

Green Bond Framework

Issuer: Infogroup Holding Kft.

29 July 2022



Green Bond Framework prepared by
Credit Management Group

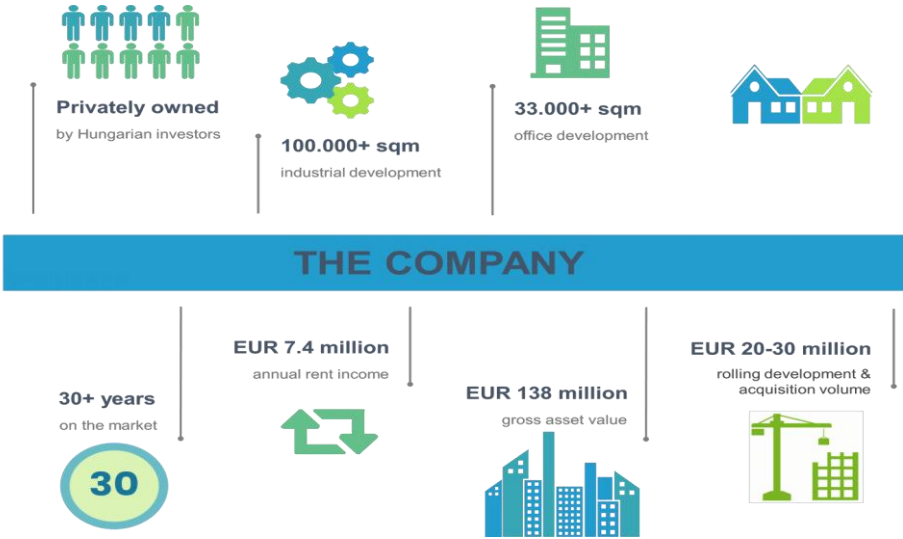


Infogroup’s issuance of Green Bond Framework enables the company to focus on assets with positive environmental impact and hence supports its sustainability strategy. When issuing Green Bonds, this Green Bond Framework will apply.

The present Green Bond Framework has been compiled in alignment of the International Capital Market Association (ICMA) 2021 Green Bond Principles (GBPs) ¹and in engagement with the UN Sustainable Development Goals (SDGs). The Green Bond will finance primarily the construction of new logistics and light industry halls, secondly new office building construction in the medium term as well as installation of solar power plant.

1. Introduction

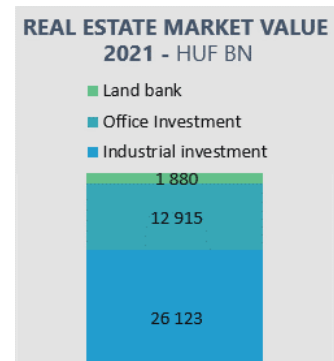
Infogroup is a Hungarian-owned real estate development and investment group, a significant player in the Hungarian real estate market since 1990. In the past 30 years its portfolio has covered all aspects of the real estate market: it has built more than 1,500 apartments and has become one of the biggest Hungarian owned industrial real estate and office developer which provides services in facility management as well. The group’s modern industrial, logistics portfolio currently exceeds 100,000 sq m and the office portfolio is 33.000 sq m. Its most important projects, among others, are Bartók Court Office Complex, IGPark Polgár, IGPark Karcag, IGPark Tiszaújváros, IGPark Kecskemét South and IGPark Kecskemét West. Infogroup brand symbolizes fair cooperation, long-term value creation and responsible operations.



