

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

MG RE Invest S.A

07 April 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Finance Instruments (such as Green (Retail) Bonds, Green (Treasury) Notes, Green Private Placements, Green (syndicated) Loans).
Relevant standards	<ul style="list-style-type: none">• International Capital Market Association (ICMA) Green Bond Principles (GBP), updated as of June 2021• Loan Market Association (LMA) Green Loan Principles (GLP) updated as of February 2021
Scope of verification	<ul style="list-style-type: none">• MG RE Invest S.A's Green Finance Framework (as of 11.02.2022)• MG RE Invest S.A's Eligibility Criteria (as of 11.02.2022)• MG RE Invest S.A's Project Pipeline list (as of 11.02.2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as the Framework remains unchanged

CONTENTS

SCOPE OF WORK	3
MG REAL ESTATE BUSINESS OVERVIEW	3
ISS ESG ASSESSMENT SUMMARY.....	4
ISS ESG SPO ASSESSMENT	5
PART I: GREEN FINANCE INSTRUMENTS LINK TO MG REAL ESTATE’S SUSTAINABILITY STRATEGY ...	5
A. ASSESSMENT OF MG REAL ESTATE’S ESG PERFORMANCE.....	5
B. CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH MG REAL ESTATE’S SUSTAINABILITY STRATEGY.....	6
PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES	8
A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE UN SDGs	12
B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA.....	13
ANNEX 1: Methodology	16
ANNEX 2: Quality management processes	17
About ISS ESG SPO	18

SCOPE OF WORK

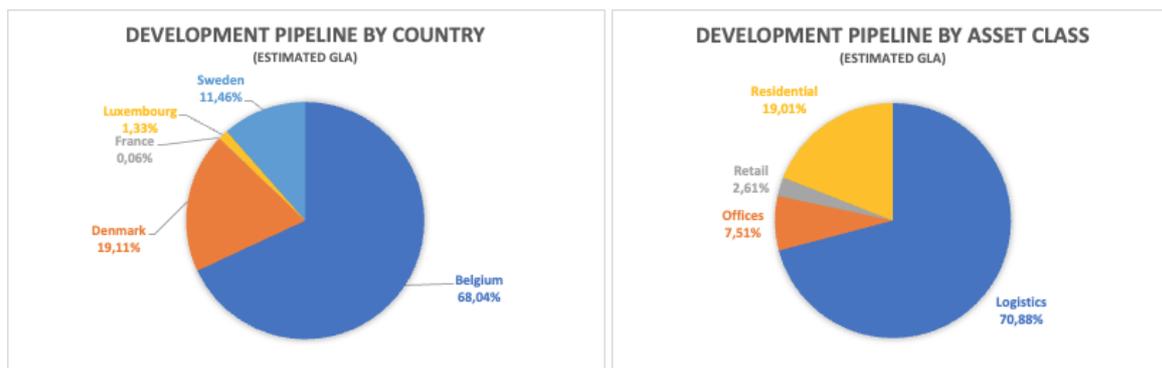
MG RE Invest S.A (“the Issuer” or “MG Real Estate”) commissioned ISS ESG to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instrument:

1. Green Finance Instruments link to MG Real Estate’s sustainability strategy – drawing on MG Real Estate’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. MG Real Estate’s Green Finance Framework (11.02.2022 version) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) and Loan Market Association (LMA) Green Loan Principles (GLP).
3. The Eligibility Criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 1).

MG REAL ESTATE BUSINESS OVERVIEW

MG RE Invest S.A was founded in 2000 and she is active in the real estate development business and develops in four aspects which include large-scale logistic projects, residential developments, office buildings and retail buildings. In 2020, the Group celebrated the milestone of 1,000,000 m² of projects developed.

The issuer is currently active in Belgium, Denmark, France, Luxembourg, The Netherlands, and Sweden and is actively exploring new geographical markets such as Italy and Germany.



ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part 1:</p> <p>Green Finance Instruments link to issuer's sustainability strategy</p>	<p>MG Real Estate is a real estate developer active in Belgium, Denmark, the Netherlands, Sweden, Luxembourg, and France. The company primarily develops large-scale logistics projects, but also has residential, office, and retail developments in its portfolio.</p> <p>The Use of Proceeds financed through this Green Finance Instruments are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Finance Instruments is clearly described by the issuer.</p>	Consistent
<p>Part 2:</p> <p>Alignment with GBP and GLP</p>	<p>The issuer has defined a formal concept for its Green Finance Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA's Green Bond Principles (June 2021) and LMA's Green Loan Principles (February 2021).</p>	Aligned
<p>Part 3:</p> <p>Sustainability quality of the Eligibility Criteria</p>	<p>The overall sustainability quality of the Eligibility Criteria in terms of sustainability benefits, risk avoidance and minimization is good based upon the ISS ESG assessment. The Green Finance Instruments will (re-)finance eligible asset category which includes: green buildings.</p> <p>Those use of proceeds category has a significant contribution to the SDG 11 "Sustainable cities and communities". The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	Positive

¹ ISS ESG's evaluation is based on the MG RE Invest S.A's Green Finance Framework with the eligibility criteria and the project pipeline list as received as of 11.02.2022, and on the ISS ESG Indicative Corporate Rating report (as of 03.02.2022).

ISS ESG SPO ASSESSMENT

PART I: GREEN FINANCE INSTRUMENTS LINK TO MG REAL ESTATE'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF MG REAL ESTATE'S ESG PERFORMANCE

Methodological note: Please note that MG Real Estate is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the Construction sector, based on publicly available information. The section below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

Industry classification: Construction

Key Issues of the industry:

1. Labor standards and working conditions
2. Energy and resource efficiency
3. Impact on land use and biodiversity
4. Ethical business practices
5. Protection of human rights and community outreach

Indicative ESG risk and performance assessment

MG Real Estate is a real estate developer active in Belgium, Denmark, the Netherlands, Sweden, Luxembourg, and France. The company primarily develops large-scale logistics projects, but also has residential, office, and retail developments in its portfolio.

MG Real Estate offers services for the redevelopment of brownfield sites, which promotes efficient land use, and which has minimal impact on the existing biodiversity of project sites. The company is also mostly active in countries with a high legal standard for occupational health and safety. However, it does not provide evidence on further measures taken to ensure reasonable working conditions for its employees and contractors.

Further ESG risks that are generally relevant for the construction industry include human rights of local communities affected by construction activities, supply chain management, and energy and resource efficiency of building projects and in the construction process. MG Real Estate does not clearly demonstrate how it manages these ESG risks.

Indicative product portfolio assessment:

- **Social impact of the product portfolio:**

MG Real Estate does not appear to be involved in projects that contribute significantly to relevant SDG objectives such as ensuring the health and delivering education (e.g., construction of healthcare or educational facilities). The company's project portfolio of logistics, residential, office, and retail properties is therefore considered to have no net positive or negative social impact.

- **Environmental impact of the product portfolio:**

Real estate developers such as MG Real Estate can contribute to the achievement of global environmental objectives such as the creation of sustainable cities and communities by having their properties certified to relevant green/sustainable building standards (e.g., BREEAM, LEED). However, no information is available on certified sustainable buildings in MG Real Estate's portfolio. Overall, the company's project portfolio does not seem to have a net positive or negative environmental impact.

Company screening

The analyst in charge of producing this report conducted a high-level controversy assessment, based on publicly available information exclusively. There is no indication of MG Real Estate being involved in any of the below-mentioned controversies (industry risks).

Industry risks

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the construction industry are as follows: anti-competitive behaviour, failure to assess environmental impacts, and poor stakeholder consultation. This is closely followed by failure to respect the right to safe and healthy working conditions, failure to respect the right to an adequate living standard and failure to mitigate climate change impacts.

B. CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH MG REAL ESTATE'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

MG Real Estate states to be committed to investing in sustainable developments. The issuer keeps looking for the most suitable energy solutions, solar panels are standard equipment for their developments as are electric charging stations for cars and bicycles.

