



Second-Party Opinion

Yanlord Land Group Limited Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Yanlord Land Group Limited Green Finance 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, Sustainable Water and Wastewater Management, Renewable Energy, Pollution Prevention and Control, and Clean Transportation – are aligned with those recognized by the Green Bond Principles 2018 and the Green Loan Principles 2020. Sustainalytics considers that investments in the eligible categories could decrease the carbon footprint of Yanlord’s building portfolio in China and Singapore while advancing the UN Sustainable Development Goals (SDGs), specifically SDGs 6, 7, 11, and 12.



PROJECT EVALUATION / SELECTION Yanlord’s internal process in evaluating and selecting projects is overseen by the ESG Task Force comprised of department representatives from Finance, Design and Architecture, Building Engineering and Procurement, Operation Management, Property Management and Investor Relations. The Task Force will meet at least annually to review and ratify eligible projects in line with the eligibility criteria, manage future updates to the Framework and facilitate reporting. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS The proceeds of the green bonds, loans and notes will be earmarked for allocation to eligible green projects. This process will be tracked by Yanlord’s internal information systems. Yanlord intends to reach full allocation within 24 months after issuance. Pending allocation, the proceeds will be held in cash or other short-term instruments. Sustainalytics considers this as in line with market practice.



REPORTING Yanlord intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount allocated to the eligible green Portfolio, the amount allocated by project category, the share of financing vs refinancing, the balance of unallocated proceeds, and project examples. In addition, Yanlord, where feasible, intends to report on relevant impact metrics. Sustainalytics views Yanlord Land Group Limited’s allocation and impact reporting as aligned with market practice.

Evaluation date	February 23, 2021
Issuer Location	Singapore, Singapore

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Introduction

Yanlord Land Group Limited (“Yanlord”, the “Company”, or the “Issuer”) is a real estate development company listed on the Singapore Mainboard Exchange since 2006. Yanlord focuses on high-end residential, commercial, and integrated property projects in high-growth Chinese cities and Singapore.

Yanlord has developed the Yanlord Land Group Limited Green Finance Framework (the “Framework”) under which it intends to issue green bonds, loans, and other debt-like instruments and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future eligible projects that could decrease the carbon footprint of Yanlord’s building portfolio in China and Singapore. The Framework defines eligibility criteria in six green areas:

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy
4. Sustainable Water and Wastewater Management
5. Pollution Prevention and Control
6. Clean Transportation

Yanlord engaged Sustainalytics to review the Green Finance Framework, dated March 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 1.6.1, 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 Yanlord’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. Yanlord representatives have confirmed (1) they understand it is the sole responsibility of Yanlord 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.

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 Green Finance Framework is available on Yanlord Land Group Limited’s website at: <http://yanlord.listedcompany.com/sr.html>

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

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

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 Yanlord has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Green Finance Framework

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

- Use of Proceeds:
 - The eligible categories – Green Buildings, Energy Efficiency, Sustainable Water and Wastewater Management, Renewable Energy, Pollution Prevention and Control, and Clean Transportation – are aligned with those recognized by the GBP and GLP. Sustainalytics considers that the bond proceeds could decrease the carbon footprint of Yanlord's building portfolio in China and Singapore.
 - Yanlord has defined a look-back period of 36 months for refinancing activities, which Sustainalytics considers to be in line with market practice.
 - Under the Green Buildings category, Yanlord intends to invest in the construction, or retrofit of commercial and residential buildings that received, or expected to receive, the following third-party green building certification standards: BCA, Green Mark (Gold or above), Chinese Green Building Evaluation Label (2 stars or above), LEED (Gold or above), BREEAM (Excellent or above), BEAM Plus (Gold or above). Sustainalytics views the selected certification schemes as credible and considers buildings meeting such relevant levels to provide a positive impact. (For Sustainalytics' assessment of these building certification schemes, please refer to Appendix 1). Moreover, Yanlord may seek to obtain additional certification focused on the health and well-being of tenants (WELL Building Standard™).⁶
 - Within the Energy Efficiency category, Yanlord expects to finance the upgrades of electric-powered equipment and systems, and the adoption of smart technologies that aim to track, monitor, and manage energy usage in new and existing buildings. Intended project examples include air conditioning system, lift system, LED lighting system, fresh air supply systems, building controls, among others. Sustainalytics encourages Yanlord to report on estimated or achieved energy efficiency, on a portfolio basis, where feasible. Under the same category, Yanlord may also invest in the renovation of buildings that result in at least 30% energy efficiency improvement or carbon emissions reduction over baseline, which Sustainalytics considers to be in line with market practice.