¹ Green Bond Principles, Voluntary Process Guidelines for Issuing Green Bonds published in June 2021, (with June 2022 Appendix 1) https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf

Infogroup is **diversifying** by step-by-step, for now its core business lines cover three aspects of the real estate market segments:

- Industrial & logistics developments and acquisitions
- Office developments and acquisitions
- Land bank for development, Land for sales

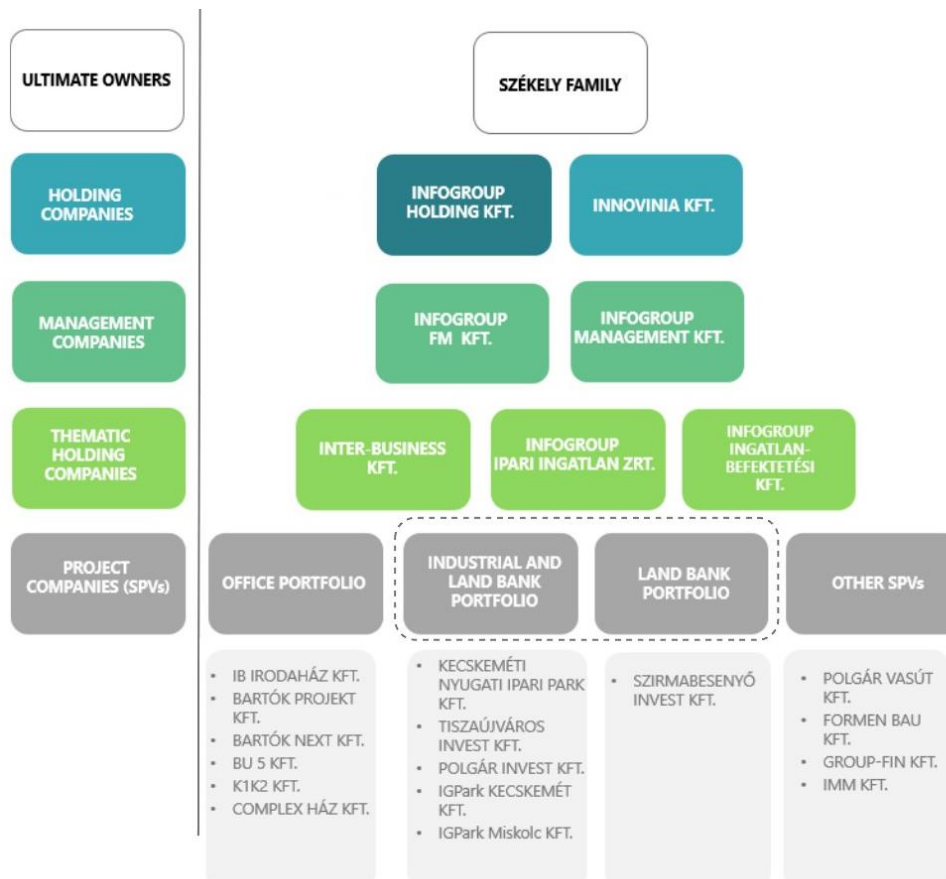


Infogroup provides a full-service offer: property development (incl. built to suit development), favorable and flexible leasing conditions, property, facility, and asset management.

1.1. Corporate structure and business model

Infogroup made great efforts in the last three business years to organize the group to a transparent holding structure and transform Infogroup from a group of separate SPV-s into a well-organized company group in a holding structure with consolidated reports.

FOUR LEVEL OF COMPANIES



Main Holding Companies including Infogroup Holding Kft. and Innovinia Kft. are on the top of organigram. These companies have no relevant business activity just hold the controlling share of all Infogroup companies.

Management Companies provide management services to the whole Infogroup portfolio. The activity of these companies extends property management, asset management, facility management, financial services, project management, development execution, sales and acquisition typically to the Infogroup members. Their core revenue comes from the group members and partially from third party customers.

Thematic Holding Companies have no relevant activity, their portfolio is determined by the type of the underlying assets. The companies own the majority stock of specific part of SPVs.

