

CPI Property Group

Type of Engagement: Annual Review

Date: 29 August 2024

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Introduction

CPI Property Group SA (“CPIPG” or the “Company”) issued five green bonds¹ between October 2019 and May 2024 (collectively the “Green Bonds”) to finance and refinance environmentally sustainable projects related to green buildings, energy efficiency, renewable energy and management of living natural resources and land use. In August 2024, CPIPG engaged Sustainalytics to review the projects financed with proceeds from the Green Bonds (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether CPIPG complied with the reporting commitments in the CPI Property Group Sustainability Finance Framework (the “Framework”).^{2,3} Sustainalytics provided a Second-Party Opinion on the Framework in January 2022.⁴ This is Sustainalytics’ third annual review of allocation and reporting of the instruments issued under the Framework, following previous reviews in March 2022⁵ and March 2023.⁶

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and CPIPG’s reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs from the 2019 CPI Property Group Green Bond Framework

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Green Buildings	<p>Acquisition, construction or refurbishment of buildings which meet recognised standards, such as:</p> <ol style="list-style-type: none"> i. BREEAM (Very good and above) ii. LEED (Gold and above) 	<ol style="list-style-type: none"> i. Level of certification by property ii. Annual GHG emissions reduced/avoided (tCO₂e per annum) iii. Annual energy savings (MWh per annum) iv. Annual reduction in water consumption (in m³)

¹ CPIPG issued five green bonds, raising EUR 750 million in October 2019 with a maturity period of 7 years, EUR 471 million in January 2020 with a maturity period of 8 years, EUR 750 million in May 2020 with a maturity period of 6 years, EUR 86 million in August 2020 with a maturity period of 10 years and EUR 500 million in May 2024 with a maturity period of 5 years.

² CPIPG, “CPI Property Group Sustainability Finance Framework”, (2022), at: <https://www.cpipg.com/storage/app/uploads/public/61d/feb/797/61dfeb797a48f837269241.pdf><https://www.cpipg.com/storage/app/uploads/public/61d/feb/797/61dfeb797a48f837269241.pdf>.

³ The CPI Property Group Sustainability Finance Framework (dated 2022) is an update to the CPI Property Group Green Bond Framework (dated 2019). CPIPG has communicated to Sustainalytics that the green bonds issued prior to 2022 were based on the CPI Property Group Green Bond Framework, and those issued post 2022 will adhere to the CPI Property Group Sustainability Finance Framework.

⁴ Sustainalytics, “Second-Party Opinion, CPI Property Group Sustainability Finance Framework”, (2022), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/cpi-property-group-sustainability-finance-framework-second-party-opinion-2022.pdf>

⁵ Sustainalytics, “Annual Review CPI Property Group”, (2022), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/cpi-green-bond-annual-review-2022.pdf>

⁶ Sustainalytics, “Annual Review CPI Property Group”, (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/cpi-green-bond-annual-review-\(2023\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/cpi-green-bond-annual-review-(2023).pdf)

Energy Efficiency	<ul style="list-style-type: none"> i. New or existing commercial buildings belonging to top 15% most energy efficient buildings in the local market ii. Renovations or refurbishment of existing buildings, delivering a minimum 30% reduction in carbon emissions intensity or two letter grade improvements according to local Energy Performance Certificate 	<ul style="list-style-type: none"> i. Annual GHG emissions reduced/avoided (tCO₂e per annum) ii. Annual energy savings (MWh per annum) iii. Percentage annual energy efficiency gains relative to an established baseline
Renewable Energy	<ul style="list-style-type: none"> i. Installation of photovoltaic solar ii. Dedicated support infrastructure for photovoltaic solar across building management systems 	<ul style="list-style-type: none"> i. Renewable energy capacity added/rehabilitated (MWh per annum) ii. Annual GHG emissions reduced/avoided (tCO₂e per annum) iii. Annual energy savings (MWh per annum) iv. Percentage annual energy efficiency gains relative to building energy performance base line defined for particular type in region
Environmentally Sustainable Management of Living Natural Resources and Land Use	<p>Promotion of ecological value, biodiversity and organic agriculture such as:</p> <ul style="list-style-type: none"> i. Farmland certified against EU standards on organic farming production ii. Installation of green roof gardens iii. Facility and infrastructure new build or upgrades that contribute to the protection of living natural resources, including for instance beehive rooftop installations and artificial nesting sites for birds 	<ul style="list-style-type: none"> i. Amount of land covered by open space (hectares and percentage) ii. Estimated land area with biodiversity management (in hectares) iii. Quality enhancement of soil and/or land and/or water through management practices associated with land use specific projects

Table 2: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs from the 2022 CPI Property Group Sustainability Finance Framework

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Green Buildings	<p>Acquisition, construction or refurbishment of portfolio which meet recognised international sustainability standards, such as:</p> <ul style="list-style-type: none"> i. BREEAM (Excellent and above) ii. BREEAM In-Use (Very Good and above) when certified under the most recent version of the certification scheme iii. LEED (Gold and above) 	<ul style="list-style-type: none"> i. Level of certification by property ii. Annual GHG emissions reduced/avoided (tCO₂e per annum) iii. Annual energy savings (MWh per annum) iv. Annual reduction in water consumption (m³)
Energy Efficiency	<ul style="list-style-type: none"> i. Acquisition, construction or refurbishment of buildings which qualify for Primary Energy Demand 	<ul style="list-style-type: none"> i. Annual GHG emissions

