

NON-FINANCIAL REPORT SIMPLIFIED ESG REPORT 2023

**Budapesti Ingatlan Hasznosítási
és Fejlesztési Nyrt.**

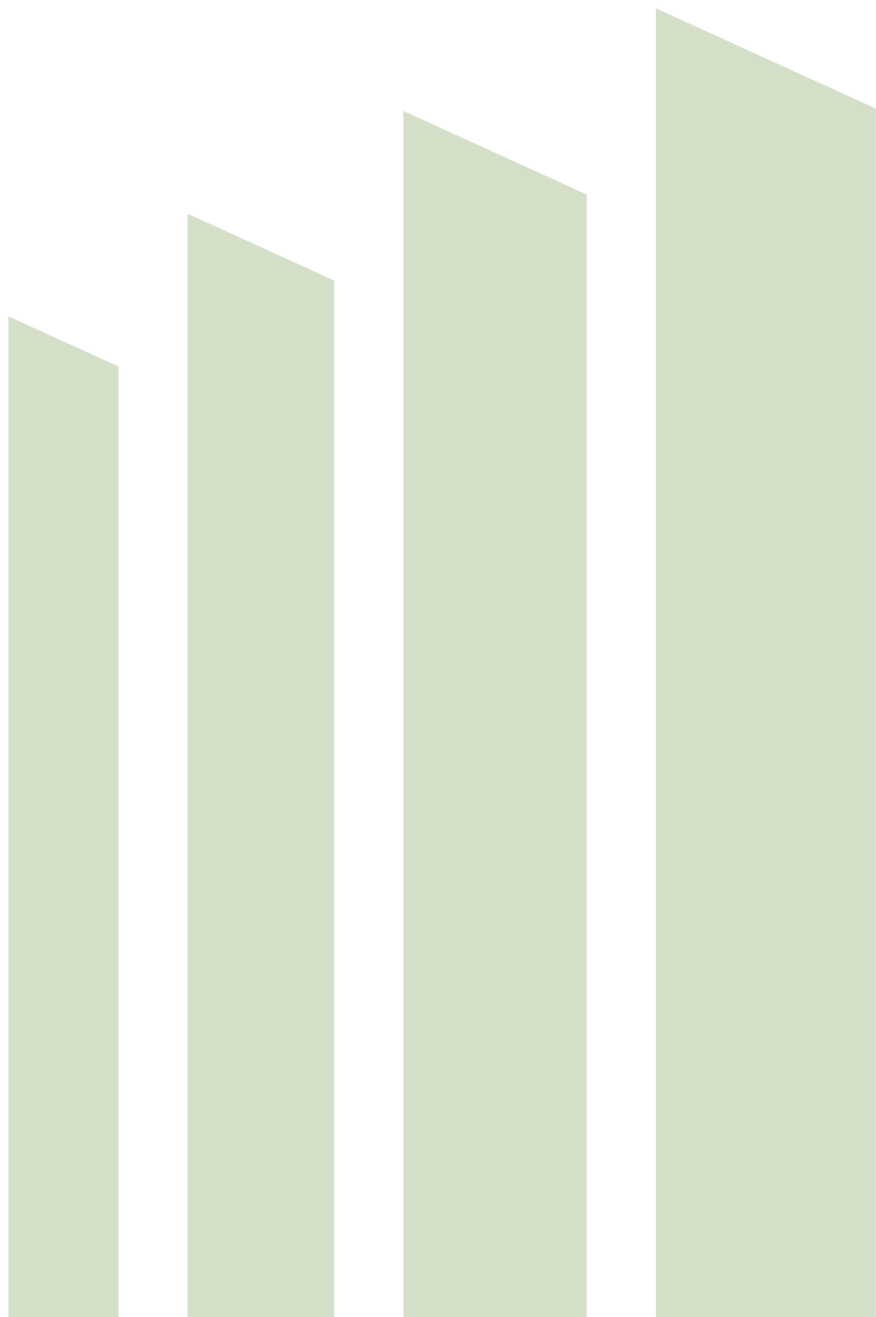


Table of contents

- Executive greeting.....2**
- I. About the company3**
 - 1. Real estate portfolio..... 4
 - 2. Ownership background..... 6
 - 3. Organisational structure 7
 - 4. Board of directors 8
 - 5. Chief Executive Officers 8
 - 6. Employees 8
- II. Stakeholders9**
- III. Corporate values.....9**
- IV. Policies ensuring transparent operation..... 10**
- V. Key risks and their management 10**
- VI. Environmental topics 10**
 - 1. Developing corporate ESG competence 10
 - 2. Sustainable properties 10
 - 3. Supporting sustainable mobility 11
- VII. Social and employment issues 12**
 - 1. Social and charitable activities 12
 - 2. Customer satisfaction 12
 - 3. Employee satisfaction..... 12
 - 4. Employee programmes 13
 - 5. Provision of free parking..... 13
- VIII. Future plans 13**
 - 1. Transparent communication 13
 - 2. Employee well-being 13
 - 3. Flórián Udvar office building development 13
 - 4. Energy efficiency improvements..... 13
 - 5. Development of automobile fleet 14
 - 6. ESG strategy 14
- IX. Awards and acknowledgements 14**
- Annex..... 15**



Executive greeting

Dear Reader,

In recent years, there has been increasing talk of a new acronym, ESG, combining the first character of the English words 'environmental', 'social' and governance.