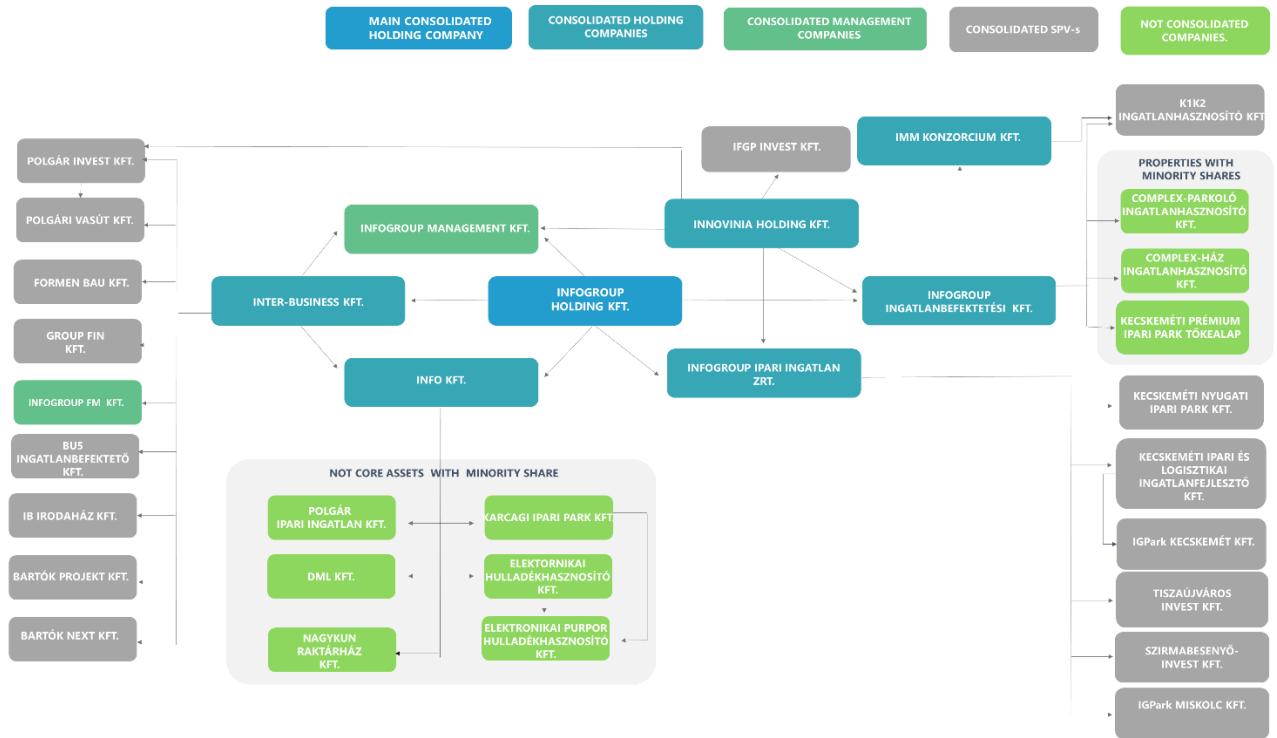
Project Companies (SPVs) created by the parent holding companies for purpose of real estate development or acquisition. The SPVs contain four specific types of properties:

- Office Portfolio
- Industrial
- Land bank portfolio
- Other SPVs currently with not relevant activity

The financing structure of the group is the following:

- All projects are developed in separate, limited liability project companies (special purpose vehicles: SPVs)
- Land acquisition is typically Infogroup-equity-financed until the launch of development
- Most of the projects are financed by banks in separate, SPV by SPV development / acquisition financing facilities, while project equity is provided by Infogroup holding companies itself or co-investment platforms created by Infogroup
- Loans are non-recourse and are typically not cross-collateralized

COMPANY STRUCTURE



The group's **activities** cover the following areas:

- real estate development
- real estate investment / acquisitions / investor cooperations
- real estate operation /leasing / asset management / financial management



Real estate development

The main focus is on the industrial-logistics and office properties in the commercial real estate development and investment activities segment. The Group's core real estate market segment is the

industrial and logistics real estate market, focusing mainly on so called “big-box” logistics and industrial buildings in favorable locations. The market for office properties is the largest and most liquid segment of the real estate market.