⁶ WELL Building Standard ("WELL") is a building certification issued by the International WELL Building Institute (IWBI); Comprehensive, third-party verified standard targeting the commercial and institutional office buildings. The WELL standards measure the health, well-being, productivity and the happiness of building occupants. In 2018, the WELL standard was updated to WELL V2, which makes some changes to the requirements and scoring compared to WELL V1.

- As part of the Sustainable Water Management category, Yanlord intends to invest in the construction, development, installation, operation and maintenance of infrastructure or equipment to increase the collection, treatment, recycling or reuse of water, rainwater, or wastewater. Yanlord has confirmed to Sustainalytics that operation and maintenance activities will be limited to those aiming to extend the life or value of underlying assets.
- For the Renewable Energy category, Yanlord intends to invest in renewable energy and energy storage projects and technologies. Yanlord has clarified to Sustainalytics that this project category includes solar energy projects and relevant storage systems.
- Under the Pollution Prevention and Control category, Yanlord expects to finance waste management systems and equipment that aim to minimize and recycle waste (such as food and construction waste), or control dust and noise during construction and operation of buildings. Yanlord has clarified to Sustainalytics that noise mitigation systems aim to achieve green building certification standards listed above.
- Project Evaluation and Selection:
 - Yanlord's internal process for project evaluation and selection will be overseen by the ESG Task Force, comprised of cross-functional team including Finance, Design and Architecture, Building Engineering and Procurement, Operation Management, and Property Management and Investor Relations. The ESG Task Force will meet at least annually to review and propose eligible green Projects to Yanlord's ESG Management Committee and Group Financial Controller, and manage any future updates to the Framework.
 - Based on this structure, Sustainalytics considers this process to be in line with market practice
- Management of Proceeds:
 - The ESG Management Committee and Group Financial Controller will be responsible for the management of proceeds using a portfolio approach. The net proceeds of the green bonds, loans and other debt-like instruments will be deposited in the Company's general account, where they will be earmarked for allocation. Yanlord intends to reach full allocation within 24 months after issuance. This process will be tracked in Yanlord's internal systems. Pending allocation, Yanlord will hold unallocated proceeds in cash or other short-term instruments in line with the Company's policies.
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Yanlord intends to report on the allocation of proceeds on its website annually until full allocation. The allocation reporting will include the amount allocated to the eligible green Portfolio, the amount allocated by project category, the share of financing vs refinancing, the balance of unallocated proceeds, and project examples.
 - In addition, where feasible, Yanlord intends to report on relevant impact metrics including but not limited to the level of certification, energy efficiency improvement (MWh or % compared to baseline), reduced or avoided emissions (tCO₂e), annual energy savings (MWh pa), annual reduction in water consumption, amount of water recycled or reused (litres), amount of rainwater collected and reused (m³), renewable energy capacity installed (MW), renewable energy generated (MWh) and amount of waste recycled or reused (tons or % of total waste).
 - Based on these commitments, 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 Green Finance 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 Yanlord

Contribution of framework to Yanlord Land Group Limited's sustainability strategy

Yanlord demonstrates effort in incorporating sustainability initiatives in its strategy and operations. The Company demonstrates a commitment to sustainability, mainly through the achievement of third-party green building certification standards and improving the environmental performance of its building portfolio.

As of December 2020, the Company's green building portfolio includes seven buildings certified by Chinese Green Building Evaluation Label Two-Star or above and three buildings certified by LEED Gold and Singapore Building and Construction Authority (BCA) Green Mark Gold Plus (Existing Building for Non Residential Building) or above. Moreover, 58 properties under development are designed to comply with the Chinese Green Building Evaluation Label requirements.⁷

