work Environments, Addressing Misconduct and Violations, Commitment to Equal Opportunity Employment and Protecting Employee Information Disclosure.

In particular, Sobha is well positioned to support 14 of the 17 the United Nations Sustainable Development Goals (UNSDGs):

UNSDG	Sobha's Impact
	<ul style="list-style-type: none"> Supporting jobs and families
	<ul style="list-style-type: none"> Employee well-being initiatives Healthy living environments
	<ul style="list-style-type: none"> Supporting families through education initiatives
	<ul style="list-style-type: none"> Women's empowerment and diversity Employee development programs
	<ul style="list-style-type: none"> Sustainable water management Ensuring sanitation for all Ecosystem preservation
	<ul style="list-style-type: none"> Enhancing energy efficiency Investing in renewable energy
	<ul style="list-style-type: none"> Contributing to Economic Growth
	<ul style="list-style-type: none"> Automation of Construction Material Manufacturing Innovation & Industrialization
	<ul style="list-style-type: none"> Building Sustainable Communities Green Buildings Sustainable Mobility & Infrastructure
	<ul style="list-style-type: none"> Resource Efficiency Measures Waste Management & Recycling
	<ul style="list-style-type: none"> Decarbonization Strategy Sustainable Construction Materials

	<ul style="list-style-type: none"> • Ecosystem Restoration
	<ul style="list-style-type: none"> • Ethical Business Practices
	<ul style="list-style-type: none"> • Collaborative Partnerships

These sustainability values are reflected in the alliances it has formed and initiatives it has taken since the inception of the Sobha Realty brand. Sobha has committed to two UAE-based climate initiatives: the UAE Alliance for Climate Action (UACA) and the MOCCA Climate-Responsible Companies Pledge, aimed at accelerating Paris-aligned targets particularly through the private sector's role in the UAE's Net Zero by 2050 Strategic Initiative.

2. Green Financing Framework

2.1 Rationale for Establishing a Green Financing Framework

Sustainability is deeply embedded within Sobha's developments, as reflected in the global certifications to which its projects are aligned. The establishment of this Green Financing Framework aligns strategic sustainability objectives with its funding and financial strategy.

Sobha Realty has defined this Green Financing Framework (hereafter known as the 'Framework') to allow for the issuance of green bonds, loans, and sukuks etc. ("Green Financing Instrument(s)"). The establishment of this Framework allows Sobha Realty to reflect environmental initiatives that have been embedded within business operations, and further align its financing strategy with its long-standing sustainability strategy.

This Framework is intended to provide the highest standards of transparency, disclosure and integrity, allowing sustainable investors and market participants to confidently support Sobha Realty and its vision to be a leading sustainable real estate group.

By issuing Green Financing Instruments, Sobha will reinforce its core commitment to sustainability and climate action, strengthening ties with existing investors and more importantly, diversify its funding sources by attracting investors who value environmental benefits and a more sustainable society.

2.2 Alignment with Market Principles

This Framework has been developed in accordance with the International Capital Markets Association's ("ICMA") Green Bond Principles ("GBP") published in June 2025³ and Green, Social and Sustainability Sukuk Guidelines published in April 2024⁴, as well as the Loan Market Association ("LMA"), APLMA ("Asia Pacific Loan Market Association") and LSTA's ("Loan Syndications and Trading Association") Green Loan Principles ("GLP") published in March 2025⁵. Hereafter, we refer to the GBP and GLP as the "Principles".

In accordance with the above Principles, the Framework is structured around four core components:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting

The Framework may be updated from time to time to ensure ongoing alignment with market practices, and standards and will at least maintain (if not improve) current levels of transparency. An updated External Review from a Second Party Opinion (SPO) provider will be obtained where deemed appropriate.

³ ICMA Green Bond Principles, June 2025, [Green-Bond-Principles-GBP-June-2025.pdf](#).

⁴ ICMA Guidance on Green, Social and Sustainable Sukuk, April 2024 [ICMA-IsDB-LSEG-Guidance-on-Green-Social-and-Sustainability-Sukuk-April-2024.pdf](#).





⁵ LMA Green Loan Principles, March 2025, https://www.lma.eu.com/application/files/1917/4298/0817/Green_Loan_Principles_-_26_March_2025.pdf.

2.3 Use of Proceeds

This Framework has been developed to facilitate the issuance of Green Financing Instrument(s) whereby an amount equivalent to the net proceeds will be solely allocated to finance and/or refinance, in whole or in part, Eligible Green Projects meeting eligibility criteria as defined in this Framework.

Eligible Green Projects may include fixed assets, capital expenditures (“CapEx”), selected operational expenditures (“OpEx”), research and development (“R&D”), or equity investments into pure-play companies⁶. A 36-month look-back period prior to Green Financing Instrument issuance will be applied for Eligible Green Projects.

Sobha Realty aims to fully allocate an amount equivalent to the net proceeds within 24-months post issuance of each Green Financing Instrument.