As the company's core business is the development of real estate, the issuer states to be committed that each of their developments is characterized by

- Flexibility
- Positive customer experience
- High insulation standards and low energy consumption
- Optimized production flows
- Outside facilitation with environment-friendly landscaping

Just as much effort is invested in a sustainable environment for employees. MG Real Estate aims to create places where people love to work and find peace. MG Real Estate states a set of goal to provide the optimal working environment by incorporating greenery and as much natural light as possible.

Rationale for issuance

MG Real Estate considers issuing a variety of Green Finance Instruments such as Green (Retail) Bonds, Green (Treasury) Notes, Green Private Placements, Green (syndicated) Loans to attract specific funding for green assets and real estate projects which contribute to its sustainability strategy.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Finance Instruments with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Construction Industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds category.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Green Buildings	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed through these instruments are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing green finance instruments are clearly described by the issuer.*

PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

MG Real Estate intends to allocate an amount equivalent to the proceeds of Green Finance Instruments under this Framework exclusively to finance and/or refinance in whole or in part, projects and assets which contribute to its sustainability strategy ("Eligible Green Projects") outlined in the table below.

ELIGIBLE GREEN CATEGORY	ELIGIBILITY CRITERIA	TARGET CONTRIBUTION
Green Buildings	<ul style="list-style-type: none"> Investments in or expenditures related to construction, development and upgrades of new properties that have received or are expected to receive a BREEAM certification (or equivalent) of at least Very Good²; or Existing buildings owned and managed by MG Real Estate (or its subsidiaries) that have received a BREEAM certification (or equivalent) of at least Very Good.³ Residential buildings constructed by MG Real Estate (or its subsidiaries) that have at least an EPC level A score. 	Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

MG Real Estate will not knowingly allocate proceeds from any issuance of a Green Finance Instrument to the following:

- Weapon manufacturers;
- Tobacco companies;
- Palm oil producers;
- Companies that relate to the exploration, production or transportation of fossil fuels (e.g., coal, oil and gas);
- Speculative food commodity derivatives; or
- Any other activity that MG Real Estate determines is ineligible for allocation of proceeds at the time of allocation

Opinion: ISS ESG considers the Use of Proceeds description provided by MG Real Estate's Green Finance Framework as aligned with the Green Bond Principles and Green Loan Principles. Investments in or expenditures related activities that the issuer carries out are reflected in the Use of Proceeds categories of MG Real Estate's Framework. The issuer provides a qualitative analysis of the

² Logistic properties only

³ Logistic properties only

environmental contribution of the project category and defines exclusion criteria for harmful projects categories, in line with best market practice.

2. Process for Project Evaluation and Selection

FROM ISSUER'S FRAMEWORK

MG Real Estate will follow a transparent process for selection and evaluation of Eligible Green Projects. Projects financed and/or refinanced through the Green Finance Instruments issued under MG Real Estate's Green Finance Framework are evaluated and selected based on compliance with the Eligibility Criteria as set under paragraph - Use of Proceeds.

In addition to the above, 6 criteria are always taken into consideration when evaluating a project being:

- Business growth
- Building
- Energy & maintenance
- Supply chain
- Strategy
- Personnel wellbeing & safety

All potential Eligible Green Projects first comply with local laws and regulations, including any applicable regulatory environmental and social requirements, as well as MG Real Estate's standards for managing ethical and governance risks.

The potential Eligible Green Projects will be designated by the **Investment Committee** (the "Committee").

The Committee is composed of the management team (Chairman/CEO/CTO/CCO/CFO) and is joined by the sustainability officer which is a separate function within the company.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by MG Real Estate's Green Finance Framework as aligned with the Green Bond Principles and Green Loan principles. The issuer involves various stakeholders in this process, in line with best market practice.

