

Second-Party Opinion

Skygreen Buildings Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Skygreen Buildings Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, Green Buildings, is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 11.



PROJECT EVALUATION / SELECTION Skygreen has established the Green Finance Committee (“GFC”) to manage the project evaluation and selection process. The GFC is responsible for ensuring that selected projects are aligned with the Framework eligibility criteria. On an annual basis, the GFC will review the eligible project portfolio to confirm the compliance with the Framework’s eligibility criteria. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Skygreen Buildings’ Managing Directors will oversee the management of proceeds process. Skygreen Buildings aims to allocate the proceeds within 36 months. Pending allocation, Skygreen Buildings will hold unallocated proceeds in cash deposits, in accordance with internal treasury policies. Sustainalytics views this process as aligned with market practice.



REPORTING Skygreen Buildings intends to report allocation proceeds to investors on an annual basis until full allocation. Allocation reporting will provide the total amount of green bonds issued, a description of the eligible assets and their geographic distribution, the share of proceeds allocated vs. unallocated, and the share of financing vs. refinancing. In addition, Skygreen Buildings Company is committed to reporting on relevant impact metrics. Sustainalytics views Skygreen Buildings’ allocation and impact reporting as aligned with market practice.

Evaluation Date	November, 2020
Issuer Location	Budapest, Hungary

Report Sections

Introduction	2
Sustainalytics’ Opinion.....	3
Appendices	7

For inquiries, contact the Sustainable Finance Solutions project team:

Evan Bruner (Amsterdam)
Project Manager
evan.bruner@sustainalytics.com
(+31) 20 205 0027

Charles Cassaz (Amsterdam)
Project Support
charles.cassaz@sustainalytics.com
(+31) 20 205 02 09

Jean-Claude Berthelot (Amsterdam)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

Skygreen Buildings Ltd. (“Skygreen Buildings”, the “Issuer”, or the “Company”) is a real estate company founded in 2016 and operating and headquartered in Budapest, Hungary. The company acquires and manages commercial real estate assets, primarily in the office sector.

Skygreen Buildings has developed the Skygreen Buildings Green Finance Framework (the “Framework”) under which it intends to issue green financing instruments including green bonds and green loans, and use the proceeds to finance and refinance, in whole or in part, existing and future assets that contribute to the shift to a low-carbon economy. The Framework defines eligibility criteria in one area:

1. Green Buildings

Skygreen Buildings engaged Sustainalytics to review the Skygreen Buildings Green Finance Framework, dated November 2020, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible 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, 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 1.6.1, 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 Skygreen Buildings’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. Skygreen Buildings representatives have confirmed (1) they understand it is the sole responsibility of Skygreen Buildings 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 Skygreen Buildings.

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 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 intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

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 Skygreen Buildings Green Finance Framework is available at: www.skygreen.hu

³ 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.

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 Skygreen Buildings has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Skygreen Buildings Green Finance Framework

Sustainalytics is of the opinion that the Skygreen Buildings Green Finance Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of Skygreen Buildings' Green Bond Framework:

- Use of Proceeds:
 - The eligible category, Green Buildings, is aligned with those recognized by the GBP. Sustainalytics notes that the proceeds of the green financing instruments issued under the Framework activities are expected to increase the energy efficiency of buildings in Hungary.
 - In the Green Buildings category, Skygreen may finance the acquisition of buildings and major refurbishments, as follows:
 - Eligible buildings have certain green building certifications with the following minimum levels: LEED 'Gold', and BREEAM 'Very Good'. Sustainalytics generally recognizes these certification schemes as credible, and the levels selected to be aligned with market practice. Sustainalytics also notes that BREEAM Very Good is considered as aligned 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.
 - Skygreen may finance and/or refinance buildings that achieved an Energy Performance Certificate ("EPC") label A in Hungary. Sustainalytics views positively the use of EPC label A to determine eligibility in Hungary, where such label guarantees that assets under consideration are in the top 15% most energy efficient buildings.⁴
 - In addition, Skygreen Buildings may finance major renovations, including insulation of walls and roofs and replacement of boilers, resulting in reduced energy consumption of at least 30% or a two-step EPC label improvement. While Sustainalytics positively views refurbishments that lead to a 30% improvement in energy efficiency, Sustainalytics notes that a two-step label improvement may or may not result in the same reduction and encourages the Issuer to report on achieved impacts.
- Project Evaluation and Selection:
 - Skygreen has established the Green Finance Committee ("GFC") to be responsible for the project evaluation and selection process. The GFC will comprise three Managing Directors of Skygreen Buildings. On an annual basis, the GFC will review the eligible asset portfolio to confirm its compliance with the Framework's eligibility criteria. In addition, the GFC will ensure that the allocation aligns with the Skygreen Buildings' ESG strategy. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Skygreen Buildings' Managing Directors will be in charge of the management of proceeds process. Skygreen buildings will track the green financing instruments by using a spreadsheet and manage the proceeds at a portfolio level. Skygreen Buildings aims to allocate the proceeds within 36 months. Pending allocation, Skygreen Buildings will hold unallocated proceeds in cash deposits, per internal treasury policies. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Skygreen Buildings intends to report allocation proceeds to investors, on an annual basis until full allocation. Allocation reporting will provide the total amount of green bonds issued, a description of the eligible assets and their geographic distribution, the share of proceeds allocated and yet unallocated, and the share of financing vs. refinancing. In addition, Skygreen