Real estate investment / Acquisitions / Investor collaborations

The Group looks for the opportunities that are not large enough or too complicated for institutional investors or which are too large or have too many international dimensions for the Hungarian non-professional investor base.

As an active investor, the company concentrates on those areas where it can add value to the property while it's managed by the Group. Infogroup has relevant experience in cooperation with other financial or professional investors.

Real estate operations / Leasing / Asset management / Financial management

Infogroup has its own sales and asset management team with significant property management experience in the office and industrial-logistics real estate segment. The Group also has its own facility management team and company (Infogroup FM Kft.). Infogroup Management Ltd. provides management, project management and financial services to Infogroup members, including the organization of the bank financing of individual projects and the development of investor cooperation.

1.2 Leadership and Governance

István Székely is the Founder and first CEO of the Holding, active member of the company in the last 30 years. In 2019 he received the Award for Hungarian Economy in 2019 from Hungarian Government. Ádám Székely (CEO and co-owner) following his father, took over the operational management of Infogroup in 2011. He is considered the 50 most influential real estate player in the real estate market. He is the deputy chairman of IFK, the Hungarian Real Estate Developers Roundtable Association. Social engagement is of paramount importance for him: he undertakes voluntary membership of AmCham's Entrepreneurship, Governance and Transparency Committee aimed at developing an entrepreneurial culture and he is responsible editor of the "Venture Good!" publication as well. He regularly gives lectures at Corvinus University of Budapest, mainly about family business management and company succession.

Management and owners are separated in different corporate bodies. The decision-making is based on the following layered principle:



1.3 Awards

In 2016 the Budapest Stock Exchange launched a series of publications called BÉT50, which presents successful companies operating in Hungary which have gained a sustainable market position in the long term and have already proven in their own territory. In 2021 Infogroup was selected as one of the 50 most inspiring Hungarian companies of the Budapest Stock Exchange.

In 2020 Infogroup won the prestigious Business Superbrands Award again for the sixth time without interruption.



In addition to the above Infogroup has received the following awards and recognitions in the previous years:

- Industrial Park of the Year – Polgár
- 3rd place of the Office Building of the Year Audience Award - Bartók Court
- Access4you certificate that qualifies real estate for people with disabilities in terms of usability

To participate in the work of the Energy working group Infogroup have just become member of Country Association of Facility Management and Building Management Service Providers (LEO).

1.4 Corporate Social Responsibility

Infogroup is committed to acting as a socially responsible company in the local community. It strives to understand and respect the cultural values wherever it operates. Infogroup's commitment to corporate social responsibility is proven through the following activities and areas:

1. Support national, capital and ecclesiastical affairs:
 - Support for refugees in Ukraine (through the Hungarian Ecumenical Relief Organization)
 - Support of the Foundation of the Budapest Zoo (bronze sponsor)
 - Support of the Hungarian Reformed Church and the Presbyterian Association
 - Support of Loránd Eötvös Geophysical Foundation etc.

2. Support local initiatives

Infogroup is present in several cities through its office buildings and industrial parks and helps the local communities in these locations, supporting important local causes. In Polgár, for example, it supported a local health foundation to purchase a device for the treatment of local diabetics. In Budapest, where Bartók Udvar office building ensembles and its headquarters are located, it regularly supports the Local Government of Újbuda with their crosses for the Christmas of the district's large families and the VICUS XI Public Foundation, which helps those in need in the district.

3. Long-term cooperation with the Smile Foundation (Mosoly Alapítvány)

Infogroup has been supporting Smile Foundation for years through donations for the so called "Smile Run" (colleagues usually also participate as co-runners). In 2022 Infogroup contracted for a permanent 4 year long donation for the Smile Foundation. The Foundation provides free-of-charge psychological therapy programs and positive experience programs for children who suffer from chronic disease.

