

Allocation Report

Green Bonds

ISIN HU0000360102

ISIN HU0000360284

ISIN XS2356039268

December 2021

Introduction

GTC Group prepared its Green Bonds Framework in November 2020, which was revised and updated in June 2021 (http://ir.gtc.com.pl/en/bonds/green_bonds). Based on this Green Bonds Framework, GTC Group launched several green bonds issues with its first green bonds issued in December 2021, for an amount of HUF 39.6bn (EUR 110m) due December 2030. The second green bonds tranche was issued in March 2021, for an amount of HUF 19.8bn (EUR 55m) due March 2031. Those two issues of green bonds were conducted on the Hungarian market by GTC Real Estate Development Hungary Zrt. The bonds are admitted for trading on the Budapest Stock Exchange (XBond).

In June 2021, GTC Aurora Luxembourg S.A. raised green euro bonds in the amount of EUR 500m due June 2026. The bonds are admitted for trading on the Euronext Dublin.

The following table presents details of the green bonds issued by the GTC Group:

	Green Bonds ISIN HU0000360102	Green Bonds ISIN HU0000360284	Green Eurobonds ISIN XS2356039268
Issue Size	HUF 39.6bn	HUF 19.8bn	EUR 500m
Issue Tenor	10-years	10-years	5-years
Issue Date	7 December 2020	17 March 2021	23 June 2021
Final Maturity Date	7 December 2030	17 March 2031	23 June 2026
Coupon	2.25% ¹	2.6% ²	2.25%
Issuer	GTC Real Estate Development Hungary Zrt	GTC Real Estate Development Hungary Zrt	GTC Aurora Luxembourg S.A.
Issue Rating	BBB- with a Stable Outlook by Scope Ratings	BBB- with a Stable Outlook by Scope Ratings	BBB- with a Stable Outlook by Fitch and Ba1 rating with Positive Outlook by Moody's
Status	Senior Unsecured	Senior Unsecured	Senior Unsecured
SPO Provider for Green Framework	Sustainalytics	Sustainalytics	Sustainalytics
Global Coordinators	OTP Bank Nyrt. Equilor Zrt.	OTP Bank Nyrt.	J.P. Morgan, Morgan Stanley
Joint Bookrunners	-	-	J.P. Morgan, Morgan Stanley, Erste and Raiffeisen
Stock Exchange	Budapest Stock Exchange (XBond)	Budapest Stock Exchange (XBond)	Euronext Dublin




¹ The green bonds were fixed to the Euro and the fixed annual coupon was swapped for an interest fixed rate of 0.99%

² The green bonds were fixed to the Euro, and the fixed annual coupon was swapped for an interest fixed rate of 0.93%.

Net proceeds from the issuance of the above mentioned green bonds were EUR 659.8m, out of which the net proceeds that are allocated to fund Eligible Green Projects are EUR 610.4m while the remaining amount shall be allocated to general corporate purposes, as per the GTC Aurora Luxemburg S.A. prospectus.

For details on the GTC Group structure utilised for these instruments, please refer to the GTC Group Prospectus available online at <http://ir.gtc.com.pl/en/bonds/memorandum>.

Net proceeds from the issuance of the above mentioned green bonds were used to, based on GTC’s Green Bonds Framework and use of proceeds section of the relevant prospectuses, fund green projects meeting one or more of the following criteria (“Eligible Green Projects”, such projects comprising the “Eligible Green Portfolio”):

Green Bond Principles Category	Eligibility Criteria	Reporting Metrics	Relevant Sustainable Development Goals
Green Buildings (including financing relating to construction, acquisition and renovation)	Financing of buildings achieving the following certifications: <ul style="list-style-type: none"> • LEED (Platinum or Gold)³; • BREEAM (Very Good, Outstanding or Excellent)⁴; or • DGNB (Platinum or Gold)⁵ 	<ul style="list-style-type: none"> • Level of certification • tCO2e avoided • MWh pa saved • % annual energy efficiency gain relative to baseline • Annual reduction in water consumption (in m3) 	SDG 11: Sustainable Cities and Communities 
Energy Efficiency	Financing of buildings falling into Top 15% of most energy efficient buildings in a local context Financing of buildings where the net primary energy demand of the new construction is at least 20% lower than the primary energy demand resulting from the relevant NZEB requirements ⁶ ; and or: Financing of building renovations where the renovation achieves savings of at least 30% in net primary energy demand in comparison to the baseline performance of the building before the renovation.	<ul style="list-style-type: none"> • tCO2e avoided • MWh pa saved • % annual energy efficiency gain relative to baseline 	SDG 7: Affordable and Clean Energy  SGG 11: Sustainable Cities and Communities 