⁴ In 2016, more than 99% of registered EPCs obtained a label lower than A. Build Up, "EPBD implementation in Hungary", (2016), at: <https://www.buildup.eu/sites/default/files/content/ca-epbd-iv-hungary-2018.pdf>.

Buildings Company is committed to reporting on relevant impact metrics, including types of certification and degree achieved, or information on the energy use in kWh/m²/year. For an exhaustive lists of impact indicators, please refer to Appendix 2. Sustainalytics notes that the impact reporting will not be publicly available but shared to investors. Since transparency is an important part of the GBP, Sustainalytics encourages Skygreen Buildings to publicly disclose its impact reporting. 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 Skygreen Buildings 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 Skygreen Buildings

Contribution of framework to Skygreen Buildings' sustainability strategy

SkyGreen aims at integrating sustainability in its daily operations and acquisition strategy, primarily through buying and maintaining green office buildings. As such, the Company is committed to taking sustainability issues into account when acquiring new buildings. Therefore, the Company focuses on the acquisition of buildings that meet internationally recognized standards, such as BREEAM or LEED. SkyGreen's portfolio, valued at EUR 76 million as of September 2020, mainly consists of such buildings. Sustainalytics notes that the activities funded through the Framework, such as acquiring buildings certified against LEED or BREEAM, may help the Company to further its main sustainability priority.

Sustainalytics notes that the Company is still at the initial launch of its business and has not yet released a sustainability strategy. Nevertheless, Sustainalytics encourages the development of a sustainability strategy with additional quantitative, time-bound targets.

Sustainalytics is of the opinion that the SkyGreen Buildings' Green Bond Framework will contribute to the Company's main sustainability objective while encouraging the Company to develop a sustainability strategy.

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

While the use of proceeds from the Framework will be directed towards eligible assets that are anticipated to have overall positive environmental impacts, 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 assets could include occupational health and safety, land use and biodiversity issues associated with green buildings development and construction.

Skygreen Buildings acquires buildings after construction and therefore is not directly responsible for managing potential E&S impacts of the construction stage of the assets financed through the Framework. Thus, Sustainalytics is of the opinion that the above-mentioned risks can be managed and/or addressed by the relevant legislation and regulation, as followed:

- In Hungary, the Act of 1993 concerning Occupational Safety and Health aims at ensuring the existence of health and safe working conditions.⁵ The EU Directive on Safety and Health at Work also provides a strong framework to ensure worker and health and safety protection in the EU Member States⁶, and Hungary has implemented this into its national legislation.⁷ According to ESENER, a survey regularly conducted by the European Agency for Safety and Health at Work, Hungary scores better than the EU average on some questions such as regular risk assessments and work-related accidents.⁸

⁵ 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>

⁶ 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>

⁷ 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>

⁸ ESENER Survey results, at: https://visualisation.osha.europa.eu/esener#/en/survey/detailpage-national-comparisons/2019/osh-management/en_1/E3Q250/activity-sector/3/11/EU27_2020/HU

- For land use and biodiversity, a 1995 law⁹ aims at preventing wildlife from being harmed and protecting the environment. In addition, the EU's Biodiversity Strategy for 2030¹⁰ covers buildings and aims to stop the loss of green urban ecosystems and promote healthy ones through nature-based solutions systematically integrated into the design of buildings and their surroundings.
- Sustainalytics notes that the Company has included exclusionary criteria in the Framework for the following activities: nuclear energy generation, the weapons and defense industries, potentially environmentally negative resource extraction, gambling or tobacco.
- 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.¹¹

Based on these policies, standards, and assessments, Sustainalytics is of the opinion that the Company has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with Green Buildings.