4. Support the operation of cultural institutions and sport development

With its corporate tax contribution Infogroup earlier supported cultural associations, now it is supporting sports associations that are operating in the cities where Infogroup is active, focusing mainly on sport development programs, sport schools.

2. Sustainability approach of Infogroup Ltd.








The Group strives to provide energy-saving solutions to design facilities that meet individual needs. The implemented real estate developments represent energy efficient, professional, high architectural and aesthetic quality. For all new future development project, the Group will consider to achieve

sustainable certification. BREEAM rated developments mean more sustainable environments that enhance the well-being of the people who live and work in them, help protect natural resources and make for more attractive property investments. These buildings are also desired by customers because they create healthy work environments for their employees and help reduce carbon emissions. The Bartok Udvar 2A have already a BREEAM certificate (rating: very good).

The Group is committed to increase the use of **renewable energy**. They are screening the existing buildings to see the possibility to install photovoltaic solar. Infogroup focus on sustainable design and innovation as well to offer the best solution for their customers. Infogroup works with his own team for both facility management and project management of investments.



Infogroup is committed to contributing to the following global Sustainable Development Goals with the below eligible Green Projects:

| Eligible Green Projects category | Sustainable Development Goals target | |
|----------------------------------|---|--|
| Green Buildings |     | <p>Green buildings can improve people’s health and wellbeing</p> <p>By 2030, double the global rate of improvement in energy efficiency</p> <p>By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>Green buildings produce fewer emissions, helping to combat climate change</p> |
| Energy efficiency |   | |
| Renewable energy |  | <p>By 2030, increase substantially the share of renewable energy in the global energy mix</p> |



Infogroup supports the United Nations Global Compact principles that is a principle-based framework for businesses, stating ten principles in the areas of human rights, labor, the environment, and anti-corruption.

The company's Code of Conduct establishes a common understanding of the obligations and standards of conduct and behavior expected of each employee. The Code of Conduct is required reading for everyone upon joining Infogroup. It is the essential guidance for who we are and how we work. From 2022 we require all employees to make a declaration to ensure everyone understands and comply with the Code.

In one of Infogroup's project companies, Polgár-Invest Kft. an Equal Treatment policy has already been introduced containing guidelines related to employee diversity and inclusion, equal opportunities, non-discrimination, and gender equality. By the end of 2022 it will be implemented for the Group as well.

2.1. Customer profile

The strength of the Infogroup's property portfolio is reflected in the international nature and diversity of our tenant base. The company has nearly 100 tenants in a wide variety of industries. Largest tenants are automotive, electronics suppliers, commercial and logistics companies with a serious financial background and sustainability focus.

INDUSTRIAL PORTFOLIO: The most significant tenants: Jabil, Lidl, Freudenberg, ABB, Toyota, GTC, Tesco, Gebrüder Weiss

OFFICE PORTFOLIO: The most significant tenants: NAK (National Agricultural Chamber), Nexius Zrt, Innobyte, Multisoft Kft., Colgate, Díjbeszedő

LAND BANK: More than 80 ha land portfolio in 6 locations for industrial & logistics purpose for sale or for further development.



2.2. Strategic partners

Infogroup cooperates closely with Kecskemét Enterprise Development Fund managed by City Fund Management Zrt. owned by the city of Kecskemét. Close cooperation with local governments is essential for Infogroup for all investments and developments. With the help of the investments of the

Enterprise Development Fund, as a local enterprise, we can implement joint projects that develop Kecskemét's economy, create new jobs and strengthen the economic role of the region within the country.

2.3. Supplier profile

Infogroup is highly dependent on the general contractors and subcontractors carrying out sub-processes in real estate development. The activities of these suppliers largely determine the feasibility and return of the investments. To reduce the above risks, Infogroup has its own technical team to conduct real estate development supplier tenders with the most favorable results and to manage projects efficiently. Infogroup has its own team to conduct other activities like operations, sales, asset management, financial management, legal activities where supplier risk is irrelevant.