Eligible Green Category	Eligibility Criteria	UN SDGs ⁷
Green Buildings	Financing related to the construction, development, acquisition, maintenance and operation of new and existing residential, commercial or mixed-use buildings that have obtained or will receive a minimum building certification of the following for example: <ul style="list-style-type: none"> • LEED certification (‘Gold’ or better) • BCA Green Mark (‘Gold+’ or better) • EDGE certification Or are within top 15% of national or regional building with regards to energy efficiency	 
Energy Efficiency	Investments in refurbishments and/or upgrades of commercial and residential buildings that result in a minimum of 30% of energy efficiency including: <ul style="list-style-type: none"> • Installation, maintenance and repair of on-site energy efficiency equipment e.g., HVAC and water heating systems or energy-efficient light sources (LEDs); and/or • Installation and maintenance and repair of on-site instruments and devices for measuring, regulating and controlling energy performance of buildings e.g., smart meters 	
Renewable Energy	Financing related to the production or procurement of energy from renewable energy sources ⁸ : <ul style="list-style-type: none"> • Renewable energy generation capacity at commercial and residential properties e.g. wind (onshore and offshore), solar (PV or CSP⁹) • Bio-fuels 	

⁶ Pure play companies are considered to be those where $\geq 90\%$ of the revenues can be attributed to one or more of the Eligible Green Project Categories described in Use of Proceeds section of this Framework.

⁷ Mapped in accordance with ICMA guidance: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/mapping-to-the-sustainable-development-goals/>.

⁸ GHG emissions <100g CO₂e/kWh.

⁹ Concentrated solar heat & power (CSP) generation plants where at least 85% of the electricity generated will be sources from solar energy.

	<ul style="list-style-type: none"> Purchasing Power Agreements (“PPAs”) and any other investments that pertain to the procurement of renewable energy that is aligned with the GHG protocol Battery Energy storage systems (BESS) 	
Clean Transport	Financing related to zero tailpipe emission vehicles and associated infrastructure, such as: <ul style="list-style-type: none"> Installation of charging infrastructure for electric vehicles (EVs) at commercial and residential properties Infrastructure relating to other low-emissions mobility solutions, like bicycle garages at commercial and residential properties 	
Pollution Prevention and Control	Investment in waste reduction, reuse or recycling projects that result in diversion from landfills, reduction in extraction of virgin materials and recycling to bring the waste back to economic value	

For the avoidance of doubt, financing related to the following activities is excluded from financing by Sobha Realty’s Green Financing Instrument(s): **Fossil fuel energy; Nuclear energy; gambling, tobacco, alcohol, weapons; child or forced labour. Additionally, this Framework incorporates EU Paris Aligned Benchmark (PAB) exclusion restrictions¹⁰.**

2.4 Project Evaluation and Selection Process

Sobha Realty has established a Green Financing Working Group (GFWG) who will be responsible for managing the identification, selection and monitoring of the Eligible Green Projects. The GFWG will be chaired by the Chief Sustainability Officer (CSO) and comprised of the Chief Finance Officer (CFO), and Head of Development, who will be responsible in ensuring that proceeds raised through Green Financing Instrument(s) are allocated to finance or refinance Eligible Green Projects in accordance with this Framework. The Committee will meet on an annual basis.

2.4.1 Role of the Sustainability Committee

The role of the GFWG includes, but is not limited to the following:

- Reviewing, selecting and validating the list of Eligible Green Projects
- Regular monitoring of the Eligible Green Projects to ensure continued adherence to the eligibility criteria as set out in the ‘Use of Proceeds’ section of this Framework, replacing any projects that no longer meet such criteria as soon as practically possible (in accordance with green eligibility criteria as defined in the ‘Use of Proceeds’ section)
- Overseeing post-issuance reporting (Allocation and Impact reports) and external assurance in accordance with reporting obligations as outlined in this Framework
- Overseeing and monitoring evolving market standards, to ensure Sobha Realty’s continued alignment with market practices i.e. managing any future updates to this Framework when deemed appropriate.

¹⁰ In May 2024, the ESMA released guidelines on fund names, outlining specific requirements for using ESG or sustainability related terms in funds’ names ([Guidelines on funds’ names using ESG or sustainability-related terms](#)) In December 2024, the ESMA has provided further clarification on the application of the guidelines for use of proceeds instruments.

2.4.2 Identification and Mitigation of Environmental and Social Risks

When assessing the feasibility of a project, Sobha considers the sustainable elements that fit in its business model and sustainable strategy. Key sustainability objectives and priorities include global green building certification that achieves energy savings, water savings and embodied carbon reductions. It also includes a well thought out project specific masterplan that integrates climate resilience with judicious mitigation and adaptation strategies. Further integrating low carbon materials and renewable energy are important consideration in all new developments.

Sobha Realty has put in place a strong project evaluation and selection process guided by Global and Local ESG Frameworks (e.g. ESG Policy and Code of Conduct amongst others), supported by its Risk Management committee to ensure the mitigation of potential environmental and social risks associated with the Eligible Projects. As part of the Eligible Project selection process, Sobha will ensure that Eligible Projects adhere to internal risk standards and procedures, in addition to ensuring that applicable national & international environmental & social standards and regulations are also met.