³ Leadership in Energy and Environmental Design - LEED: <https://www.usgbc.org/leed>

⁴ Building Research Establishment – BREEAM: <https://www.breeam.com/>

⁵ DGNB – German Sustainable Building Council: <https://www.dgnb-system.de/en/system>

⁶ The threshold is based on ‘nearly-zero energy building’ (NZEB) requirements, which are defined in national regulation implementing the Energy Performance of Buildings Directive and are mandatory across EU Member States from 2021.

Allocation report

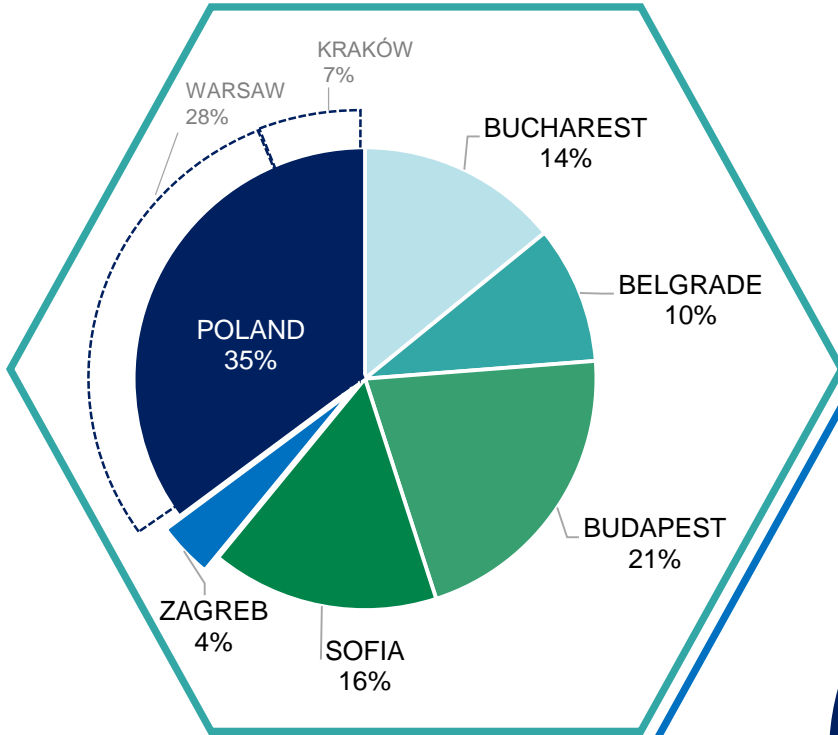
Net proceeds to fund Eligible Green Projects in the amount of EUR 610.4m were allocated during 2021 to Eligible Green Projects as presented in the table below. Most of the funds (82%) was used to refinance existing project loans on Eligible Green Projects along the Group's strategy to transfer from secured financing to predominantly unsecured financing through the green bonds. GTC also allocated part of the proceeds (18%) to acquisition of completed Eligible Green Projects.

Use of proceeds	Projects	GLA (sq m)	Category	Green building certification	Location	Funds allocated ⁷ (EUR)
refinancing	Ada Mall	34,600	retail	Leed Gold	Belgrade, Serbia	58.8m
refinancing	City Gate	47,600	office	Leed Gold	Bucharest, Romania	72.7m
refinancing	Center Point 1&2	40,900	office	Under certification: Leed Gold	Budapest, Hungary	10.0m
acquisition	Vaci Greens D	15,650	office	Breeam Excellent	Budapest, Hungary	27.0m
acquisition	Ericsson HQ	21,100	office	Leed Gold	Budapest, Hungary	80.0m
acquisition	evosoft Hungary HQ	20,700	office	Leed Gold	Budapest, Hungary	
refinancing	Premium Point and Premium Plaza	14,800	office	DGNB Gold	Bucharest, Romania	13.6m
refinancing	GTC Metro	16,200	office	Under certification: Breeam In-Use	Budapest, Hungary	12.7m
refinancing	Advance Business Center I&II	33,900	office	Leed Gold	Sofia, Bulgaria	42.1m
refinancing	Mall of Sofia and Sofia Tower	33,400	retail and office ⁸	Leed Silver	Sofia, Bulgaria	55.1m
refinancing	Matrix A&B	21,500	office	Leed Platinum	Zagreb, Croatia	23.8m
refinancing	Galeria Północna	64,800	retail	Leed Gold	Warsaw, Poland	173.3m
refinancing	Korona Office Complex	38,250	office	Breeam In-Use Excellent	Kraków, Poland	41.3m
		403,400 sq m				EUR 610.4m