Section 3: Impact of Use of Proceeds

Reducing buildings' energy consumption and increasing energy efficiency in Hungary

One of the priorities identified by the EU's Energy Performance of Buildings Directive is to reduce the energy consumption of buildings, primarily through energy efficiency. The targets for Hungary include annual energy savings of 0.8% and a reduction in GHG emissions (or removals) of 70% between 2021 and 2030, relative to 2005.¹²

From 2000 to 2017, energy efficiency in Hungary has improved annually by 1.5% on average, and 26% in total,¹³ as measured by the ODEX index,¹⁴ which aggregates energy efficiency across different sectors. The service sector has contributed significantly to the overall progress, with an increase of 2.8% in energy efficiency. Within the service sector, energy efficiency regulations of buildings and other capital investments mainly contributed to increasing energy efficiency. Therefore, Sustainalytics notes that by financing green buildings and major renovations, Skygreen Buildings could further Hungary's effort to increase energy efficiency.¹³

Sustainalytics is of the opinion that the assets that may be funded with green bond proceeds are impactful and could contribute to reducing buildings' energy consumption and increasing energy efficiency, as well as assisting Hungary in meeting its energy savings and national GHG emissions targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	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

Conclusion

Skygreen Buildings has developed the Skygreen Buildings Green Finance Framework to issue green financing instruments including green bonds and green loans and use the proceeds to finance and refinance green assets, including energy-efficient buildings and renovations. Sustainalytics expects the assets funded by the proceeds to yield positive environmental impact.

⁹ Wolters Kluwer collection of legal acts "1995. LIII. Law on the general rules for the protection of the environment", (1995), at: https://net.jogtar.hu/jogszabaly?docid=99500053_TV

¹⁰ European Commission, "EU's Biodiversity Strategy for 2030", at: https://ec.europa.eu/environment/nature/biodiversity/strategy/index_en.htm

¹¹ The Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

¹² Ministry of Innovation and Technology, "National Energy and Climate Plan", at: https://ec.europa.eu/energy/sites/ener/files/documents/hu_final_necp_main_en.pdf

¹³ Odysse and Mure Databases, "Hungary energy efficiency summary", at: <https://www.odyssee-mure.eu/publications/efficiency-trends-policies-profiles/hungary.html>



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

The Skygreen Buildings 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 Skygreen Buildings Green Finance Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds category will contribute to the advancement of the UN Sustainable Development Goal 11. Additionally, Sustainalytics is of the opinion that Skygreen Buildings 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 Skygreen Buildings Company is well-positioned to issue green bonds and that the Skygreen Buildings Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

Appendices

Appendix 1: Sustainalytics' Assessment of Green Building Certifications

	BREEAM	LEED
Background	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.	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.
Certification levels	Pass Good Very Good Excellent Outstanding	Certified Silver Gold Platinum
Areas of Assessment	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority
Requirements	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item ¹⁵ and gives a BREEAM level of 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. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification 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).
Performance display	 <p>Pass Outstanding</p>	

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

Section 1. Basic Information

Issuer name:

Skygreen Buildings Ltd.

¹⁵ 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

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Skygreen Buildings Green Finance Framework
--	--

Review provider's name:	Sustainalytics
--------------------------------	----------------

Completion date of this form:	November 5, 2020
--------------------------------------	------------------

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*):

Skygreen has established the Green Finance Committee ("GFC") to be responsible for the project evaluation and selection process. On an annual basis, the GFC will review the eligible project portfolio to confirm the compliance with the Framework's eligibility criteria. Sustainalytics considers the project selection process in line with market practice.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input 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):

Skygreen has established the Green Finance Committee (“GFC”) to be responsible for the project evaluation and selection process. On an annual basis, the GFC will review the eligible project portfolio to confirm the compliance with the Framework’s eligibility criteria. 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 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)*:

Skygreen Buildings' Managing Directors will be in charge of the management of proceeds process. Skygreen Buildings aims to allocate the proceeds within 36 months. Pending allocation, Skygreen Buildings will hold unallocated proceeds in cash deposits, in accordance with internal treasury policies. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

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 |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

Skygreen Buildings intends to report allocation proceeds to investors on an annual basis until full allocation. Allocation reporting will provide the total amount of green bonds issued, a description of the eligible assets and their geographic distribution, the share of proceeds allocated and yet unallocated, and the share of financing vs. refinancing. In addition, Skygreen Buildings Company is committed to reporting on relevant impact metrics. Sustainalytics views Skygreen Buildings' allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input checked="" type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>):
geographic distribution of assets, share of proceeds allocated/yet unallocated, 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, or energy performance certificate with highest energy class (AA++)

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): sent to investors via email
 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.)

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 atSkygreen Buildingsation 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.
- 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 Skygreen Buildingsed 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.

Disclaimer

Copyright ©2020 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world’s foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the “Largest Approved Verifier for Certified Climate Bonds” for the third consecutive year. The firm was also recognized by Environmental Finance as the “Largest External Reviewer” in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.



Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

