

Second-Party Opinion

MAS Real Estate Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the MAS Real Estate Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and the Green Loan Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, and Clean Transportation – are aligned with those recognized by the Green Bond Principles 2018 and the Green Loan Principles 2020. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 and 11.



PROJECT EVALUATION / SELECTION MAS' internal process in evaluation and selecting projects is managed by the Green Financing Committee (GFC), which is comprised of representatives from the Sustainability, Treasury and Investments teams. The GFC has the overall responsibility to oversee the evaluation and selection process against the criteria established in the Framework. Based on these elements, Sustainalytics considers this process to be in line with market practice.



MANAGEMENT OF PROCEEDS MAS' process for management of proceeds is overseen by the Treasury team. The Company will establish a Green Project Portfolio and track the allocation of net proceeds from Green Financing Instruments (GFIs) following a portfolio approach. MAS intends to maintain a level of allocation to eligible projects, which matches or exceeds the total net proceeds of all GFIs outstanding. MAS will strive to fully allocate the net proceeds of any GFIs within 24 months of the date of issuance. Unallocated proceeds will be held in cash, cash equivalents, and/or other liquid marketable instruments. Based on these elements, Sustainalytics considers this process to be in line with market practice.



REPORTING MAS is committed to reporting on the allocation of proceeds on an annual basis on its website until allocation has been fully completed. Reporting will include details such as total amount of outstanding GFIs, the share of financing vs. re-financing, the amount allocated by project categories, and amount of unallocated assets. In addition, MAS will strive on a best effort basis and subject to data availability, to reporting on relevant impact indicators. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Evaluation date	February 22, 2021
Issuer Location	Douglas, Isle of Man

Report Sections

Introduction.....	2
Sustainalytics' Opinion	3
Appendices	8

For inquiries, contact the Sustainable Finance Solutions project team:

Evan Bruner (Amsterdam)
Project Manager
evan.bruner@morningstar.com
(+31) 20 205 0027

Cristhian Veintimilla (Amsterdam)
Project Support
cristhian.veintimilla@morningstar.com
(+31) 20 205 02 09

Mina Jang (Amsterdam)
Project Support
mina.jang@morningstar.com
(+31) 20 205 00 44

Molly Stern (London)
Client Relations
susfinance.emea@morningstar.com
(+44) 20 3880 0193

Introduction

MAS Real Estate Inc (“MAS”, or the “Company”) is an internally managed property investor and operator focused on retail properties in Central and Eastern Europe. The Company was founded in 2008, and is headquartered in Douglas, Isle of Man.

MAS has developed the MAS Real Estate Green Financing Framework (the “Framework”) under which it intends to issue multiple Green Financing Instruments (GFIs), including green bonds and loans, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects which support the transition to a low-carbon economy. The Framework defines eligibility criteria in four areas:

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy
4. Clean Transportation

MAS engaged Sustainalytics to review the MAS Real Estate Green Financing Framework, dated February 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP)¹ and the Green Loan Principles 2020 (GLP).² This Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018, as administered by ICMA, and the Green Loan Principles 2020, as administered by LMA, APLMA and LSTA⁵;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.7.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of MAS’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. MAS representatives have confirmed (1) they understand it is the sole responsibility of MAS to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and MAS.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

³ The MAS Real Estate Green Financing Framework is available on MAS Real Estate Inc’s website at: www.masrei.com

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

⁵ In addition to the Loan Markets Association, the GLP are also administered by the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that MAS has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the MAS Real Estate Green Financing Framework

