



GREEN BOND REPORT

1. ABOUT LPP

LPP Group is a family business. Subsidiaries of the LPP Group are handling a diversified portfolio with various investments in three main areas:

- machinery,
- renewable energy,
- and real estate.

The headquarters of the group of companies is LP Portfolio Ltd. Subsidiaries related to green activities are working in the following fields:

- In the renewable energy field LPP's subsidiaries hold and sell photovoltaic power plants, while also take part in the development and operation of such power plants.
- The focus in the field of real estate is on leasing and development of real properties.

LPP's renewable energy leg consists of companies active in renewable energy generation as well as development and operation of power plants (www.solarfm.hu). These activities provide a diversified source of revenues for LPP. The existing photovoltaic projects are operated under the KÁT system, while the company is also active in the development of METÁR projects. Due to their high profitability, renewables play an important role in LPP's strategy to diversify its investment portfolio.

In the real estate segment, LPP aims to apply a diversified investment strategy. The company's investments include among others commercial properties in major cities in the country side as well as an apartment hotel, office building and hotel development in the capital city. LPP's objective is to further diversify the portfolio of properties in terms of location and functions.

2. ABOUT LPP'S GREEN BOND

LPP issued its first green bond in 2021 within the Bond Funding for Growth Scheme of the Central Bank of Hungary (MNB).

The following table shows the main characteristics of our green bond issuance:

ISIN	HU0000360789
Issued amount (HUF mn)	1,800
Coupon (%)	3.40
Date of issuance	September 23, 2021
Maturity	September 23, 2031
Tenor (years)	10
Bond rating	BB-
External Review	Scope (SPO)

3. UN SUSTAINABLE DEVELOPMENT GOALS

While LPP supports all UN SDGs, based on the SPO of Scope, our Green Bond Framework can especially contribute to reach the following Goals:



4. THE SECOND PARTY OPINION (SPO)

Scope provided an SPO on our Green Bond Framework, where the Use of Proceeds categories received two leaves from the external reviewer.

The eligible project and asset categories and their assessment can be found below:

- **Renewable Energy:** Scope finds the category to be aligned with the sector's criteria, that is investing in stand-alone solar farms and installing solar power and heat pumps in real estate development projects. However, solar panels and heat pumps do not contribute equally to the renewable energy category.
- **Green Buildings, Energy Efficiency:** This category demonstrates significant environmental contribution, as LPP intends to invest in buildings with at least 10% better energy performance than the minimum Hungarian criteria for Nearly-Zero Energy Buildings (NZEB), Scope concludes.



Regarding the **Project Evaluation and Selection Process**, Scope finds it aligned with the Green Bond Principles (GBP), adding that the inclusion of an engineer or sustainability expert in the established Green Finance Committee ensures the quality of the process.

The **Management of Bond Proceeds** is also in line with the GBP, as LPP provided material evidence of the created Green Finance Register and the basic rules of the Green Finance Committee detailing the planned management of proceeds, states the SPO.

