

Management Report

1 Company information

Name: Futureal Development Holding Ingatlanforgalmazó
Korlátolt Felelősségű Társaság
Tax number: 14434459-2-42
Registered address: 1082 Budapest, Futó utca 47-53. VII. emelet
Company registration number: 01-09-903759

Futureal Development Holding Kft. (“the Company”) was established on 14 July 2008. The Company was registered on 19 August 2008 by the Metropolitan Court of Budapest as Court of Registration. On 17.12.2020, Dr. Péter Futó sold his shares in the Company to Futureal Holding BV, which thus became 100% owner of the Company.

The Company’s ownership structure as at 31 December 2024:

Shareholders	Face value of shares	Ownership share %
Futureal Holding B.V.	11 520 000€	100%

2 **Business Environment**

Market Update - General

The real estate market is navigating a complex landscape of economic, geopolitical, and environmental challenges. The focus is on resilience, sustainability, and adapting to structural changes.

In previous years, investment activity experienced a slowdown; however, a resurgence was noted in 2024. There is increasing evidence of higher liquidity and improving market sentiment. Investor demand for buildings with sustainability credentials is on the rise, fundamentally reshaping the real estate development sector. ESG trends are driven by both regulatory requirements and market demand, with a strong emphasis on sustainability and energy efficiency.

Office market

As we move through 2024, the office real estate market is adjusting to global challenges and changes in workplace dynamics. Even though remote work is common, tenants want better office spaces to encourage employees to come back.

The COVID-19 pandemic and global economic issues have made companies rethink their office leases, focusing on employee well-being and sustainability. There are fewer new leases, and many tenants are renewing their leases but asking to reduce their office space. While companies may need less space, they are willing to make their offices attractive. Office demand will increasingly focus on high-quality buildings with quality services, amenities, and cultural offerings.

Tenants are also asking for more sustainable office spaces. As companies focus on sustainability and meet regulations, the demand for green-certified offices is expected to grow. These buildings usually have lower vacancy rates and can charge higher rents because tenants prefer eco-friendly options.

This creates a gap between the demand for prime office locations and less desirable buildings. It's not just about being sustainable; it's about finding a balance between meeting specifications and creating inviting spaces.

Futureal Holding and Futureal Development Holding Kft is strategically well-positioned to take advantage of the current market dynamics in the office market. The company's emphasis on sustainability, employee well-being, and ESG credentials aligns with the increasing demand for sustainable office spaces. By focusing on technological advancements and ESG strategies, Futureal is navigating the evolving real estate landscape effectively, ensuring resilience and maintaining its competitive advantage.

Industrial market

The logistics market is showing signs of stabilization in 2024, following high demand during and after the pandemic. Demand has slowed down compared to a year ago and tenants are taking longer over decision making. E-commerce companies that expanded rapidly during the pandemic are now dealing with the consequences of slower than expected sales growth. A notable indicator of the slowing trend is the reduced space demand from e-commerce companies, which has decreased the need for product storage.

Meanwhile more industrial and logistics companies are expected to adopt nearshoring strategies to protect the integrity of their supply chains in an increasingly volatile political climate. Sectors such as manufacturing, particularly those focused on sustainability (e.g., electric vehicle battery companies), as well as grocery and discount retailing, are expected to perform well, contributing to market stabilization. Another clear market trend over the past year is the significant investment volume coming from Asian countries, supported by the transaction and investment trends.

Meeting sustainability requirements is crucial in this sector. Like other real estate submarkets, the logistics market is also experiencing growing ESG trends and a focus on energy efficiency. As the supply will offer multiple options, most tenants could be increasingly prioritizing ESG values and energy-saving solutions in their decisions. Development of integrated logistics parks is particularly useful for investors to adopt to changing needs and types of tenants as well as re-addressing development phases to the actual and future demand.

As the industrial market continues to evolve, Futureal Holding and Futureal Development Holding Kft remains committed to its strategic focus on sustainable development and a proactive response to market dynamics. By aligning its operations with ESG principles and delivering high-quality, energy-efficient facilities, the company is well-positioned to capitalize on emerging opportunities while mitigating potential challenges, thereby fostering sustainable growth in the industrial sector.

Retail market

In 2024, the fundamentals of the retail sector exhibited notable strengthening, as inflation decreased at a rate surpassing expectations, stabilizing at a moderate level, while real wages increased, thereby enhancing purchasing power. Nevertheless, economic, geopolitical, and environmental challenges have impacted the performance of the retail segment. A cautious consumer approach has resulted in higher savings and debt reduction, rather than immediate expenditure. Despite the modest inflation levels, inflationary

pressures are beginning to re-emerge, posing potential risks to the recovery of household purchasing power.