⁷ Includes loan amount as well as the loan prepayment fees and hedge breaking costs

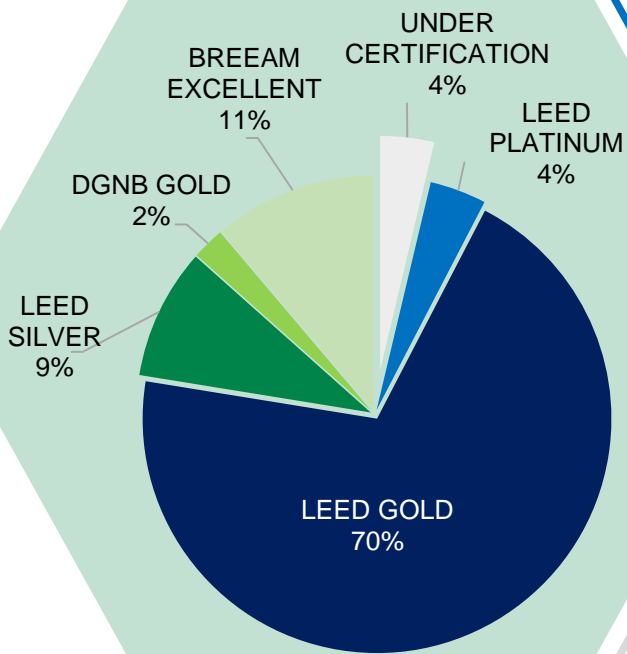
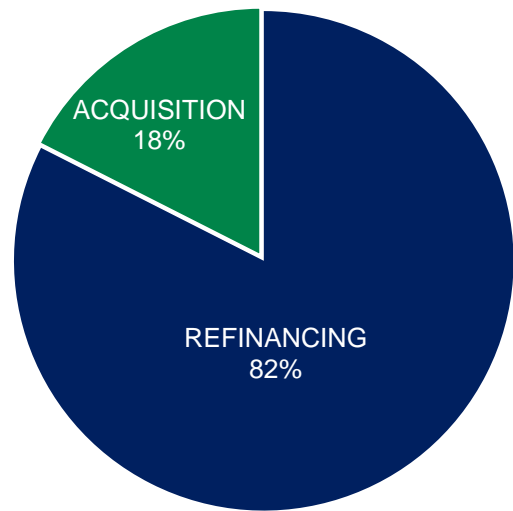
⁸ Counted as retail asset

GEOGRAPHICALLY

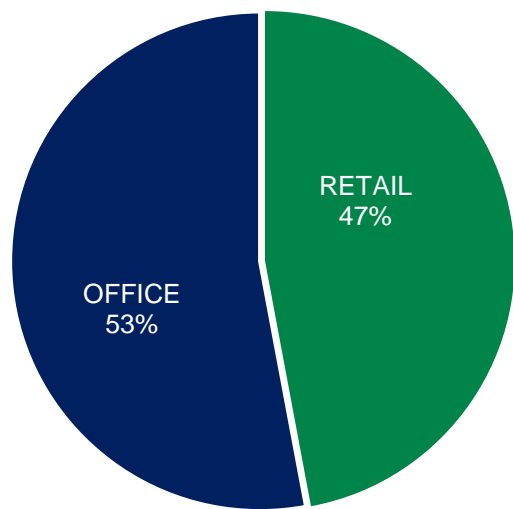


THE FUNDS WERE DISTRIBUTED:

INTO
REFINANCING
/ ACQUISITION⁹
/ REFURBISHMENT
/ CONSTRUCTION



BY TYPE OF GREEN CERTIFICATION



BY SECTOR

⁹ Acquisitions were carried out utilizing the bonds ISIN HU0000360102 and ISIN HU0000360284