Yanlord has implemented a sustainability governance structure to drive and execute the Company's sustainability efforts. Yanlord has established a four-tier sustainability governance structure that comprises of the Board of Directors, Risk Management and Sustainability Committee, ESG Management Committee and ESG Task Force for setting up strategies, policies and systems, implementing plans as well as monitoring and managing ESG related material topics and objectives. The Board of Directors is ultimately responsible for Yanlord's sustainability reporting. The Risk Management and Sustainability Committee assists the Board of Directors to determine the ESG factors identified as material and pertinent to the business of the Group, in ensuring that they are appropriately monitored and managed and that there is an appropriate focus on sustainability. The ESG Management Committee comprises of senior management of the Company responsible for implementing and supervising measures relating to ESG issues. The ESG Task Force comprises of a cross-functional team to execute the policies and strategies as well as to coordinate external and internal ESG stakeholder communication.⁸

Sustainalytics is of the opinion that the Green Finance Framework is aligned with the Company's overall sustainability strategy and initiatives and that it will further Yanlord's action on its key environmental priorities. Sustainalytics recognizes the importance of the above-mentioned efforts of Yanlord and encourages the Company to define time-bound and quantifiable sustainability targets and publicly available company-wide 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 that are 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, land use-change, biodiversity loss, public opposition, and waste generated in construction. Sustainalytics is of the opinion that Yanlord can manage and mitigate potential risks through the implementation of the following:

- Yanlord is a member of the Workplace Safety and Health Council (Construction and Landscape) Committee in Singapore. The committee holds high corporate governance standards in occupational health and safety and is abiding by the Labour Law of local authorities. Contractors of Yanlord are required to comply with the Company's policies on health and safety, including personal protective equipment, the need for proper disposal of waste matter and requirements to report on accidents. In 2019, the Company kept the intensity rate of injuries below 1% on the back of an employee increase of 26% and an absolute reduction from 45 to 39 numbers of injuries.⁸
- Part of Yanlord's commitment to sustainability is regular internal checks and reviews of policies to ensure that the Company complies with environmental-related regulatory requirements. Yanlord also conducts environmental impact assessments for property development projects prior to construction and establish appropriate mitigation measures.⁸ China's Environmental Impact Assessment Act requires companies which carry out construction projects to conduct an environmental risk assessment. The assessments include the identification of key risk factors related to air, water, soil pollution or human health. Furthermore, companies are required to verify the impact assessment by an independent and certified agency to avoid any conflict of interest.⁹
- Yanlord works closely with their value chain partners to ensure that they adhere to regulations and Environmental, Health and Safety (EHS) standards. The Company has established a Supplier Code of Conduct for green procurement specifications and vendor evaluation.⁸
- Yanlord identifies risk by a two-way communication with their stakeholders and the implementation of a Code of Business Conduct. The stakeholder management includes communication with local communities to incorporate the knowledge harnessed from the discussions in the Company's projects.⁸

⁷ "Yanlord Land Group Limited Green Finance Framework" is available on Yanlord's website at: www.yanlordland.com

⁸ Yanlord, "Sustainability Report" (2019), at: 20200529_182039_Z25_GDR820TZWCL18C1P.1.pdf (listedcompany.com)

⁹ The National People's Congress of the People's Republic of China, Environmental Impact Assessment Law of the People's Republic of China, January 2019, at: <http://www.npc.gov.cn/npc/sjxflfg/201906/5e47c4866d5b44ff8b338997e37ee2cc.shtml>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Yanlord 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 six use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on how the impact is specifically relevant in the local context.

The importance of energy efficiency and green buildings in China and Singapore

As of 2016, Energy use in buildings and building construction accounts for one-third of global final energy consumption and contributes to almost one-quarter of greenhouse gases (GHG) emissions worldwide.¹⁰ According to the Intergovernmental Panel on Climate Change (IPCC), the building sector offers the largest cost-effective GHG mitigation potential by implementing existing technologies, building design and sound policy development.¹¹ In East Asia, including China, the climate-smart investment potential (including renewable energy and energy efficiency) is considered USD 16 trillion most of which is concentrated in the construction of new green buildings.