The retail property market is experiencing a significant transformation, driven by technological advancements and a growing commitment to sustainability. E-commerce continues to serve as a pivotal driver of retail expansion, even amidst economic headwinds. Although growth has moderated since the COVID-19 boom, the sector remains resilient, propelled by evolving consumer preferences and digital innovation. The swift proliferation of automated pick-up points and parcel lockers has significantly improved accessibility, making online shopping more convenient than ever. Retailers are increasingly adopting advanced digital tools, with innovations such as dynamic signage, AI-driven personalization, and augmented/virtual reality becoming more prevalent, thereby enhancing the in-store shopping experience.

The push for sustainable development is growing, with more retailers and consumers adopting Environmental, Social, and Governance (ESG) practices. This trend is leading to changes in how investments are made in the sector, focusing on creating sustainable and efficient retail spaces.

As Futureal Holding and Futureal Development Holding Kft navigates the retail property market, it adeptly capitalizes on emerging opportunities by harnessing technological innovation and sustainable development. The company's unwavering commitment to ESG principles, coupled with its ongoing initiatives to enhance operational efficiency, ensures its capacity to maintain a competitive advantage.

3 Impact report

Futureal Development Holding Kft herewith presents impact report issued by Futureal Holding.

1. EPC - Energy Performance Certificate

Overview of the audited **EPC certifications** for Futureal Holding assets located in Hungary. The changes in the EPC levels are due to both the new calculation methodology and the installation of photovoltaic systems. These improvements in energy efficiency, driven by the integration of solar energy, have contributed to enhanced EPC ratings for our assets.

Project Name	Energy Performance Certificate (old)	Energy Performance Certificate (2024)	Certificate No.
ETELE Plaza	BB	A+; A+	HET-1007-2403
Budapest ONE Phase 1	CC	B; B	HET-1016-3308
Budapest ONE Phase 2	AA	B; B	HET-1003-8357
Budapest ONE Phase 3	AA	B; B	HET-1003-8360
Corvin Innovation Campus Phase 1	AA+	A+; A+	HET-1006-3034
HelloParks Maglód MG1	BB	A+; A+	HET-1011-7095
HelloParks Maglód MG3	BB	A+; A+	HET-1011-7099
HelloParks Fót FT1	A+; A+	A++; A+	HET- 1011-8810
HelloParks Fót FT2	A+; A+	A++; A+	HET- 1011-8812
HelloParks Fót FT6	A+; A+	A+++; A++	HET- 1017-2404
HelloParks Páty PT1	BB	A+; A+	HET-1023-5781
HelloParks Páty PT2	-	A+; A+	HET-1018-6143

2. Emission avoided/Energy savings

Futureal Holding calculates CO₂ savings in tons per annum and energy savings in kWh/year. Using this regulatory-driven method, the projected CO₂ and energy savings for 2024 for the assets amounted to **1393 tons CO₂** and **6362 kWh energy**. The table below summarizes the details of the calculation:

CO ₂ savings based on EPC					
Project	Specific CO ₂ emissions for the reference building kg/m ² a ref	CO ₂ emissions for the reference building t/a ref	Specific CO ₂ emissions for the building kg/m ² a	CO ₂ emissions for the building t/a	Estimated CO ₂ differences (+ reduction - excess) t/a
Etele Plaza	20.68	1601.65566	14.62	1132.31169	469.34397
Budapest ONE Phase 1	12	345.48	13.14	378.3006	-32.8206

Budapest ONE Phase 2	12.17	255.683181	13.98	293.710014	-38.026833
Budapest ONE Phase 3	12.58	253.453034	14.79	297.978567	-44.525533
Corvin Innovation Campus Phase 1	11.65	207.559895	9.05	161.237515	46.32238
HelloParks Maglód MG1	7.9	357.31147	5.89	266.400577	90.910893
HelloParks Maglód MG3	9.51	416.26221	7.97	348.85487	67.40734
HelloParks Fót FT1	9.36	423.98928	5.32	240.98536	183.00392
HelloParks Fót FT2	9.18	414.73404	5.37	242.60586	172.12818
HelloParks Fót FT6	8.54	223.366262	1.72	44.987116	178.379146
HelloParks Páty PT1	10.29	587.48697	9.14	521.83002	65.65695
HelloParks Páty PT2	11.26	464.97607	6.4	264.2848	200.69127
TOTAL					1392.930306