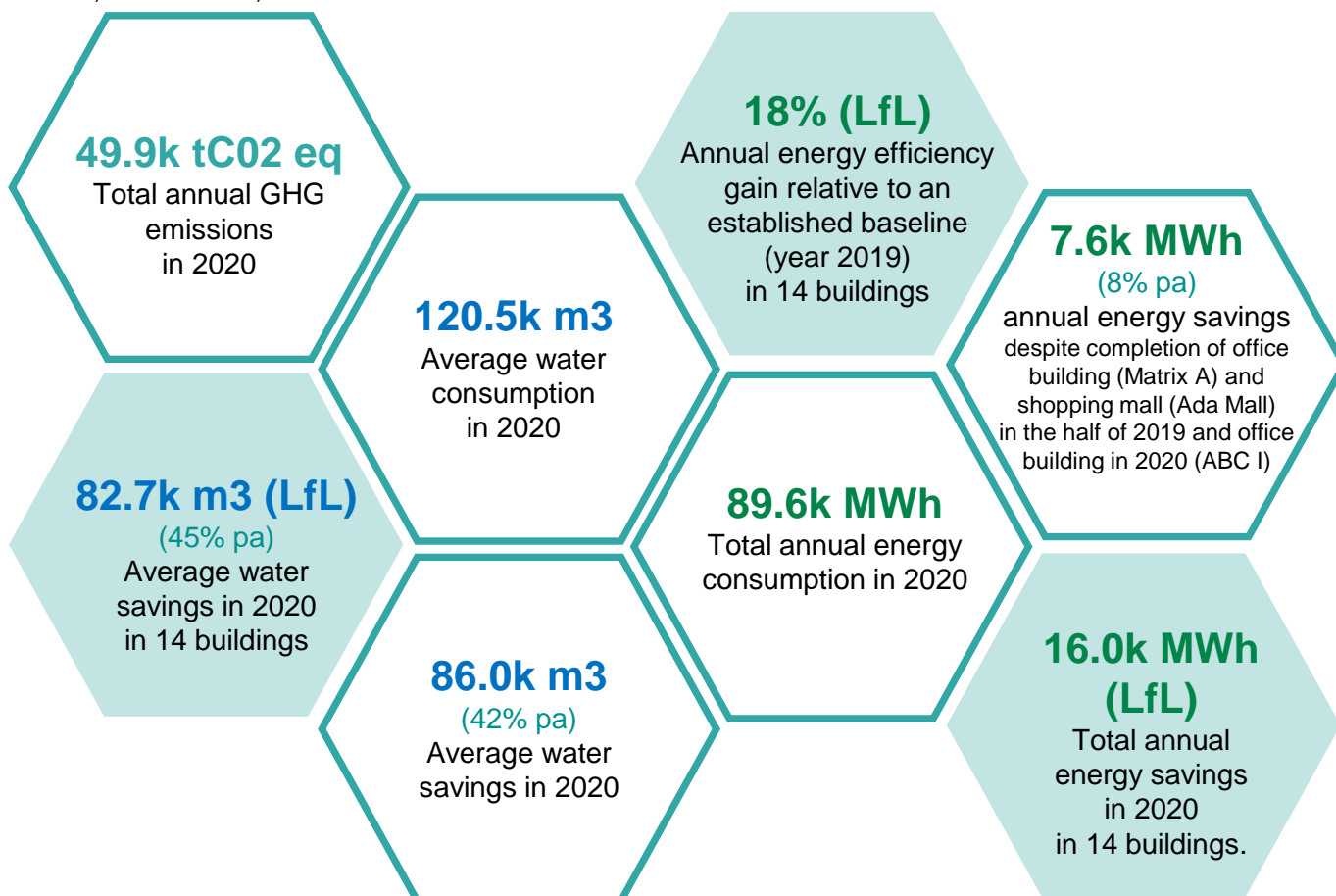
Impact of green bonds on portfolio

Bond offerings	Aggregate issue amount		Net proceeds EUR	Net proceeds allocated to fund Eligible Green Projects EUR	Number of buildings	GLA sq m
	Local	EUR				
ISIN HU0000360102	HUF 39.6bn	110m	109.2m	109.2		
ISIN HU0000360284	HUF 19.8bn	55m	53.5m	53.5	22	403,400
ISIN XS2356039268	EUR 500m	500m	497.1m	447.7		
		665m	659.8m	610.4m	22	403,400

Level of certification by property:

4% LEED Platinum	70% LEED Gold	9% LEED Silver	11% BREEAM Excellent	2% DGNB Gold	4% Under certification
-------------------------------	----------------------------	-----------------------------	-----------------------------------	---------------------------	----------------------------------

The following data presents information for 17 buildings which are completed and owned by GTC in 2020: Galeria Północna, Korona Office Complex, Center Point 1&2, GTC Metro, City Gate, Premium Plaza, Premium Point, Mall of Sofia, Sofia Tower, Advance Business Center I and Matrix A.



