

Second-Party Opinion

Futureal Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Futureal Green Finance Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2018 and Green Loan Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings and Renewable Energy – are aligned with those recognized by the Green Bond Principles 2018 and Green Loan Principles 2020. Sustainalytics considers that the eligible categories will lead to improvement in energy efficiency of the real estate sector and advance the UN Sustainable Development Goals, specifically SDG 7, 8 and 9.



PROJECT EVALUATION / SELECTION Futureal's internal process in evaluating and selecting projects is facilitated by the Green Finance Committee ("GFC"), which is comprised of the CEO, CFO, Director of Property and Facility Management, Group Chief Architect and Head of Sustainability. The GFC will assess asset eligibility on at least an annual basis. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS The Green Bond Team will oversee the management of proceeds, using a specified register to track the proceeds. Futureal will strive to reach full allocation within 36 months. Pending full allocation, unallocated proceeds will be temporarily invested in cash or cash equivalents. This is in line with market practice.



REPORTING Futureal intends to report on allocation of proceeds on its website, on an annual basis, until full allocation. Allocation reporting will include the total amount of Green Financing instruments issued, the share of proceeds used for each use of proceed category, the geographic distribution of assets, examples of assets identified and, the share of financing vs. refinancing. In addition, Futureal is committed to reporting on relevant impact metrics, such as the type of certification and degree of certification for buildings or the installed renewable energy capacity. Sustainalytics views Futureal's allocation and impact reporting as aligned with market practice.

Evaluation Date	February 4 th , 2021
Issuer Location	Budapest, Hungary

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Introduction

Futureal Group (“Futureal”, the “Company”, or the “Issuer”) is a real estate development company that operates with a focus on Hungary. The Issuer is headquartered in Budapest, Hungary, and the Guarantor in Amsterdam, the Netherlands. The Company primarily focuses on large-scale urban redevelopment and investment across central Europe and has a team of 200 employees.

Futureal has developed the Futureal Green Finance Framework (the “Framework”) under which it intends to issue green bonds and loans and use the proceeds to finance and refinance, in whole or in part, existing and future assets that reduce the carbon footprint and improve the environmental performance of Futureal’s operations. The Framework defines eligibility criteria in two areas:

1. Green Buildings
2. Renewable Energy

Futureal engaged Sustainalytics to review the Futureal Green Finance 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 Green Loan Principles (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, and Green Loan Principles 2020 as administered by ICMA;
- 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 Futureal’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. Futureal representatives have confirmed (1) they understand it is the sole responsibility of Futureal 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 Futureal.

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

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 and are available at: [741_LM_Green_Loan_Principles_Booklet_V8.pdf \(lma.eu.com\)](https://www.lma.eu.com/741_LM_Green_Loan_Principles_Booklet_V8.pdf)

³ The Futureal Green Finance Framework is available on Futureal Group’s website at: <https://www.futurealgroup.com/en/futureal-holding#bonds/green-finance-framework>

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.

projects expected to be financed with bond 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 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 Futureal has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Futureal Green Finance Framework

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

- Use of Proceeds:
 - The eligible categories – Green Buildings and Renewable Energy – are aligned with those recognized by the GBP and GLP. Sustainalytics notes that the proceeds of green financing instruments issued under the Framework activities are expected to increase the energy efficiency of buildings in Hungary and the EU.
 - Under the Green Buildings category, Futureal may finance and refinance the acquisition of buildings and major refurbishments, as follows:
 - Futureal may finance and refinance the development, acquisition, or refurbishment of new and existing commercial and residential buildings that either have received or will receive green buildings certifications with the following minimum levels: BREEAM 'Very good', BREEAM In-Use 'Very Good', LEED 'Gold', and DGNB 'Gold'. Sustainalytics recognizes that BREEAM Very Good is considered to be in line with market practice in some contexts, while in others BREEAM Excellent is preferred. In any case, Sustainalytics encourages the selection of BREEAM buildings that achieve a minimum score of 70% in the Energy category. For Sustainalytics assessment of these schemes, please refer to Appendix 1.
 - Futureal may finance the refurbishment or major renovation of buildings that lead to a reduction of primary energy demand of at least 30% in comparison with the energy performance of the building prior to the renovation. Sustainalytics views positively the Framework's inclusion of a defined energy efficiency threshold on a benchmarking basis for the renovation and restructuring of existing buildings.
 - Under the Renewable Energy category, the Company may finance onsite renewable power installed capacities and heat pumps. Eligible heat pumps are limited to air-to-air and air-to-water heat pump systems. For power generation, Futureal may finance photovoltaic solar panels and wind power installations.
- Project Evaluation and Selection:
 - Futureal's project evaluation and selection process is facilitated by the Green Finance Committee ("GFC"), which is comprised of the CEO, CFO, Director of Property and Facility Management, the Group Chief Architect and Head of Sustainability. The GFC is responsible for evaluating, selecting, and reviewing eligible assets against the eligibility criteria set in the Framework. On at least an annual basis, the GFC will assess asset eligibility and approved assets will be added to the portfolio. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:

- The Green Bond Team (“GBT”) will oversee the management of proceeds, using a specified register to track the proceeds. The proceeds will be managed on portfolio basis. Futureal will strive to reach full allocation within 36 months. Pending full allocation, unallocated proceeds will be temporarily invested in cash or cash equivalents. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Futureal is committed to publicly reporting allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include the total amount of green financing instruments issued, the share of proceeds used for each use of proceed category, the geographic distribution and some examples of assets, including project name and location, the share of proceeds allocated and unallocated and the share of financing vs. refinancing. In addition, Futureal will publicly report annually on impact metrics, including estimated annual GHG emissions avoided (in tCO₂e) or estimated energy savings (in MWh) for green buildings and expected annual renewable energy generation (MWh) and installed renewable energy capacity (MW) for renewable energy projects. For an exhaustive list of potential impact metrics, please refer to Appendix 2. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Futureal Green Finance Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Futureal

Contribution of framework to Futureal Group’s sustainability strategy

Sustainalytics is of the opinion that Futureal demonstrates a commitment to sustainability through the integration of sustainability practices within its business operations. Futureal was a founding member of the Hungarian Green Building Council and pledged over a decade ago to only build commercial buildings to meet a minimum criterion of BREEAM Very Good.⁵

Futureal demonstrates consistent dedication to this commitment. In 2021, all the Company’s office buildings and shopping centres are certified with BREEAM Very Good or Excellent and for logistics development projects the Company is aiming to achieve BREEAM Very Good level.⁵ Redevelopments are also thoroughly examined to achieve the best possible rating, typically Very Good.⁵ Futureal incorporates sustainability measures in its projects to improve the sustainability performance, such as district heating with a renewable portion, electric vehicle charging stations, bicycle storage facilities and proximity to public transportation.⁵

While Sustainalytics notes the importance of financing green buildings for the Company’s sustainability objectives, Futureal has not released a publicly accessible sustainability strategy or quantitative and timebound targets and encourages Futureal to do so.

Sustainalytics is of the opinion that the Futureal Green Finance Framework is aligned with the Company’s sustainability initiatives and will further the Company’s action on its key environmental priorities.

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

While Sustainalytics recognizes that the net proceeds from the bonds 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 risks related to land use and biodiversity, while social risks include workers health and safety.

Sustainalytics is of the opinion that Futureal is able to manage and/or mitigate potential risks through implementation of the following:

- Futureal’s health and safety measures during construction include mandatory training, accident prevention and escape routes, first aid training, access controls and emergency procedures.⁶

⁵ Futureal Green Finance Framework.

⁶ Futureal, “Futureal Statement on Health & Safety Risk mitigation during construction”, (2020), provided by Futureal.