At the UN General Assembly in September last year, China pledged to scale up its Nationally Determined Contribution (NDC) to peak carbon dioxide emissions before 2030 and reach carbon neutrality before 2060.¹¹ For the building sector, China plans to achieve a share of 50% of green buildings in new construction. Moreover, its 13th Five-Year Plan prioritizes building efficiency which could grow the country's green building sector from 5-28% by 2030, representing a USD 12.9 trillion investment opportunity.¹² Also, the National Development and Reform Commission aims to reduce energy consumption per unit of GDP by 15% in 2020 compared to 2015.¹³

In 2015, Singapore pledged to reduce its greenhouse gas (GHG) emissions intensity by 36% from 2005 levels by 2030, and stabilize its GHG emissions with the aim of peaking around 2030 as commitments under the Paris agreement.¹⁴ As a small island city-state with urban density, low wind speeds, relatively flat land, and lack of geothermal resources, Singapore faces difficulty in pursuing alternative energy options to reduce GHG emissions within energy generation, and therefore identifies improving energy efficiency as its key reduction strategy to meet the Paris commitments.¹⁵

Based on the above, Sustainalytics recognizes the importance of improving energy efficiency and facilitating green building investments in China and Singapore and its impacts on reducing energy consumption and carbon emissions. Sustainalytics is of the opinion that Yanlord's projects for green buildings and energy efficiency contribute positively to China and Singapore's ambitions to reduce GHG emissions in the building sector.

¹⁰ Dean, B. et al. (2016), "Towards zero-emission efficient and resilient buildings: Global Status Report", Global Alliance for Buildings and Construction, available at: https://www.worldgbc.org/sites/default/files/GABC_Global_Status_Report_V09_november_FINAL.pdf

¹¹ Edenhofer, O. et al. (2014), "Climate Change 2014 Mitigation of Climate Change", Cambridge University Press, available at: https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_full.pdf

¹² Weyl, D. et al. (2017), How Can China's Green Building Sector Grow Fivefold by 2030? 3 Cities Show Us the Way, World Research Institute, available at: <https://www.wri.org/publication/2017/06/how-can-china-s-green-building-sector-grow-fivefold-by-2030-3-cities-show-us-the-way/>

¹³ Grantham Research Institute on Climate Change and the Environment, "13th Five Year Plan", (2016), at: 13th Five-Year Plan - China - Climate Change Laws of the World (climate-laws.org)

¹⁴ "Singapore's Intended Nationally Determined Contribution (INDC) ", at: <https://www4.unfccc.int/sites/submissions/INDC/Published%20Documents/Singapore/1/Singapore%20INDC.pdf>.

¹⁵ Ministry of the Environment and Water Resources, "Singapore's Climate Action Plan", at: https://sustainabledevelopment.un.org/content/documents/1545Climate_Action_Plan_Publication_Part_1.pdf.

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 bond(s) and loan(s) issued under the Green Finance Framework advances the following SDG(s) and target(s):

Use of Proceeds Category	SDG	SDG target
Green Building	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
Energy Efficiency	7. Affordable and Clean Energy	7.3. By 2030, double the global rate of improvement in energy efficiency.
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Pollution Prevention and Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
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

Conclusion

Yanlord has developed the Green Finance Framework under which it will issue green bonds, loans and other debt-like instruments, and the use of proceeds to finance green buildings, energy efficiency, wastewater reduction, clean transportation and pollution prevention and control projects. Sustainalytics considers that the projects funded by the green bond, loans, and other debt-like instruments proceeds are expected to decrease the carbon footprint of Yanlord's building portfolio in China and Singapore.

The Green Finance 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 Green Finance 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 6, 7, 11, and 12. Additionally, Sustainalytics is of the opinion that Yanlord 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 Yanlord Land Group Limited is well-positioned to issue green bonds and that the Green Finance 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	Chinese Green Building Evaluation Label (China “Three Star”)	BEAM Plus	Singapore BCA Green Mark
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).	The Chinese Green Building Evaluation Label is a Certification System used in China for residential and public buildings (including commercial, hotel and government-owned) that was introduced in 2006 by MOHURD (Ministry of Housing and Urban-Rural Development).	BEAM Society Limited (BSL), owner of the Building Environmental Assessment Method (BEAM), is a public body established in 2010. It owns BEAM Plus - a green building assessment tool tailor-made for the high-rise, high density-built environment of sub-tropical climate in Hong Kong.	The BCA Green Mark Scheme provides real estate certifications in Singapore to promote sustainability in the built environment (during project conceptualisation and design, as well as during construction.) ¹⁶
Certification levels	Pass Good Very Good Excellent Outstanding	Certified Silver Gold Platinum	1-Star 2-Star 3-Star	Bronze Silver Gold Platinum	Certified Gold Gold Plus 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 	<ul style="list-style-type: none"> • Land savings and outdoor environment; • Energy savings and utilisation; • Water savings and utilisation; • Material savings and utilisation; • Indoor environment; • Operations and management. 	<ul style="list-style-type: none"> • Site Aspects (location and design of building, emissions from the site, site management) • Materials Aspects (selection of materials, efficient use of materials, waste disposal and recycling) • Energy Use (annual CO2 emissions or energy use, energy efficient systems and equipment, 	<ul style="list-style-type: none"> • Climate Responsive Design • Building Energy Performance • Resource Stewardship • Smart and Healthy Buildings • Advanced Green Efforts