Additionally, since 2021, 100% of the energy used in common spaces in office buildings in Poland and Romania have been powered by renewable energy sources. Green energy used in the properties is certified by guarantees of origin. With sustainable electricity running through 16 office buildings in Poland and 5 office buildings in Romania, including Korona Office Complex in Kraków, City Gate, Premium Point and Premium Plaza in Bucharest, GTC aims to reduce its carbon footprint and commits to ensure affordable and clean energy in all its facilities. The electricity supply has a so-called guarantee of origin, i.e. a certificate confirming that it was obtained from renewable sources.

Galeria Północna

Poland

Total allocated proceeds	Number of buildings	GLA sq m	Certification level
EUR 173.3m	1	64,800	LEED GOLD

7.1k MWh
 Total annual energy savings in 2020 (**29%pa**)

29%
 Annual energy efficiency gain relative to an established baseline (year 2019)

17.3k MWh
 Total annual energy consumption in 2020



29.2k m3
 Average water consumption in 2020

4.9k tCO2 eq
 Total annual GHG emissions in 2020

16.5k m3
 Average water savings in 2020 (**36% pa**)

Galeria Północna is a 64,800 sq m shopping mall located in Warsaw, Poland. The mall was completed by GTC within 26 months in 2017 and is rented to prominent tenants including: Cinema City, Carrefour, LPP Group, TK Maxx, H&M, CCC, Zdrofit. With 2 tram lines, one fast tram line to metro station and with 11 city buses, Galeria Północna is very well connected with the other parts of the city using public transport. Galeria Północna is one of the most eco-friendly buildings in its category in Poland.

In November 2018, it achieved gold certification under LEED 2009 Core and Shell Development rating system with a high survey result of 78 points in total. Along the LEED certification, more environmental friendly innovations were implemented in the mall including: special parking lots for electric car charging, implementing an adiabatic system for the chillers, implementing a recuperation system in each of the 49 pcs of air handling units, installing lights with LED lighting fixtures, areas specially arranged and secured for bicycles, special green areas watering system with usage of rain water collected in a special tank.

There is also an amazing garden located on the mall's roof that enjoy very high popularity with customers.

Mall of Sofia

Bulgaria

Total allocated proceeds	Number of buildings	GLA sq m	Certification level
EUR 55.1m	2	33,400	LEED SILVER

1.9k MWh
Total annual energy savings in 2020 (**18% pa**)

18%
Annual energy efficiency gain relative to an established baseline (year 2019)

8.7k MWh
Total annual energy consumption in 2020



22.5k m3
Average water consumption in 2020

6.3k tCO2 eq
Total annual GHG emissions in 2020

18.9k m3
Average water savings in 2020 (**46% pa**)

Mall of Sofia is a 33,400 sq m mix use project located at the intersection of the two main roads in the city center of Sofia. The buildings were completed in 2006 and acquired by GTC in 2018. The project offers 10,300 sq m of office space in Sofia Tower, and 23,100 sq m of retail space. Additionally, there is a new office tower of 8,000 sq m under construction with the completion date set for Q3 2022.

The shopping mall is currently occupied by anchor tenants like Cinema City, H&M, Billa, Terranova, Technomarket, Beauty Zone, CCC, DM. Sofia Tower is rented to prominent tenants including: Deloitte, IQVIA RDS, Pension Insurance Company DSK, DAIS Software.

The building benefits from its strategic location through its immediate connection to multiple bus, trolley, tram stops and a metro station only 3 minutes away. Mall of Sofia together with Sofia Tower was awarded LEED Existing Buildings: Operations and Maintenance at the "Silver" level in 2017.

The green certificate is valid until June 2022. Along with the LEED certification, more environmental friendly innovations were implemented on the site including: replacement of the fluorescent lights with LED lighting fixtures, areas specially arranged and secured for bicycles and electrical scooters in the parking lot, over 20% reduction of water consumption due to additional efficiency measures, new green areas were created on the side of Skobelev blvd.