2.5 Management of Proceeds

The allocation of an amount equivalent to the net proceeds raised through Green Financing Instrument(s) will be managed on an instrument-by-instrument basis. A Green Financing Register will be established to track the allocation of proceeds raised through Green Financing Instrument(s) and the GFWG will manage this process accordingly.

In the case that proceeds remain temporarily unallocated, pending full allocation, any unallocated proceeds will be held in temporary investments such as cash, cash equivalents and/or other liquid marketable investments.

2.6 Reporting

Sobha Realty will publish an Allocation and Impact Report commencing one year post issuance and then on an annual basis until full allocation. Reports will be made publicly available on the company's website (found here: <https://sobharealty.com/sustainability/>).

2.6.1 Allocation Reporting

The Allocation Report will provide information on the allocation of net proceeds from Green Financing Instrument(s). The report will include the following details:

- An overview of net proceeds from Green Finance Instrument(s) outstanding
- The year of investment
- The amount of net proceeds allocated to the Eligible Green Projects as defined by the 'Use of Proceeds' section of the Framework, broken down by category, if applicable
- The geographic distribution of the portfolio of Eligible Green Projects
- Subject to confidentiality considerations, a list of Eligible Green Projects
- The proportion of net proceeds allocated to existing and new projects (financing versus refinancing)
- A description of eligible projects and/ or case studies where applicable
- The balance of unallocated proceeds, if any

2.6.2 Impact Reporting

Sobha Realty intends to align its Impact Report with the ICMA's "Harmonised Framework for Impact Reporting"¹¹. Sobha Realty will use actual measurements, subject to the availability of suitable information and data. If not feasible, an estimate of the expected data will be made, accompanied clearly by the methodologies and key assumptions used.

Eligible Green Category	Impact Reporting Metric
Green Buildings	<ul style="list-style-type: none"> • Number of buildings that have obtained green building certification– type and level of certification (LEED, BCA) • Energy efficiency gains in MWh or % • Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent (tCO₂eq) • Annual energy savings (MWh/year) • Net emissions reduction (tCO₂eq) • Amount of water recycled/ reused (litres) • Annual reduction in water consumption
Energy Efficiency	<ul style="list-style-type: none"> • Annual energy savings (MWh) • Net emissions reduction (tCO₂eq) • Estimated annual CO₂ emissions reduced (tCO₂eq) • % annual energy efficiency change relative to baseline
Renewable Energy	<ul style="list-style-type: none"> • Renewable energy purchased (MWh) • Estimated annual GHG emissions avoided (tCO₂eq/year) • Annual renewable energy generation (MWh) • % of electricity consumption from renewable sources • Net emissions reduction (tCO₂eq)
Clean Transport	<ul style="list-style-type: none"> • # of installed EV charging stations at Sobha's commercial and residential properties • % parking spaces near Sobha's commercial and residential properties that have access to charging stations • # bicycle garages installed
Pollution Prevention and Control	<ul style="list-style-type: none"> • Waste recycled (Tons) • Waste diverted from landfill (Tons)

2.7 External Review

Sobha Realty's Green Financing Framework is supported by the following external reviews.

2.7.1 Second Party Opinion

DNV has been appointed to assess this Green Financing Framework and its alignment with the ICMA's Green Bond Principles and LMA, APLMA and LSTA's Green Loan Principles.

The Second Party Opinion can be found <https://sobharealty.com/sustainability/>.

¹¹ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2024.pdf>

2.7.2 Post Issuance External Verification

On an annual basis starting one year post issuance, Sobha Realty will obtain an assurance report on the allocation of Green Financing Instrument proceeds to Eligible Green Projects from an independent external review provider.

The reports can be found at <https://sobharealty.com/sustainability/>.

Disclaimer

The information and opinions contained in this Green Financing Framework are provided by Sobha Realty as at the date of this document and are subject to change without notice. After the date of this report, Sobha Realty does not assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Green Financing Framework is provided for information purposes only and does not constitute, or form part of, any offer or invitation to purchase, underwrite, subscribe for or otherwise acquire or dispose of, or any solicitation of any offer to purchase, underwrite, subscribe for or otherwise acquire or dispose of, any debt or other securities ("securities") of Sobha Realty and is not intended to provide the basis for any credit or any other third-party evaluation of securities. If any such offer or invitation is made, it will be done so pursuant to separate and distinct documentation. This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. This Green Financing Framework may contain projections and forward-looking statements. Generally, forward-looking statements are not based on historical facts but instead represent only Sobha Realty's and its management's beliefs regarding future events. Such statements may be identified by words such as believe, expect, anticipate, intend, estimate, may increase, may fluctuate, target, illustrate, and similar expressions, or future or conditional verbs such as will, should, would and could. Such statements are based on management's current expectations and are subject to risks, uncertainties, and changes in circumstances. Actual results and capital and other financial conditions may differ materially from those included in these statements. Any such forward-looking statements in these materials speak only as at the date of these materials and Sobha Realty does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.