Energy savings based on EPC					
Project	Specific primary energy demand of the nearly zero-energy reference building kWh/m2a ref	Primary energy demand of the nearly zero-energy reference building kWh/a ref	Specific primary energy demand of the building kWh/m2a	Primary energy demand of the building kWh/a	Estimated energy demand differences (+ reduction - excess) kWh/a
Etele Plaza	88.81	6878.290095	70.11	5429.984445	1448.30565
Budapest ONE Phase 1	52.41	1508.8839	61.87	1781.2373	-272.3534
Budapest ONE Phase 2	54.66	1148.368338	65.64	1379.050452	-230.682114
Budapest ONE Phase 3	55.07	1109.511811	67.55	1360.950115	-251.438304
Corvin Innovation Campus Phase 1	52.22	930.367186	42.22	752.204186	178.163
HelloParks Maglód MG1	33.45	1512.920085	21.83	987.355619	525.564466
HelloParks Maglód MG3	41.1	1798.9881	32.17	1408.11307	390.87503
HelloParks Fót FT1	39.63	1795.15974	16.18	732.92164	1062.2381
HelloParks Fót FT2	38.95	1759.6831	16.61	750.40658	1009.27652
HelloParks Fót FT6	36.36	951.006708	-3.86	-100.959458	1051.966166
HelloParks Páty PT1	43.08	2459.56644	32.46	1853.23878	606.32766
HelloParks Páty PT2	46.63	1925.562535	26.2	1081.9159	843.646635
TOTAL					6361.889409

3. Renewable energy

Share of renewable energy			
Project	Renewable primary energy (active) kWh/m2a	Specific primary energy demand of the building kWh/m2a	Share of renewable energy %
Etele Plaza	18.81	70.11	21%
Budapest ONE Phase 1	9.57	61.87	13%
Budapest ONE Phase 2	7.69	65.64	10%
Budapest ONE Phase 3	6.27	67.55	8%
Corvin Innovation Campus Phase 1	9.14	42.22	18%
HelloParks Maglód MG1	6.85	21.83	24%
HelloParks Maglód MG3	7.4	32.17	19%
HelloParks Fót FT1	10.77	16.18	40%
HelloParks Fót FT2	10.42	16.61	39%
HelloParks Fót FT6	16.05	-3.86	100%*
HelloParks Páty PT1	9.25	32.46	22%
HelloParks Páty PT2	33.92	26.2	56%

*The building generates more renewable energy than it consumes from non-renewable sources, meaning the renewable share is over 100%. However, for comparison purposes, it is capped at 100%.

Photovoltaic (PV) Systems

As part of our commitment to sustainability, we are transitioning from conventional energy sources to renewable solar energy across our projects. The photovoltaic (PV) systems installed in 2024 play a key role in reducing our carbon footprint and improving energy efficiency. This initiative supports our long-term objective of increasing the proportion of renewable energy within our operations.

The tables below provide overview of the installed solar capacity and the projected annual energy production for each project.

The "Annual production forecast" is derived from the fact that the photovoltaic systems were installed during 2024. As a result, the energy production during the operational period has been extrapolated to a full year, providing these estimated annual figures.

Budapest ONE Phase I.

Thanks to the solar panel installation, the EPC rating of the BPO1 building has improved from level CC to B; B.

	BPO1
Installed capacity [kWp]	88.9
Annual production forecast [kWh]	97790

HelloParks

Thanks to the solar panel installation, the EPC rating of the buildings has improved, as seen in "EPC - Energy Performance Certificate" Section.

	MG1	MG3	FT1	FT2	FT6	PT1
Installed capacity [kWp]	252.72	220.32	470.88	463.1	463.1	463.1
Annual production forecast [kWh]	264 760	228 639	494 275	478 200	478 100	483 781

Green certifications

Corvin Innovation Campus, Phase I.

BREEAM New Construction 2016

Excellent at Final stage

May 2024

HelloParks Fót FT1

BREEAM New Construction 2016

Excellent at Final stage

September 2024

HelloParks Fót FT6

BREEAM New Construction 2016

Outstanding at Final stage

April 2024

Budapest ONE, Phase II.

WELL Core Platinum

Certification

June 2024

Budapest ONE, Phase III.

WELL Core Platinum

Certification

July 2024

ETELE Plaza

Access4You

3-year review audit – Gold Certification

September 2024

Wratislavia Tower

WELL Health and Safety Rated

4 Major developments of the reported period

Changes:

There was no major development in 2024.

5 Results

<u>Description (Data in EUR)</u>	<u>01.01.2024-31.12.2024</u>
Net Sales revenues	344
Other income	5 418
Material Expenses	180 779
Depreciation	1 890
Other Expenses	570 128
Operating Loss	-825 905
Financial Income	59 783 118
Financial Expenses	27 179 486
Profit Before Tax	31 777 727
Corporate Income Tax	-339 194
Profit After Tax	31 438 533

The financial income includes the following items: the dividend received from Futureal Real Estate Holding Ltd. and Regional Reit Ltd. in total amount of EUR 3,183,071; the interest income on loan receivables in the amount of EUR 26,620,909; interest on other financial assets (government bond, treasury bill, units of investment fund, bank deposit and OTC derivatives) in the amount of EUR 2,934,445; and the remaining amount derived mainly from exchange gains.