	<p>(“PED”) of at least 10% below the threshold set for nearly zero-energy building (“NZEB”) requirements</p> <p>ii. Acquisition, construction or refurbishment of buildings belonging to the top 15% most energy-efficient buildings in the local market⁷ or have at least an Energy Performance Certificate (“EPC”) class A in line with EU Taxonomy requirements</p> <p>iii. Renovations or refurbishment of existing buildings, delivering a minimum 30% reduction in carbon emissions intensity or two letter grade improvements according to local Energy Performance Certificate</p>	<p>reduced/avoided (tCO₂e per annum)</p> <p>ii. Annual energy savings (MWh per annum)</p> <p>iii. Percentage annual energy efficiency gains relative to an established baseline</p>
Renewable Energy	<p>i. Installation of photovoltaic, solar, wind, biogas (solely from waste sources) and heat pumps (air and ground source), and combined heat and power (powered by renewable fuels such as biogas, including landfill or digester gas, and wood waste and excluding those powered by fossil fuels)</p> <p>ii. Dedicated support infrastructure for renewable energy sources across building management systems</p>	<p>i. Renewable energy capacity added or rehabilitated (MWh per annum.)</p> <p>ii. Annual GHG emissions reduced or avoided (tCO₂e per annum)</p> <p>iii. Annual energy savings (MWh per annum)</p> <p>iv. Percentage annual energy efficiency gains relative to building energy performance base line defined for particular type in region</p>
Environmentally Sustainable Management of Living Natural Resources and Land Use	<p>Promotion of ecological value, biodiversity and organic agriculture such as:</p> <p>i. Farmland certified against EU standards on organic farming production</p> <p>ii. Installation of green roof gardens</p> <p>iii. Facility and infrastructure new build or upgrades that contribute to the protection of living natural resources, including for instance beehive rooftop installations and artificial nesting sites for birds</p>	<p>i. Amount of land covered by open space (hectares and percentage)</p> <p>ii. Estimated land area with biodiversity management (hectares)</p> <p>iii. Quality enhancement of soil, land or water through management practices associated with land use specific projects</p>

Issuer’s Responsibility

CPIPG is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

⁷ CPIPG has commissioned a report to determine a threshold for the top 15% most energy-efficient buildings in Czechia and in Hungary. The full methodology is available on CPIPG’s website.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from CPIPG’s Green Bonds. The work undertaken as part of this engagement included collection of documentation from CPIPG and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by CPIPG. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by CPIPG.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁸ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. CPIPG has disclosed to Sustainalytics that the proceeds from the Green Bonds were fully allocated as of June 2024.

Detailed Findings

Table 3: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Expenditures to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Expenditures or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	CPIPG reported on at least one KPI per use of proceeds category.	None

⁸ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation of proceeds

Between October 2019 and May 2024, CPIPG raised EUR 2,494.00 million through the issuance of the Green Bonds. The proceeds raised were fully allocated to finance or refinance the below mentioned Nominated Expenditures.

Table 4: Allocation of proceeds from the Green Bonds as of June 2024

Use of Proceeds Category	Sub-category	Net Proceeds Allocated (EUR million)		Total Net Proceeds Allocated per Category (EUR million)
		Financing	Refinancing	
Green Buildings	Certified green buildings	750.00	1,425.10	2,175.10
	Equity investments	-	151.80	151.80
Energy Efficiency	Energy efficiency projects	-	58.90	58.90
Renewable Energy	Renewable energy projects	-	5.70	5.70
Environmentally Sustainable Management of Living Natural Resources and Land Use	Agriculture assets	-	102.50	102.50
Total Net Proceeds Allocated (EUR million)		750.00	1,744.00	2,494.00
Share of Financing and Refinancing		30.10%	69.90%	100%

Appendix 2: Reported Impact

Table 5: Reported impact from the Green Bonds

Use of Proceeds Category	KPI	Reported Impact
Green Buildings	Level of certification by property	<ul style="list-style-type: none"> i. 16 BREEAM Excellent certified buildings ii. 17 BREEAM Very Good certified buildings iii. 2 LEED Platinum certified buildings iv. 2 LEED Gold certified buildings
	Annual GHG emissions reduced (tCO ₂ e per annum) ⁹	12,685
	Annual energy savings (MWh per annum) ¹⁰	9,350
Energy Efficiency	Annual energy savings (MWh per annum)	2,771
	Annual GHG emissions reduced (tCO ₂ e per annum)	680
Renewable Energy	Annual GHG emissions reduced (tCO ₂ e per annum)	1,241
	Renewable energy capacity added or rehabilitated (kWp per annum)	10.1
	Annual energy production (MWh per annum)	4,521
Environmentally Sustainable Management of Living Natural Resources and Land Use	Amount of land covered by open space (hectares and percentage)	18,369.2 ha (72.8%)
	Estimated land area with biodiversity management (hectares)	16,383 ha
	Quality enhancement of soil and/or land and/or water through management practices associated with land use specific projects (hectares and tonnes)	Grassland: 15,915 ha Fertilizing and composting: 45,356 tonnes

⁹ The impact data pertains to 20 green buildings of the total 37 green buildings. CPIPG has informed Sustainalytics that it anticipates being able to report the impact values for the remaining buildings by December 31, 2024.

¹⁰ Ibid.

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