City Gate

Romania

Total allocated proceeds	Number of buildings	GLA sq m	Certification level
EUR 72.7m	2	47,600	LEED GOLD

3.4k MWh
 Total annual energy savings in 2020 (**19% pa**)

14.3k MWh
 Total annual energy consumption in 2020

19%
 Annual energy efficiency gain relative to an established baseline (year 2019)

10.3k m³
 Average water consumption in 2020

8.0k tCO₂ eq
 Total annual GHG emissions in 2020

14.6k m³
 Average water savings in 2020 (**59% pa**)



City Gate is a 47,600 sq m office project with two independent towers located in Bucharest, Romania. The towers were completed by GTC in 2009 and are rented to prominent tenants including: KMG Rompetrol, RomTelekom, E.ON.

The City Gate North Tower was awarded LEED Existing Buildings: Operations and Maintenance at the “Gold” level in 2013 and had a recertification at the same level in 2018. The City Gate South Tower was awarded LEED Existing Buildings: Operations and Maintenance at the “Silver” level in 2014 and had a recertification to “Gold” level in 2019. The green certificates are valid until December of 2023 and 2024. Along with the LEED certification, more environmental friendly innovations were implemented on the site including: special parking lots for electric car charging, implementing an adiabatic system for the chillers, replacing fluorescent lights with LED lighting fixtures, areas specially arranged and secured for bicycles and electrical scooters. Additionally, we refurbished plaza between the towers, with urban furniture and green social areas. We also upgraded the underground parking lot where different technical improvements like water drainage system and water diffusion were implemented. Also, in order to improve the work environment of the tenants, in 2017 we refurbished the north tower and in 2020 the south tower lobbies.

City Gate, starting June 2021, is using green energy. The electricity supply has a so-called guarantee of origin, i.e. a certificate confirming that it was obtained from renewable sources. All buildings in Romania are using electricity obtained from renewable sources, which is part of the Group’s sustainable reinvention of its portfolio, aiming at achieving Sustainable Development Goals (SDGs), according to the United Nations 2030 Agenda.

Korona Office Complex

Poland

Total allocated proceeds	Number of buildings	GLA sq m	Certification level
EUR 41.3m	4	38,250	BREEAM IN-USE EXCELLENT

2.2k MWh
Total annual energy savings in 2020 (**18% pa**)

18%
Annual energy efficiency gain relative to an established baseline (year 2019)

9.6k MWh
Total annual energy consumption in 2020



10.9k m³
Average water consumption in 2020

6.1k tCO₂ eq
Total annual GHG emissions in 2020

12.8k m³
Average water savings in 2020 (**54% pa**)

Korona Office Complex is a 38,250 sq m office project with four independent buildings located in Kraków, Poland. The buildings were completed by GTC in 2003 (Galileo), 2007 (Newton and Edison) and in 2014 (Pascal). The buildings are rented to prominent tenants including: IBM, State Street, Hitachi Vantara, Deloitte, Millennium. All buildings in Korona Office Complex were granted BREEAM In-Use certificates in “Asset Performance” and “Building Management” categories at “Excellent” levels (Galileo – Very Good level for Building Management). The green certificates were achieved in 2019, and renewed in 2020 and 2021. The certification is valid until March 2022 and GTC aims to recertify the office complex at the same level.

In 2017, the complex underwent a thorough modernization of the interiors and areas around the buildings: separation of a green relaxation zone (pergolas, tables, hammocks, deckchairs, benches, etc.) and creation of promenades for tenants along the main entrances to the building, creation of separate pedestrian zones from the parking lot using green walls, creation of greenery covers for the entrance to Pascal building garage, creation of two green roofs over the entrances to the Galileo and Newton buildings, installation of waste compacting equipment, revitalization of the hall on the ground floor with added rest areas, LED lighting of the facade and outdoor area were replaced, implementation of a new vegetation project and new green plantings outside, creation of new bicycle parking lots, showers for cyclists, salt cave, gym, conference room, modernization of external lighting control (area, facade, building marking, tenants' marking on the facade) - elimination of artificial light pollution at night.

Additionally, Korona Office Complex, starting April 2021 is using green energy. 100% of the energy used in common areas comes from renewable sources. The electricity supply has a so-called guarantee of origin, i.e. a certificate confirming that it was obtained from renewable sources.

GTC | 

December 2021