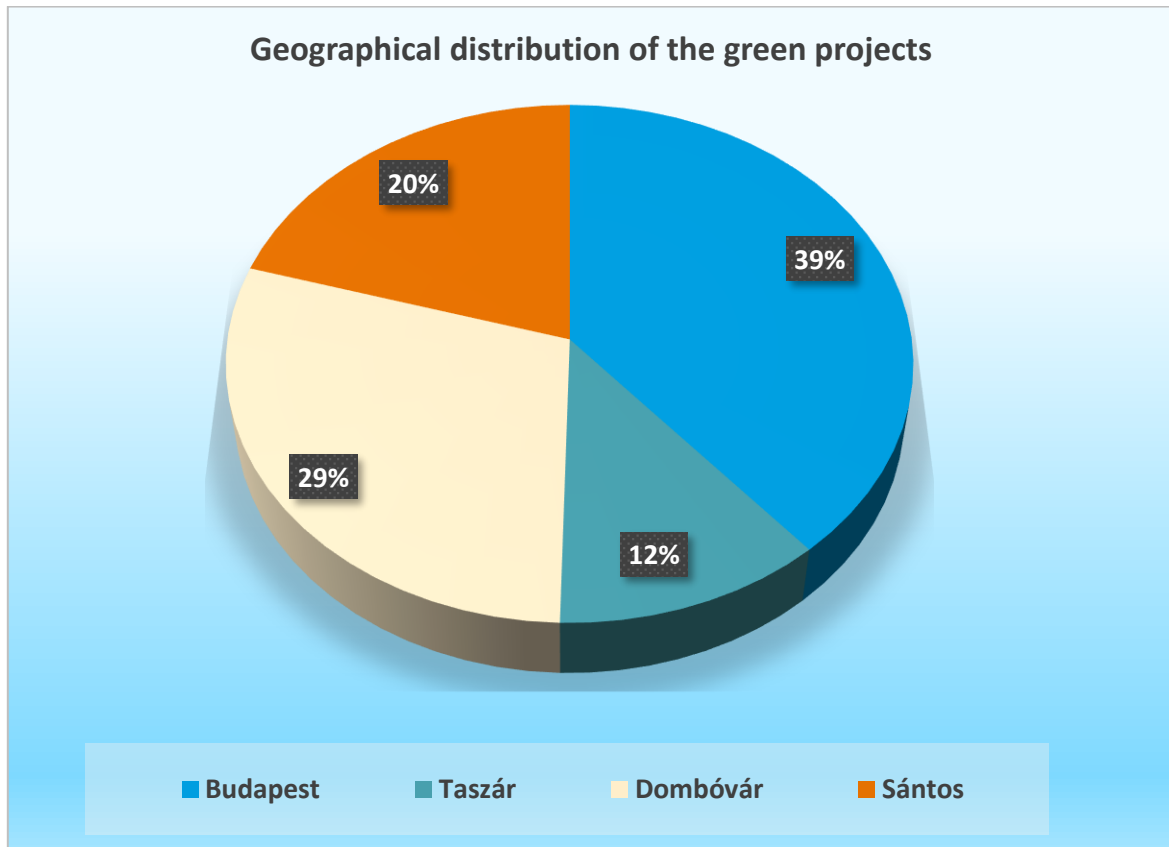
The **Reporting** component also complies with the GBP, based on the categories provided by LPP. Scope especially emphasized our ambition to comply with the harmonized framework approach.

5. ALLOCATION DISCLOSURE

Total amount of green bonds (HUF mn)	1,800
Solar power plant (Helios Nova, 3.5 MW) (HUF mn)	367.5
Solar power plant (Helios TSZR, 2.0 MW) (HUF mn)	210.0
Solar power plant (Helios DVR, 5.0 MW) (HUF mn)	525.0
Hotel renewal project (Almássy) (HUF mn)	697.5
Sum of Green Bond Register (HUF mn)	1,800

Share of financing/refinancing	5.05
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5.1. Geographical distribution



6. IMPACT REPORTING

6.1. Renewable Energy

Project	Proceeds used (HUF mn)	Project status	Annual energy production on-site (MWh)	Installed solar power panels / m ²
Solar power plant (Helios Nova, 3.5 MW)	367.5	in operation	5 085 - 5 361	20 689,34
Solar power plant (Helios TSZR, 2.0 MW)	210.0	in operation	2 900 - 3 087	11 496,60

Solar power plant (Helios DVR, 5.0 MW)	300,0	under preparation	7 250 – 7 658	24 818,5
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6.2. Green Buildings, Energy Efficiency

Project	Proceeds used (HUF mn)	Project status	Certification type	Annual energy reduced or avoided(MWh or GWh)	Annual GHG emissions Avoided/reduced (tCO ₂ e)
Hotel renewal project (Almássy)	142.0	project has started	CC from JJ		

Budapest, 14/05/2025

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