3. Management of Proceeds

FROM ISSUER'S FRAMEWORK

MG Real Estate will manage the net proceeds of issued Green Finance Instruments on a portfolio basis. As long as the Green Finance Instruments under this Framework are outstanding, MG Real Estate aims to allocate an amount equivalent to the net proceeds of these instruments towards its Eligible Green Projects, as defined in the paragraph - Use of Proceeds.

If a project is divested, discontinued or does no longer meet the definition of Eligible Green Projects as included in the paragraph - Use of Proceeds, it will be removed from the portfolio of Eligible Green Projects and replaced by another Eligible Green Project. MG Real Estate aims to ensure that the total value of issued Green Finance Instruments does not exceed the value of its portfolio of Eligible Green Projects.

Pending the full allocation of the net proceeds of issued Green Finance Instruments to the portfolio of Eligible

Green Projects MG Real Estate will manage the unallocated proceeds in cash or cash equivalents in line with its regular treasury criteria. MG Real Estate intends to allocate the full amount of proceeds within the next 24 months following the issuance of Green Financing Instruments.

The allocation of the net proceeds of issued Green Finance Instruments to Eligible Green Projects will be subject to at least an annual review and approved by the Committee until full allowance of the net proceeds of issued Green Finance Instruments.

Opinion: ISS ESG finds that Management of Proceeds proposed by MG Real Estate's Green Finance Framework is well aligned with the Green Bond Principles and Green Loan Principles. Moreover, MG Real Estate has committed to segregate the proceeds collected by having them in a separate account managed by the company towards specific projects as a temporary measure. Further, the issuer specifies that backup projects as well as hence unallocated proceeds will be invested in line with exclusion criteria, reflecting best market practice.

4. Reporting

FROM ISSUER'S FRAMEWORK

MG Real Estate will report at the first anniversary of the issuance and then annually, until full allocation of the net proceeds, on the allocation of its net proceeds of issued green finance instruments to its portfolio of Eligible Green Projects. This reporting will be on MG Real Estate's website : <https://www.mgrealestate.eu/en/investor-relations#>

Allocation of proceeds

The allocation report, which will be integrated in the ESG/Sustainability reporting included in the annual report, will include details on:

- the list of projects financed (can be aggregated by type of projects), description of projects and amounts allocated;
- the share of financing vs refinancing; and
- the balance of unallocated cash and/or cash equivalent, as the case may be.

Impact reporting

MG Real Estate will annually report on its sustainability initiatives through its ESG/Sustainability reporting included in the annual report, available on the investor section of the company's website. The impact reporting will include quantitative indicators, environmental impact metrics directly associated with the Eligible Green Projects, such as :

- Number of eligible green buildings and total size in m²;
- BREEAM certification level
- For residential projects, the EPC class.

Opinion: ISS ESG finds that the reporting proposed by MG Real Estate's Green Finance Framework is aligned with the Green Bond Principles and Green Loan Principles. The issuer commits to annually report on allocation and impact in a clear, detailed and transparent manner. Furthermore, the issuer is transparent on the level of impact reporting and the information reported in the impact report.

Besides that, the issuer has defined the reporting frequency, the duration of the impact report as well as discloses the location and link of the report, in line with best market practices.

External review

FROM ISSUER'S FRAMEWORK

A Second Party Opinion (SPO) will be issued by an independent external verifier in order to provide an external verification on MG Real Estate's Green Finance Framework. This external opinion will certify MG Real Estate's Framework alignment with the applicable Green Principles, such as the Green Bond Principles (GBP) and the Green Loan Principles (GLP).

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Finance Instruments Eligibility Criteria and using a proprietary methodology, ISS ESG assessed the contribution of the MG Real Estate's Green Finance Instruments to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Finance Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Green Buildings (Logistics properties) <i>Certified with a BREEAM certificate (Very good) or equivalent.</i>	Significant contribution	
Residential Buildings <i>With at least an EPC level A score</i>	Limited contribution⁴	

⁴ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

Green Buildings

As a Use of Proceeds category, Green Buildings (Logistics properties) has a significant contribution to SDG 11 “Sustainable cities and communities”. Residential Buildings also has a limited contribution to SDG 11 “Sustainable cities and communities”. The table below presents the findings of an ISS ESG assessment of the Eligibility Criteria against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Sustainability labels ⁵/ Certificate

- ✓ The eligibility criteria require that all properties’ financed under this framework underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency and sustainability performance. All logistics properties are developed to be certified with a BREEAM certificate (Very good) or equivalent; all residential properties are developed to achieve at least EPC “A” .