3. Green Bond Framework

3.1 Use of Proceeds

An amount equivalent to the net proceeds of the Green Bonds will be used to finance, in whole or in part, existing and future eligible projects that meet the Eligibility Criteria as defined below.

| GBP 2021 Eligible Green Project Category | Eligible Green Project | Eligibility criteria |
|--|--|--|
| Green Buildings | Acquisition, construction, or refurbishment of buildings | <ul style="list-style-type: none"> • BREEAM² (Very good or above) • BREEAM IN USE (Very good or above) • LEED (Gold or above) • At least 10% lower primary energy demand than required for Hungarian EPC rating of at least BB |
| Energy Efficiency | Construction of new building Renovation or refurbishment of existing building | <ul style="list-style-type: none"> • Commercial buildings belonging to top 15% most energy efficient buildings in the local market • Delivering a minimum 30% reduction in carbon emissions intensity or two letter grade improvements according to local Energy Performance Certificate (e.g. from BB to AA, from CC to BB, etc.) |
| Renewable energy | Installation of photovoltaic solar Dedicated support infrastructure for photovoltaic solar across building management systems | |

² BREEAM (Building Research Establishment Environmental Assessment Method) is the world's longest established method of assessing, rating, and certifying the sustainability of buildings.

3.2 Process for Project Evaluation and Selection

Based on the decision of the company's owners and management, green financing becomes a priority. Within the context of the issuance of Infogroup Green Bonds, the company has established a Green Committee with responsibility for governing selection and monitoring of the eligible Green Projects.

Projects of this type are selected by the Green Committee.

These are published annually in the Allocation report and the Impact report. During project selection, the Green Committee identifies options that mitigate negative social and/or environmental risks from the project(s) involved.

The project selection process is based on the set of Eligibility Criteria in the section of Use of Proceeds. The decisions of the Committee will be summarized and published as a part of its green bond reporting.

The Sustainability officer of Infogroup will support the selection process as a permanent member of the Committee, providing professional advisory service for all eligible green investments. No eligible green investments will be carried out without the review of the Sustainability officer. In general, a development project will be completed within 2 years.

Green Committee

The Green Committee (GC) is established by CEO with the purpose to support the Company's commitment to sustainable environmental policy, social responsibility and corporate governance strategy. The Green Committee assists the CEO of the Company in the development, integration, implementation and monitoring of ESG issues in the Company's general strategy coordinating initiatives and policies based on ESG matters.

The members of the green committee are elected by the CEO according to the organizational and operational regulations.

The duties and responsibilities of the Green Committee are as follows:

- supports the Company's commitment to sustainable environmental policy, social responsibility and corporate governance strategy in alignment with the Company's general strategy,
- considers and recommends current and emerging ESG trends and best practices,
- plays an active role in the developing of the Company's ESG policy and in its integration in the Company's general strategy,
- sets the Company's reporting practices selecting disclosures that confirm with the ESG strategy of the Company,
- manages internal and external communications regarding the Company's approach to ESG issues,

- visits periodically departments and operational locations in order to understand how operations can be improved and coordinated in alignment with ESG matters,
- oversees and reviews ESG practices, objectives, procedures and performances within the Company,
- keeps in touch with internal departments and external consultants to drive timely and relevant disclosures of ESG issues,
- is responsible for the publication of ESG disclosures and corporate responsibility reports by providing insights, information and relevant data for stakeholders,
- plays an active role in the management of issues affecting the business, operations, performance or public image of the Company,
- initiates the elaboration of the Green Bond Framework and oversees its implementation, modification as deemed necessary and appropriate,
- selects and evaluates the green projects in alignment of the ESG objectives with reference to the eligible criteria,
- selects the external reviewer of the Green Bond Framework,
- is responsible for the monitoring and supervision of the use of proceeds in alignment with its allocation and the targeted environmental impact,
- provides assessment of specific projects in compliance with the Green Bond Framework for the bond's duration,
- reviews periodically the Green Committee Charter and recommends any proposed changes for approval

Members of the Green Committee

Chairman (Sustainability officer) - leadership of the meetings. Chairman's vote decides in the case of vote equality.