The financial expenses consist of four main items. One is the interest payable on bonds in the amount of EUR 19,926,522 and the second one is the impairment loss on shares in the amount of EUR 2,899,382 and the third one is the exchange rate loss on non-hedging futures contracts in the amount of 2,739,156, and the fourth one is the realized and unrealized exchange loss on financial transactions in the amount of EUR 1,559,768.

6 Review of the fulfilments of the covenants:

(i) Rating of the Bonds

- (i) Based on the latest valuation made by Scope Ratings GmbH on 8 December 2023 the rating of Futureal Development Holding is BB with a Negative Outlook.i) The Issuer Bond Debt to Equity Undertaking

Bond Debt to Equity Undertaking = (Total Net Issuer Bonds and Other Borrowings) / (Consolidated Equity), where

Total Net Issuer Bonds and Other Borrowings: Total Issuer Bonds and Other Borrowings, reduced by the Cash and Cash Equivalents,

Total Issuer Bonds and Other Borrowings: (a) the total amount of bonds issued by any of the Issuing Entities that are outstanding to third parties (not being part of Futureal Holding) that are not subordinated to the Bonds, plus (b) any other third-party loans and borrowings of the Issuing Entities that are outstanding to third parties (being not part of Futureal Holding) that are not subordinated to the Bonds,

Issuing Entities: (i) the Issuer, (ii) the Guarantor and (iii) any other legal entity within the Futureal Holding that issues bond(s) that are guaranteed (by way of a guarantee, suretyship, or other liability arrangement) by the Guarantor or the Issuer, during the term of such guarantee,

Consolidated Equity: the total equity indicated in the consolidated balance sheet of the Guarantor, and

Cash and Cash Equivalents: the Cash and Cash Equivalents as indicated in the consolidated balance sheet of Futureal Holding B.V., the Guarantor (for the avoidance of doubt, not including restricted cash).

	<i>FUTURE2031& FUTURE2036</i>	<i>FUTURE2038/ EUR Green</i>
<i>In EUR</i>	2024.12.31	2024.12.31
Consolidated Equity	472 914 657	472 914 657
<i>In EUR</i>	2024.12.31	2024.12.31
Bonds (non-current)	406 191 777	406 191 777
Bonds (current)	19 295 736	19 295 736
Short term loans	10 000 000	10 000 000
Issuer Bonds and Other Borrowings	435 487 513	435 487 513
Cash and cash equivalents	195 588 182	195 588 182
Treasury bills and government bonds	0	8 190 176
Total Net Issuer Bonds and Other Borrowings	239 899 331	231 709 155
Bond Debt to Equity Undertaking	0,51	0,49

As at December 31, 2024 the Bond related Issuer Undertakings were fulfilled.

7 Key performance indicators

Profitability indicators

Description	Calculation	01/01/2023-31/12/2023	2024.01.01-2024.12.31.
Pre-tax profit/(loss) to sales net profit margin	pre-tax profit (loss) / net sales revenues	-1632171,7%	9237711,3%
Operating profit/(loss) to sales profit margin	operating profit (loss) / net sales revenues	-49140,27%	-240088,66%
Pre-tax profit/(loss) to return on equity	pre-tax profit/(loss) / equity	-4,74%	19,41%
After-tax profit/(loss) to equity	after-tax profit (loss) / equity	-4,74%	19,20%
Operating profit/(loss) to return on asset	operating profit/(loss) / (non-current assets + inventories)	-0,04%	-0,17%

Net assets position

Description	Calculation	01/01/2023-31/12/2023	2024.01.01-2024.12.31.
Equity	equity / balance sheet total	22,06%	26,89%
Coverage of non-current assets	non-current assets / equity	351,56%	298,39%
Equity growth ratio	equity in the reporting year / equity in the previous year	91,43%	126,81%
Equity to share capital	equity / share capital	341,60%	262,66%
Debt/equity ratio	liabilities / equity	1120,93%	1421,42%

Liquidity indicators

Description	Calculation	01/01/2023-31/12/2023	2024.01.01-2024.12.31.
Cash ratio	cash /current liabilities	3599,64	0,88
Acid test	(receivables + cash at bank and in hand + securities) / current liabilities	16704,99	5,97
Current ratio	(current assets + prepayments) / (current liabilities + accruals)	8,64	4,80

Date: Budapest 29 April 2025