The emergence of the ESG approach and its integration into common talk are a manifestation of the growing requirement that companies should take into account not only financial but also natural and social, i.e., sustainability, aspects in their daily operations and future plans.

Although the widespread use of the term ESG is only derived from a 2004 UN study, we at Budapesti Ingatlan Nyrt. (BIF), being a responsible company, have been paying special attention to sustainability since our establishment in 1995 and have in fact been operating along the principles defined by the ESG framework ('E' for environmental protection, 'S' for social responsibility, 'G' for responsible corporate governance) since then.



Environmental protection

- ✓ Throughout our almost 3 decades of existence of BIF, we have always kept in mind all aspects of sustainability in our real estate developments and the operation of existing properties, and we constantly strive to apply modern, long-term sustainable, efficient and environmentally friendly technical solutions in our real estate portfolio.

Social responsibility

- ✓ BIF has been in contact with the Hungarian Interchurch Aid for many years, supporting its institutions and programs that provide assistance to disadvantaged and multiply disadvantaged families. In 2023, we welcomed Tábittha Children's Hospice House as a new supported partner.

Responsible corporate governance

- ✓ Compliance with the requirements of the regulators and investors and transparent corporate governance have also accompanied BIF throughout its nearly three decades of operation, as the Company has been listed on the Budapest Stock Exchange for 26 years and was among the first in Hungary to obtain the status of a Regulated Real Estate Investment Company (REIC).

Please find details of our activities for sustainable development and operations in the Non-Financial Report – Simplified ESG Report of Budapesti Ingatlan Nyrt.

Budapest, 24 April, 2024

Dr. Ungár Anna
President of the Board of Directors and CEO

I. About the company

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. (hereinafter referred to as “Budapesti Ingatlan Nyrt.”, or “BIF” or “Company”) has been a major player in the Budapest real estate market since 1995. In the course of its operations, it was one of the first to obtain the Regulated Real Estate Investment Company (REIC) status. The Company has been listed on the Budapest Stock Exchange since 1998 as a property development and management company, with its shares traded in the premium category since October 2018.

The Company, as regards its business, is engaged in the leasing and development of its own real estate and the sale and utilisation of its construction sites. BIF’s real estate portfolio has undergone great diversity in the past nearly 30 years. The developments have created a unique, strategic real estate portfolio that defines the skyline of Budapest, and which is operated and managed consistently. During the development, special attention is paid to the neighborhood of the buildings and proper location, hence the buildings are located in the most prominent nodes of the capital. Its developer’s portfolio includes office buildings, parking garages, listed buildings, exclusive residential properties and a hotel.

BIF’s strategy is to maximise the potential of its existing real estate portfolio, operate its buildings in the most efficient way and seek acquisition opportunities that will further strengthen its market position. The Company pays particular attention to value retention in its developments, which is also an advantage when it comes to their utilisation. While focusing on excellence, BIF strives to meet the needs and interests of its business partners, tenants and, last but not least, its shareholders. To this end, the leasing, operation and sales activities are carried out directly within the Company, allowing an overview of all processes, the continuous improvement and perfection of which are essential tasks.

Development strategy and objectives

- To identify office and other buildings that fit into the Company’s existing portfolio of income-producing properties and arrange acquisitions.
- To maximise the revenue-generating potential of the existing real estate portfolio and optimise the operation of office buildings.
- To ensure optimum utilisation of the Harsánylejtő development site in District III, Budapest, owned by the Company.

The Company currently has one wholly owned subsidiary, Harsánylejtő Kft. Given the fact that the subsidiary’s business development and strategic decisions are made by BIF as the parent company, the administrative, legal and management tasks related to the operation of Harsánylejtő Kft., engineering and technical consultancy are performed by BIF’s specialised departments in the framework of dual employment; they are not covered by this report.

Based on the above, the financial data presented in the report reflects the performance of BIF as the parent company.

Net sales amounted to approximately HUF 8,093 million in 2023 compared to approximately HUF 10,290 million in 2022. The main factor behind the negative trend is that the revenue from the sale of land under the Harsánylejtő Project (HUF 3,219 million) significantly increased the revenue in the base period, while no land sales were made in 2023. Adjusted for land sales, sales revenue increased by approximately HUF 1,022 million (+14%) in the period under review from HUF 7,071 million in 2022.

In 2023, the profit after tax increased by approximately HUF 533 million to HUF 10,545 million compared to the base year.