Sustainalytics is of the opinion that the MAS Real Estate Green Financing Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of MAS's Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Energy Efficiency, Renewable Energy, and Clean Transportation – are aligned with those recognized by the GBP and GLP. Sustainalytics is of the opinion that the financed activities can contribute to improved energy performance of the Central and Eastern European (CEE) countries retail building stock, increase renewable energy production, and promote sustainable transport and mobility.
 - Regarding Green Buildings, MAS may finance or refinance the acquisition, construction and/or refurbishment of retail buildings in CEE countries with the following minimum certification levels: BREEAM "Very Good", LEED "Gold", or any equivalent certification. Sustainalytics considers BREEAM Excellent to be aligned with market practice and encourages MAS to select BREEAM-certified buildings that score high enough in the Energy category (which Sustainalytics regards as the most important one) to fulfil the requirements for BREEAM Excellent in that category. For Sustainalytics' assessment of these building certification schemes, please refer to Appendix 1.
 - Within Energy Efficiency, MAS may finance or refinance the modernization of existing buildings according to the following eligibility criteria: (i) any major renovation⁶ as defined by the Energy Performance of Buildings Directive (EPBD)⁷ which complies with the requirements for cost-optimal minimum energy performance, under the applicable implementation of the EPBD as reflected in the Technical Annex to the EU Taxonomy produced by the Technical Expert Group (TEG),⁸ or (ii) building renovations which achieve energy savings of at least 30% compared to the baseline performance of the building before the renovation.⁹ Sustainalytics notes that the criteria in the EU taxonomy TEG Report, which are based on meeting the relevant cost-optimal minimum energy performance requirements in accordance with the EPBD, could vary by region (EU Member States). Sustainalytics, therefore encourages MAS Real Estate to report on the

⁶ Major renovation' means the renovation of a building where: (a) the total cost of the renovation relating to the building envelope or the technical building systems is higher than 25 % of the value of the building, excluding the value of the land upon which the building is situated; or (b) more than 25 % of the surface of the building envelope undergoes renovation.

⁷ EU, "Directive 2010/31/EU of the European Parliament and of the Council on the energy performance of buildings (recast)", (2010), at: https://eur-lex.europa.eu/legal-content/EN/ALL/;ELX_SESSIONID=FZMJThLLzfxmmMCQGp2Y1s2d3Tjwtd8QS3pqqdkhXZbwqGwlgY9KN!2064651424?uri=CELEX:32010L0031

⁸ EU, "Technical Annex to the Technical Expert Group final report on the EU Taxonomy on sustainable finance", (2020), at: https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

⁹ The initial energy performance and the estimated improvement shall be based on a specialised building survey and validated by an Energy Performance Certificate, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method.

- actual primary energy performance level (or energy savings) achieved compared to the reference buildings as defined based on existing building stock within the region.
- In the Renewable Energy category, MAS may finance or refinance investments and expenditures in renewable energy sources for buildings, including on-site solar energy generation projects and dedicated support infrastructure.
 - Under the Clean Transportation category, MAS may finance or refinance the installation of infrastructure for zero tailpipe emission vehicles and personal mobility devices, including electric charging points for electric vehicles, and bicycle and electric scooter racks.
 - MAS has established a Look-back Principle to allocate net proceeds to investments and expenditures incurred within 36 months prior to the respective allocation decision.
- Project Evaluation and Selection:
 - MAS' internal process in evaluation and selecting projects is managed by the Green Financing Committee (GFC), which is comprised of representatives from the Sustainability, Treasury and Investments teams. The GFC has the overall responsibility to oversee the evaluation and selection process against the criteria established in the Framework. The GFC will replace projects which no longer meet the eligibility criteria, or which are divested from. Based on these elements, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - MAS' process for management of proceeds is overseen by the Treasury team. The Company will establish a Green Project Portfolio and track the allocation of net proceeds from the issuance of any GFIs following a portfolio approach. Should an asset cease to fulfil the eligibility criteria or exit the owned portfolio, MAS will, on a best effort basis, substitute these projects as soon as reasonably practicable. MAS intends to maintain a level of allocation to eligible projects, which matches or exceeds the total net proceeds of all GFIs outstanding. MAS will strive to fully allocate the net proceeds of any GFIs within 24 months of the date of issuance. Unallocated proceeds will be held in line with the general liquidity guidelines of MAS in cash, cash equivalents, and/or other liquid marketable instruments. Based on these elements, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - MAS is committed to reporting on the allocation of proceeds via a Green Financing Report on an annual basis until allocation has been fully completed. The allocation reporting will include details such as total amount of outstanding GFIs, the share of financing vs. re-financing, the amount allocated by project categories, amount of unallocated assets, and examples of allocated assets. On a best effort basis, MAS will align the reporting with the portfolio approach described in the Harmonized Framework for Impact Reporting.¹⁰ The reporting will be made publicly available on the Company's website. In addition, MAS will strive on a best effort basis and subject to data availability, to reporting on relevant impact indicators including, energy performance for buildings, annual energy savings, number of electric charging stations for electric vehicles installed, among others. For an exhaustive list of impact metrics, please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018 and Green Loan Principles 2020