Site selection

- ✓ All projects and properties financed comply with strict and regulated zoning laws, which do not deviate from the set land purpose by the local government. The protected area and high environmental value are excluded from project development by the issuer. At the beginning stage of all MG Real Estate projects, an environmental impact assessment is made.
- ✓ The vast majority of the planned residential projects are located in the city center of Mechelen & Vilvoorde (Belgium) which is close to public transportation. Further, an easily accessible location is one of the critical investment criteria for the issuer, who has integrated accessibility into its investment strategy.

Construction standards

- ✓ All projects and properties financed under this framework are located in Belgium, Denmark, Italy, Sweden, Luxembourg, and France, where high labour and health and safety standards are in place (e.g. ILO core conventions). Further, safety requirements are stated in the agreement to the construction contractor to ensure high labour, health and safety standards.
- ✓ MG Real Estate contracted out the construction work to their construction’s partners. Generally, MG Real Estate does not involve construction material selection, which depends on their client's preference & preferred working method of the contractor. However, MG Real Estate does require all wood-based materials to be FSC-certified. Moreover, the choice of sustainable building materials is further mandated by the requirements of the BREEAM Very Good certificate.

⁵ Sustainability labels apply to logistics properties only

Water use minimization in buildings

- ✓ All logistic projects financed under this framework will implement all necessary measures to meet the water consumption requirements for a very good level of the BREEAM. Further, all residential projects and properties financed under this framework will implement the following measures: Rainwater storage and utilization – Collect and storage of the rainwater for toilets, the irrigation of greenery & all other non-human consumption. A water infiltration system (WADIS) ensures that excess rainwater is gradually discharged back into the soil.

Safety of building users

- ✓ All projects and properties financed under this framework are located in Belgium, Denmark, Italy, Sweden, Luxembourg, and France, with strict legal requirements for building users' safety (e.g. emergency exits, fire sprinklers, fire alarm systems). All buildings under MG Real Estate obtained approval from the local fire protection department.

Energy Efficiency

- ✓ The eligibility criteria that all properties' financed under this framework underwent an appropriate and detailed selection process that ensures good energy efficiency performance (All logistics properties are developed to be certified with a BREEAM certificate (Very good) or equivalent; all residential properties are developed to achieve at least EPC "A").
- ✓ In the last two years, all buildings built by MG Real Estate have been equipped with heat pumps and solar panels to minimize the need for external energy and ensure good energy efficiency performance.

DISCLAIMER

1. Validity of the SPO: As long as the Framework remains unchanged.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
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ANNEX 1: Methodology

ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of MG Real Estate’s Green Finance Instruments.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by MG Real Estate (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association 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, ISS ESG identifies the extent to which MG Real Estate’s Green Finance Instruments contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

MG Real Estate commissioned ISS ESG to compile a Green Finance Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the ICMA GBP and LMA GLP and to assess the sustainability credentials of its Green Finance Instruments, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- International Capital Market Association's (ICMA) Green Bond Principles (June 2021)
- Loan Market Association (LMA) Green Loan Principles (February 2021)
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer

ISSUER'S RESPONSIBILITY

MG Real Estate's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria / Project Pipeline list
- Documentation of ESG risks management at the asset level

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 the 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.

ISS ESG has conducted this independent Second Party Opinion of the Green Finance Instruments to be issued by MG Real Estate based on ISS ESG methodology and in line with the ICMA GBP and LMA GLP.

The engagement with MG Real Estate took place in February 2022

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour 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 ISS ESG SPO

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

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO 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 more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green Finance Instruments SPO, please contact: SPOOperations@iss-esg.com

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