Secretary of the Committee – convening and administering the meetings.

Permanent members – representation, proposal, voting right for each person. Members are delegated from the following departments:

- Representative of finance
- Representative of technical engineering/design
- Representative of sales, marketing, asset management, business development

The Green Committee meets on a predetermined basis, but at least twice a year. Decisions are made by open voting, by a simple majority of those present.

3.3 Management of Proceeds

To manage the proceeds of Infogroup Green Bond(s), Infogroup will establish a Green Financing Register. The bond funds will be registered in a separate account. The CFO oversees the tracking.

So long as the Green Bond is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to the Green Project carried out during that period. The Issuer commits to communicate to investors the intended types of temporary placement for the balance of unallocated net proceeds. The net proceeds of the Green Bond will be kept in a separated countability.

The Green Financing Register will contain relevant information including:

- 1) Details of the Bond(s): key information including transaction date, principal amount of proceeds, settlement date, maturity date, and interest margin etc.
- 2) Details of Use of Proceeds, including:
 - Summary detail of eligible Green projects/expenditures to which the proceeds of the Bonds have been earmarked in accordance with this Framework;
 - Amount of allocation made;
 - Any unallocated Bond proceeds yet to be earmarked against eligible Green Projects/expenditures;
 - Other necessary information

Any decision regarding the management of the funds from the Green Bond belongs to the Green Committee's competencies and duties and will be stated in reporting until full allocation. The Green Committee will monitor and regularly supervise the use of proceeds in alignment with the Eligibility Criteria and will publish each year the net proceeds of the issuance reduced by the amount of proceeds invested in eligible Green Projects in the reported period.

3.4 Reporting

In accordance with the Green Bond Principles, Infogroup will provide an annual update on the activities related to its Green Bonds issuance. In such updates the Company will provide information on the allocation of the use of proceeds as well as relevant impact metrics. Within one year after the issuance, and annually thereafter until full allocation of an amount equivalent to the net proceeds of the Green Bond as well as in the event of any material changes, Infogroup will publish an Allocation Report and Impact Report via Infogroup website. Sustainability Officer is responsible for reporting. The reporting is based on actual data, otherwise (if actual date not available) on estimated data. Reporting will be prepared per project.

Allocation Report

Proposed indicators:

- Green proceeds utilization: Green bond proceeds used / Total green bond proceeds (%)

- Use of green proceeds by environmental purpose: Distribution of green proceeds used between categories defined in the Green Bond Framework (%)
- Other relevant indicators

Impact Report

The Impact report will illustrate the expected and achieved environmental impact made by the new investment to which green bond proceeds have been allocated. The environmental impact will be measured based on energy consumption, GHG emissions, green building certificates, renewable energy capacity.

| GBP Project category | Eligible Green Project | KPI |
|----------------------|---|---|
| Green Buildings | Acquisition, construction or refurbishment of buildings | Number of buildings compared to the total real estate portfolio, which have meet at least one of the following standards: BREEAM (Very good or above) LEED (Gold or above) At least 10% lower primary energy demand than required for Hungarian EPC rating of at least BB |
| Energy efficiency | Construction of new building | Annual GHG emissions (t CO2 eq pa) Annual energy use (MWh pa) |
| Renewable energy | Installation of photovoltaic solar | <ul style="list-style-type: none"> • Renewable energy capacity added/rehabilitated (MWh pa) • Annual GHG emissions reduced/avoided (t CO2 eq pa) • Annual energy savings (MWh pa) • % annual energy efficiency gain relative to building energy performance base line defined for particular type in the region |

3.5 External review and assessment

The Framework has been reviewed and assured by Ernst & Young Könyvvizsgáló Kft. The limited assurance report is publicly available on our website.