Sustainalytics has determined that the MAS Real Estate Green Financing Framework aligns to the four core components of the GBP and GLP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of MAS Real Estate Inc

Contribution of framework to MAS Real Estate Inc's sustainability strategy

Sustainalytics is of the opinion that MAS demonstrates a commitment to sustainability with its Sustainability Core Marks underpinned by three pillars: (i) Environment, (ii) Community, and (iii) Organisation Probity.¹¹ As a member of the European Public Real Estate Association (EPRA), MAS is committed to strengthening transparency in its sustainability metrics aligned with EPRA's Sustainability Best Practices Recommendations and Global Reporting Initiative (GRI) Standards.

¹⁰ ICMA, "Handbook. Harmonized Framework for Impact Reporting", (2020), at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-December-2020-151220.pdf>

¹¹ MAS Real Estate, "Annual Review", (2020), at: https://www.masrei.com/wp-content/uploads/2020/12/MAS_Annual-Report_2020.pdf

In 2020, MAS analysed the social and environmental impacts of its operations to revise the Sustainability Core Marks.¹¹ Through its analysis, MAS determined their focus areas as “Responsible and efficient use of natural resources in a sustainable manner” and “Investment in the locations in which the Group operates to contribute to social well-being”.¹¹ As part of its efforts on Environment pillar, MAS strives to efficiently manage electricity, gas and water consumption and intensities to reduce the carbon footprint from its properties, offices, and business travels.¹¹ Additionally, MAS is increasing the number of buildings certified to green building certifications. As of 2020, the Company has two certified properties (BREEAM Excellent and LEED Gold) while 15 projects are under assessment to be certified.¹¹

Sustainalytics is of the opinion that the MAS Real Estate Green Financing Framework is aligned with the Company’s overall sustainability strategy and initiatives and will further the Company’s action on its key environmental priorities. While recognizing MAS’ commitment to sustainability, Sustainalytics encourages the Company to set time-bounded and quantifiable sustainability targets to strengthen its sustainability strategy.

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

While Sustainalytics recognizes that the net proceeds from the bonds and loans issued under the Framework will be directed towards eligible projects recognized by the GBP and GLP to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include occupational health and safety, community relations, land use and biodiversity issues associated with large-scale property development as well as waste generated from construction. Sustainalytics is of the opinion that MAS is able to manage and/or mitigate potential risks through implementation of the following policies and procedures:

- MAS is compliant with EU Directive 2011/92/EU which requires Environmental Impact Assessment (EIA) for projects associated with significant effects on the environment prior to development consent being given, ensuring the mitigation of environmental risks relevant with land use changes and infrastructure development.¹²
- In accordance with EU regulation on construction and demolition waste (CDW), MAS is required to follow the guidelines set out by each of the Member States that the Company operates in. These regulations are aimed at ensuring waste management is carried out without endangering human health or causing harm to the environment.¹³
- Most countries¹⁴ where MAS operates in Central and Eastern Europe are classified as “Designated Countries” by the Equator Principles (EPs), suggesting the existence of strong environmental and social governance systems and institutional capacity designed to protect the local environment and communities.¹⁵
- In order to minimize construction material waste, MAS and its development partner (Prime Kapital) are committed to optimizing the supply chain for the property development. Additionally, where feasible, MAS prioritizes the use of natural lighting and energy-efficient water/light fitting, while encouraging effective use of construction materials and the reuse of salvaged materials during construction. Additionally, MAS and its development partner maintain close relationships with environmental authorities and attempt to avoid or minimize their impacts on biodiversity.¹¹
- Regarding an occupational health and safety issue, MAS complies with internal policies and procedures. The Social and Ethics Committee reviews the health and safety regulations annually to monitor whether appropriate protocols are implemented for the employees, suppliers and the public.¹¹ Prime Kapital is in charge of managing the occupational health and safety at construction site. To ensure health and safety policy is in place, Prime Kapital identifies the safety and health risks and measures per project.
- Regarding a community relations process, MAS openly engages authorities and communities in the project development stages via dialogue to deliver the potential social impacts of its development in communities.
- Under the Framework, MAS will exclude financing (i) fossil fuel related activities, (ii) mining related activities, (iii) nuclear and nuclear related technologies, (iv) weapons, alcohol, tobacco, gambling and adult entertainment, and (v) deforestation and degradation of forests.

¹² European Commission, “Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment Text with EEA relevance”, (2012), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32011L0092>

¹³ EU, “Waste Framework Directive”, (2008), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32008L0098&from=EN>

¹⁴ These countries are the Czech Republic, Hungary, Poland, Slovak Republic, Slovenia, Estonia, Latvia and Lithuania.

¹⁵ The Equator Principles, “Designated Countries”, at: <https://equator-principles.com/designated-countries/>

Based on these policies and procedures, Sustainalytics is of the opinion that MAS has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All four use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of financing green buildings and energy efficiency projects in Central and Eastern Europe

In the EU region, buildings account for 40% of total energy consumption and 36% of its CO₂ emissions.¹⁶ Furthermore, the European Commission has concluded that high energy consumption levels are directly correlated with the age of buildings. Approximately 36% of the EU's building stock is over 50 years old, and approximately 75% of EU building stock is considered energy inefficient.¹⁶ According to the EC, through the renovation and retrofit of existing buildings significant energy savings can be achieved, with the potential of reducing the EU's total energy consumption by 5-6% and lowering total CO₂ emissions by about 5%.¹⁶ This problem is particularly relevant in Central and Eastern Europe (CEE), where the real estate sector can account for up to 50% of a countries' total energy consumption.¹⁷ Additionally, the lower renovation rates in the CEE region require large-scale energy efficiency improvements in buildings.¹⁷

Sustainalytics recognizes the importance of green buildings development in CEE and its impacts on reducing energy consumption and carbon emissions in CEE countries. Sustainalytics expects that MAS financing for green buildings and energy efficiency projects may contribute to reducing GHG emissions from the built environment in CEE, thereby facilitating the transit to a decarbonized economy.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds and loans issued under the MAS Real Estate Green Financing Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	7. Affordable and clean energy	7.3. By 2030, double the global rate of improvement in energy efficiency
	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Energy Efficiency	7. Affordable and clean energy	7.3. By 2030, double the global rate of improvement in energy efficiency
Renewable Energy	7. Affordable and clean energy	7.2. By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

¹⁶ European Commission, "Energy performance of buildings directive – Facts and Figures", at: https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

¹⁷ Corporate Leaders Group, "The Energy Transition in Central and Eastern Europe", (2018) at: <https://www.corporateleadersgroup.com/reports-evidence-and-insights/publications/publications-pdfs/cee-energy-transition-report.pdf>

Conclusion



MAS has developed the MAS Real Estate Green Financing Framework under which it will issue green financing instruments and use the proceeds to finance and refinance green buildings and energy efficiency refurbishment of existing buildings, on-site renewable energy and clean transport supporting infrastructure which support the transition to a low-carbon economy. Sustainalytics considers that the projects funded by proceeds raised from green financing instruments are expected to provide positive environmental impact.