Furthermore, a report is prepared daily to identify any possible risks on site.⁶ Futureal also complies with local regulations, such as the 1993 Occupational Safety and Health Act that aims at ensuring the existence of healthy and safe working conditions.⁷ The EU Directive on Safety and Health also provides a strong framework to ensure worker health and safety protection in the EU members states,⁸ and Hungary has implemented the Directive into its national legislation.⁹

- Hungary is classified as a “Designated Country” under the Equator Principles, indicating the presence of a robust environment and social governance systems, legislation, and institutional capacity for protecting the environment and communities.¹⁰
- Sustainalytics notes that the Company has excluded buildings dedicated to fossil fuel extraction or the manufacturing of fossil fuel products from the Framework.³

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

Importance of green buildings in improving energy efficiency in Central Europe and Hungary

One of the key priorities identified by the EU’s Energy Performance of the Buildings Directive is to reduce the energy consumption of buildings, primarily through energy efficiency. Approximately 75% of EU building stock is energy inefficient,¹¹ meaning a large part of the energy used goes to waste and therefore presents an opportunity for energy loss to be minimized in existing buildings. Renovations can play a significant role in decarbonizing the real estate sector and have the potential to reduce the EU’s total energy consumption and GHG emissions by 5%.¹² The European Commission aims to at least double renovation rates in Europe in the next 10 years.¹³ Additionally, the Energy Performance of Buildings Directive requires all new buildings to be nearly zero energy buildings from 2021, in order to achieve a highly energy efficient and decarbonized building stock by 2050. Sustainalytics notes that by financing buildings renovation and development, Futureal could further support the EU in reducing the energy consumption of the building stock.

In Hungary, energy reduction targets include annual energy savings of 0.8% and a reduction of GHG emissions (or removals) of 70% between 2021 and 2030, relative to 2005. From 2000 to 2017, energy efficiency in Hungary has improved annually by 1.5% on average, and 26% in total,¹⁴ as measured by the Energy Efficiency Index,¹⁵ which aggregates energy efficiency across different sectors. The service sector has contributed significantly to the overall progress, with a yearly increase of 2.8% in energy efficiency between 2000 and 2017.¹⁶ Within the service sector, energy efficiency regulations of buildings and other capital investments mainly contributed to increasing energy efficiency.¹⁶ Therefore, Sustainalytics notes that by financing green buildings and major renovations, Futureal could further Hungary's effort to increase energy efficiency.

Sustainalytics is of the opinion that the assets that may be funded with green instrument proceeds are impactful and could increase the energy efficiency of buildings in the EU and Hungary.

⁷ International Labour Organization, “Act No. 93 of 1993 concerning Occupational Safety and Health”, (1993), at: <http://www.ilo.org/dyn/natlex/docs/WEBTEXT/38155/64930/E93HUN01.htm>

⁸ Official Journal of the European Communities, “Council Directive of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work”, (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=EN>

⁹ European Commission, “Evaluation of the practical implementation of the EU occupational safety and health (OSH) directives in EU Member States”, (2015), at: <https://ec.europa.eu/social/BlobServlet?docId=16895&langId=en>

¹⁰ The Equator Principles, “Designated Countries”, at: <https://equator-principles.com/designated-countries/>

¹¹ European Commission, “Energy Efficiency in Buildings” (2020), at: [In focus: Energy efficiency in buildings | European Commission \(europa.eu\)](https://ec.europa.eu/energy/energy_efficiency_in_buildings/)

¹² Umberto, B., (2018), “Building Energy Consumption in US, EU and BRIC Countries”, *Procedia Engineering*, at: [Building Energy Consumption in US, EU, and BRIC Countries - ScienceDirect](https://www.sciencedirect.com/science/article/pii/S2214364118300000)

¹³ European Commission, “A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives”, (2020), at: [Renovation Wave Communication \(europa.eu\)](https://ec.europa.eu/energy/energy_efficiency_in_buildings/)

¹⁴ Odysse and Mure Databases, “Odex”, (2020) at: <https://www.indicators.odyssee-mure.eu/odex-indicators-database-definition.pdf>

¹⁵ Odysse and Mure Databases, “Hungary energy efficiency summary”, at: <https://www.odyssee-mure.eu/publications/efficiency-trends-policiesprofiles/hungary.html>

¹⁶ Odysse and Mure Database, “Hungary Profile”, (2020), at: [Hungary energy efficiency & Trends policies | Hungary profile | ODYSSEE-MURE \(odyssee-mure.eu\)](https://www.odyssee-mure.eu/publications/efficiency-trends-policiesprofiles/hungary.html)

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) issued under the Futureal Green Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, 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.
	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.
Renewable Energy	7. Affordable & Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

Conclusion

Futureal has developed the Futureal Green Finance Framework under which it will issue green bonds and green loans, and use of proceeds to finance green buildings and renewable power added capacities. Sustainalytics considers that the projects funded by the green instruments proceeds are expected to improve the energy efficiency of the real estate sector in the EU and Hungary.

