



# Green Finance Framework

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# I. Introduction

## 1.1. MG Real Estate: Company Profile

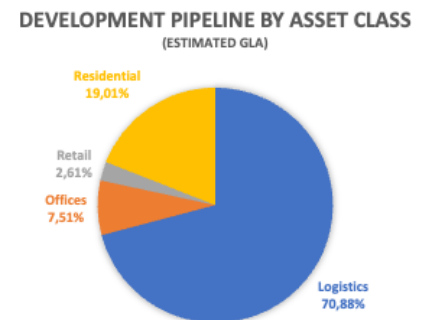
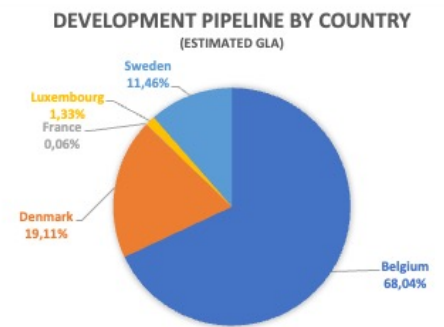
MG RE Invest S.A (“MG Real Estate”, “the Company” or “the Group”) was founded in 2000 by the serial entrepreneur Mr. Ignace De Paepe following the successful exit of his first company which was active in construction, demolition and depollution. Since 2017 the Company is a public limited liability company existing under the laws of the Grand Duchy of Luxembourg.

MG Real Estate is active in the real estate development business and develops (i) large-scale logistic projects (which is the Group’s core business as at the date hereof), (ii) residential developments, (iii) office buildings and (iv) retail buildings. In 2020, the Group celebrated the milestone of 1,000,000 m<sup>2</sup> of projects developed.

The Group stands for high-speed developments, top locations and strong architectural designs meeting the highest standards. The Company has grown through inner-city, office and ultimately via logistic projects to become the MG Real Estate of today: an experienced developer specializing in logistics in Europe that knows the market like no other.

No matter how big the projects may be, MG Real Estate sticks to it small, experienced team and trusted partners. By doing so, the Company can make decisions swiftly, while remaining compact and efficient, in direct connection with its clients and the markets.

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



## 1.2. MG Real Estate's Sustainability Approach

MG Real Estate is committed to invest in sustainable developments. Therefore, the Company is always looking for the most suitable energy solutions. Solar Panels are standard equipment for our developments as are electric charging stations for cars and bicycles.

Just as much effort is invested in a sustainable environment for employees. The Group aims to create places where people love to work and find peace. The Group's goal is to provide the optimal working environment by incorporating greenery and as much natural light as possible.

To put all of the above into practice, we have analyzed the United Nations Sustainable Development Goals (SDG's). The Company does believe that all of the 17 identified goals are equally important. However we focused on the ones where MG Real Estate can have an actual impact. Resulting in a list of 6 SDGs summarized



here below:

As the company's core business is the development of logistic real estate, we do believe that the MG group is mainly contributing to SDG 9 'Industry, innovation and infrastructure'. We promise that each of our developments is characterized by

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





### 1.3. Background and rationale for Green Finance Framework

MG Real Estate has developed its Green Finance Framework ("Framework") aiming to attract specific funding for green assets and real estate projects which contribute to its sustainability strategy. Under this Framework, MG Real Estate can issue a variety of Green Finance Instruments such as f.i. Green (Retail) Bonds, Green (Treasury) Notes, Green Private Placements, Green (syndicated) Loans.

The Framework provides a clear and transparent set of criteria for Green Finance Instruments issued by MG Real Estate and is consistent with the guidelines of the Green Bond Principles ("GBP") (as issued by the International Capital Market Association (ICMA) and last updated in June 2021) and the Green Loan Principles ("GLP") (from the Loan Market Association (LMA), last updated in February 2021). These voluntary process guidelines are developed in multi-stakeholder processes involving issuers, investors, financial institutions and NGOs, with a view to promoting the development and integrity of the sustainable finance market.

MG Real Estate is also willing to align its Framework with the best market practices and applicable market guidelines, to the extent possible.







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## 2. MG Real Estate's Green Finance Framework

MG Real Estate's Framework follows the core components of the voluntary process guidelines of the ICMA Green Bond Principles (GBP) and Green Loan Principles (GLP) and will cover the following sections:

- 2.1. Use of Proceeds;
- 2.2. Process for Project evaluation and selection;
- 2.3. Management of Proceeds;
- 2.4. Reporting; and
- 2.5. External Review.

### 2.1 Use of Proceeds

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. The Eligible Green Projects are also mapped to the UN Sustainable Development Goals (UN SDGs).

ELIGIBLE GREEN CATEGORY	ELIGIBILITY CRITERIA	UN SDG TARGET
<p>Green Buildings</p> 	<ul style="list-style-type: none"><li>• 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 Good; or</li><li>• 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.</li><li>• Residential buildings constructed by MG Real Estate (or its subsidiaries) that have at least an EPC level A score.</li></ul>	<p>9.4 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.</p>



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

## **2.2 Process for Project evaluation and selection**

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 2.1 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 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.



### 2.3 Management of Proceeds

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 2.1. Use of Proceeds.

If a project is divested, discontinued or does no longer meet the definition of Eligible Green Projects as included in paragraph 2.1., 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.

### 2.4 Reporting

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 m<sup>2</sup>;
- BREEAM certification level
- For residential projects, the EPC class.



## **2.5. The External Review**

### **2.5.1 Second Party Opinion**

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).

The Second Party Opinion is available here on MG Real Estate's website: <https://www.mgrealestate.eu/en/investor-relations#>

### **2.5.2 Independent verification**

MG Real Estate will request on an annual basis, starting one year after issuance of its inaugural Green Finance Instrument and for as long as any Green Finance Instruments under this framework are outstanding, a limited assurance report of the allocation of the proceeds to its Eligible Green Projects, provided by an independent external auditor.

The limited assurance report will be available on <https://www.mgrealestate.eu/en/investor-relations#>





# Disclaimer

The information provided in this Green Finance Framework is prepared by MG RE Invest SA (hereafter MGRE) and provided as at the date of this Framework and are subject to changes without notice. None of MG RE Invest SA or any of its affiliates (jointly referred to as “the Company”) assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.

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# Contact



## **Luxembourg**

Rue Heienhaff 5  
1736 Senningerberg

[www.mgrealestate.eu](http://www.mgrealestate.eu)  
[info@mgrealestate.eu](mailto:info@mgrealestate.eu)



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