¹⁶ https://www.bca.gov.sg/greenmark/green_mark_buildings.html

				<p>energy management)</p> <ul style="list-style-type: none"> • Water Use (water quality, water conservation, effluent discharges) • Indoor Environmental Quality (IEQ) 	
Requirements	<p>Prerequisites depending on the levels of certification and credits with associated points</p> <p>This number of points is then weighted by item¹⁷ 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>	<p>Prerequisites:</p> <p>The system functions on a checklist basis, with 1-Star buildings meeting 26 criteria, 2-Star an additional 43 items, and 3-Star on a further 14 items. Criteria and weighting differ for public and residential buildings. In public buildings, more weight is given to energy and material savings, while the standard for residential buildings places greater importance on urban land saving and outdoor environments.</p>	<p>Prerequisites for each performance area + Credits with associated points</p> <p>Detailed compliance with legal requirements is a prerequisite for the award of credits.</p> <p>For every performance area BEAM prescribes different prerequisites. Every applicable prerequisite in every BEAM category must be achieved for the project to be assessed.</p> <p>Credits are allocated for each performance area, and every area is weighted as per international consensus.¹⁸ The Overall Assessment Grade is determined by the percentage (%) of the applicable credits gained under each performance category and its weighting factor.</p> <p>Verification of compliance with BEAM criteria is done by an independent BEAM Assessor.</p>	<p>Prerequisites for each performance area (to demonstrate minimum criteria met) + numerical scores achieved in accordance with the criteria in each performance area. Performance Areas have different weights. 19</p> <p>Depending on the level of building performance and numerical score achieved in performance area, building's level of certification is determined.</p> <p>Assessment of compliance with Green Mark criteria is done by the Singapore Building and Construction Authority (BCA).</p>

¹⁷ 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

¹⁸ BEAM Plus New Buildings, at: <https://www.beamsociety.org.hk/files/download/download-20130724174420.pdf>.

¹⁹ https://www.bca.gov.sg/GreenMark/others/Green_Mark_NRB_2015_Criteria.pdf

Performance display	 <p>Pass Outstanding</p>				
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Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: Yanlord Land Group Limited

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: Green Finance Framework

Review provider's name: Sustainalytics

Completion date of this form: February 10, 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 (please specify): | |

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, Sustainable Water and Wastewater Management, Renewable Energy, Pollution Prevention and Control, and Clean Transportation – are aligned with those recognized by the Green Bond Principles 2018 and the Green Loan Principles 2020. Sustainalytics considers that investments the eligible categories could decrease the carbon footprint of Yanlord’s building portfolio in China and Singapore while advancing the UN Sustainable Development Goals (SDGs), specifically SDGs 6, 7, 11, and 12.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" 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 checked="" 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*):

Yanlord’s internal process in evaluating and selecting projects is overseen by the ESG Task Force comprised of cross-functional team including Finance, Design and Architecture, Building Engineering and Procurement, Operation Management, Property Management and Investor Relations. The Task Force will meet at least annually to review and ratify eligible projects in line with the eligibility criteria, manage future updates to the Framework and facilitate reporting. Sustainalytics considers the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" 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 checked="" 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

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The proceeds of the green bonds, loans and notes will be earmarked for allocation to eligible green projects. This process will be tracked by Yanlord's internal information systems. Yanlord intends to reach full allocation within 24 months after issuance. Pending allocation, the proceeds will be held in cash or other short-term instruments. Sustainalytics considers this as in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (*if applicable*):

Yanlord intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount allocated to the eligible green Portfolio, the amount allocated by project category, the share of financing vs refinancing, the balance of unallocated proceeds, and project examples. In addition, Yanlord, where feasible, intends to report on relevant impact metrics. Sustainalytics views Yanlord Land Group Limited's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input checked="" type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (<i>please specify</i>): |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input checked="" type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (<i>please specify</i>): |
| <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.

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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