The MAS Real Estate Green Financing Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the MAS Real Estate Green Financing Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 11. Additionally, Sustainalytics is of the opinion that MAS has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that MAS Real Estate Inc is well-positioned to issue green financing instruments and that the MAS Real Estate Green Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2020.

Appendices

Appendix 1: Certification Schemes for Green Buildings

	BREEAM	LEED
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).
Certification levels	Pass Good Very Good Excellent Outstanding	<ul style="list-style-type: none"> • Certified • Silver • Gold • Platinum
Areas of Assessment	<ul style="list-style-type: none"> • Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation 	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority
Requirements	<p>Prerequisites depending on the levels of certification and credits with associated points</p> <p>This number of points is then weighted by item¹⁸ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>Prerequisites independent of level of certification, and credits with associated points.</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>
Performance display		
Qualitative Considerations	<p>Used in more than 70 countries: Good adaptation to the local normative context.</p> <p>Predominant environmental focus.</p> <p>BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.</p>	<p>Widely recognized internationally, and strong assurance of overall quality.</p>

¹⁸ BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item.

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	MAS Real Estate Inc
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	MAS Real Estate Green Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	February 22, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|------------------------------------------------------------|----------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---------------------------------------------------------------------------------|----------------------------------------|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, and Clean Transportation – are aligned with those recognized by the Green Bond Principles 2018 and the Green Loan Principles 2020. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 and 11.

Use of proceeds categories as per GBP:

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

MAS' internal process in evaluation and selecting projects is managed by the Green Financing Committee (GFC), which is comprised of representatives from the Sustainability, Treasury and Investments teams. The GFC has the overall responsibility to oversee the evaluation and selection process against the criteria established in the Framework. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Evaluation and selection

- | | |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
- In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

MAS' process for management of proceeds is overseen by the Treasury team. The Company will establish a Green Project Portfolio and track the allocation of net proceeds from Green Financing Instruments (GFIs) following a portfolio approach. MAS intends to maintain a level of allocation to eligible projects, which matches or exceeds the total net proceeds of all GFIs outstanding. MAS will strive to fully allocate the net proceeds of any GFIs within 24 months of the date of issuance. Unallocated proceeds will be held in cash, cash equivalents, and/or other liquid marketable instruments. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

MAS is committed to reporting on the allocation of proceeds on an annual basis on its website until allocation has been fully completed. Reporting will include details such as total amount of outstanding GFIs, the share of financing vs. re-financing, the amount allocated by project categories, and amount of unallocated assets. In addition, MAS will strive on a best effort basis and subject to data availability, to reporting on relevant impact indicators. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis

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

Information reported:

- Allocated amounts Green Bond financed share of total investment
- Other (please specify):

Frequency:

- Annual Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (please specify):

GBP/GLP category	Potential impact indicators
Green Buildings	<ul style="list-style-type: none"> - Level of certification by building - Energy performance for buildings (in kWh per m² and year) - Annual GHG emission avoided (in tCO₂eq) - Annual energy savings (in MWh)
Energy Efficiency	<ul style="list-style-type: none"> - Annual energy savings (in MWh) - Annual GHG emission avoided (in tCO₂eq)
Renewable Energy	<ul style="list-style-type: none"> - Renewable energy capacity installed (in MW) - Renewable energy generated annually (in MWh) - Annual GHG emission avoided (in tCO₂eq)
Clean Transportation	<ul style="list-style-type: none"> - Number of electric charging stations for electric vehicles installed - Number of bicycle and electric scooter racks installed within the portfolio

Frequency

- Annual Semi-annual
- Other (please specify):

Means of Disclosure

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Green Financing Report/Website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- | | |
|----------------------------------------------------------------------|----------------------------------------|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

Copyright ©2021 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world’s foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the “Largest Approved Verifier for Certified Climate Bonds” for the third consecutive year. The firm was also recognized by Environmental Finance as the “Largest External Reviewer” in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.



Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