The Futureal 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 Futureal 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 7 and 9. Additionally, Sustainalytics is of the opinion that Futureal 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 Futureal Group is well-positioned to issue green instruments and that the Futureal Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

Appendices

Appendix 1: Green Building Certifications

	LEED	BREEAM	DGNB
Background	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) and covers the design, construction, maintenance and operation of buildings.	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.	The German Green Building Certification or DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.
Certification levels	Certified Silver Gold Platinum	Pass Good Very Good Excellent Outstanding	Bronze Silver Gold Platinum
Areas of Assessment: Environmental Project Management	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders regarding the construction choices and the technical systems.	Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.	Technically, any project can be applied anywhere in the world through a tailored process of making appropriate local adaptations on a case-by-case basis.
Areas of Assessment: Environmental Performance of the Building	<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"> • Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation 	<ul style="list-style-type: none"> • Environment • Economic • Sociocultural and functional aspects • Technology • Processes • Site
Requirements	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item ¹⁷ and gives a BREEAM level of	Percentage-based performance index The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment. The environmental,

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

	<p>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>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>BREAAAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>economic, socio-cultural and functional aspects and technical quality each account for 22.5% of the total, process accounts for 10% and the site quality is given a separate grade.</p> <p>Depending on the total performance index, a DGNB award will be given to the project, starting from Silver (at least 50%), then Gold (at least 65%) and finally Platinum (at least 80%). Bronze is awarded for already existing buildings and is conferred as the lowest rank with a total performance index of at least 35%.</p>
<p>Performance display</p>			

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

Section 1. Basic Information

Issuer name:	Futureal Group
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Futureal Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	February 10 th , 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 and Renewable Energy – are aligned with those recognized by the Green Bond Principles 2018 and Green Loan Principles 2020. Sustainalytics considers that the eligible categories will lead to improvement in energy efficiency of the real estate sector and advance the UN Sustainable Development Goals, specifically SDG 7, 8 and 9.

Use of proceeds categories as per GBP:

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

Futureal's internal process in evaluating and selecting projects is facilitated by the Green Finance Committee ("GFC"), which is comprised of the CEO, CFO, Director of Property and Facility Management, Group Chief Architect and Head of Sustainability. The GFC will assess asset eligibility on at least an annual basis. Sustainalytics considers the project selection process 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 checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The Green Bond Team will oversee the management of proceeds, using a specified register to track the proceeds. Futureal foresees to reach full allocation within three years, on a best effort basis. Pending full allocation, unallocated proceeds will be temporarily invested in cash or cash equivalents. This is 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 type="checkbox"/> Allocation to a portfolio of disbursements |

- Disclosure of portfolio balance of unallocated proceeds
- Other (*please specify*):

4. REPORTING

Overall comment on section (if applicable):

Futureal intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the total amount of Green Financing instruments issued, the share of proceeds used for each use of proceed category, the geographic distribution of assets, examples of assets identified and, the share of financing vs. refinancing. In addition, Futureal is committed to reporting on relevant impact metrics, such as the type of certification and degree of certification for buildings or the installed renewable energy capacity. Sustainalytics views Futureal's allocation and impact reporting as aligned 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*): the share of proceeds used for each use of proceed category, the geographic distribution of assets, examples of assets identified and, the share of financing vs. refinancing

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*): Type of certification and degree of certification for buildings, expected annual renewable energy generation (MWh), installed renewable energy capacity

(MW), and estimated annual
GHG emission avoided
(tCO2e)

Frequency

- Annual Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify):
 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.)

https://www.futurealholding.com/investor_relations/green_finance_framework

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification
 Verification / Audit Rating
 Other (please specify):

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.

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- 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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