Evolution of net sales

Based on audited Individual IFRS Annual Financial Statements

	2023	2022	2021
thousand forint	8 092 506	10 289 516	4 513 015

Evolution of after-tax profit

Based on audited Individual IFRS Annual Financial Statements

	2023	2022	2021
thousand forint	10 544 829	10 012 333	8 171 169

1. Real estate portfolio

Budapesti Ingatlan Nyrt. has a diverse real estate portfolio to meet the needs of tenants throughout Budapest, whether they are renting office space, providing parking or accommodation. At the end of the year 2023, the BIF had a total of 271 tenants.

1.1. Office buildings

Major Udvar (1122 Budapest, Városmajor utca 12-14.)

The repositioning of an office building located in the most dynamically developing part of District XII, near the Déli railway station, has resulted in 8,630 sqm of category “A” office development. Completed in Q3 2022, the centrally located office building, features an exclusive, green- certified office space with 81 parking spaces and a landscaped courtyard. The three contiguous wings can be accessed from a stylish lobby on Városmajor utca.

Major Park (1122 Budapest, Városmajor utca 35.)

Located within walking distance from Széll Kálmán tér, the office building currently offers around 15,000 sqm of renovated offices, customer service and logistics space to its current tenants.

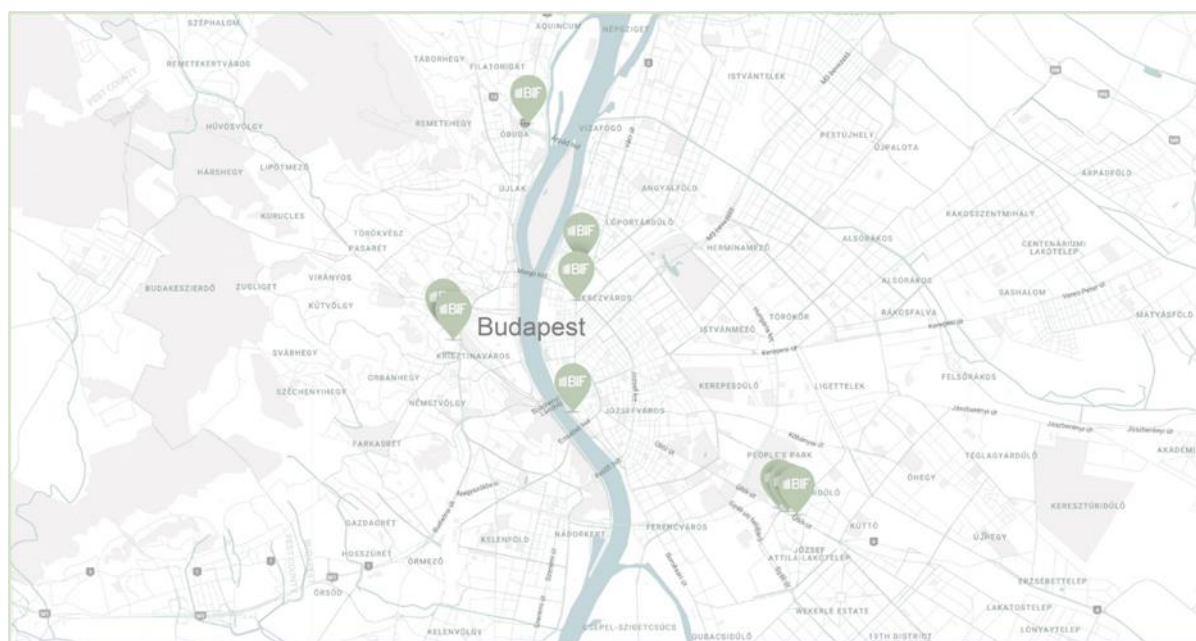
The building will undergo a complete renovation in the near future. In the first phase, the facade of the building will be renovated. Then, the passageway connecting Városmajor utca and Maros utca will be renewed and a multi-storey parking garage and office building will be built. The development will result in a modern “A” class office complex, providing services for the convenience of both tenants and neighborhood residents.

Flórián Udvar (1033 Budapest, Polgár utca 8-10.)

The Flórián Udvar office and parking building is an 11,300 sqm class “A” office with 233 parking spaces, an interior restaurant and café with a garden terrace, and a landscaped courtyard of almost 2,000 sqm. We are focused on the continuous modernisation of the office building and the continuous improvement of its services. In 2023, we started the refurbishment of the office building's restaurant and the development of a functional gym that can be used free of charge by the building's tenants. The new facilities were/are due to be delivered in the first half of 2024.

BIF LOFT Irodaház (Office Building) (1101 Budapest, Üllői út 114-116.)

As a result of the complete renovation and modernisation of the building, more than 2,500 sqm of loft-like offices and open office areas with an industrial feel have been created.



Bajcsy Irodaház (Office Building) (1065 Budapest, Bajcsy-Zsilinszky út 57.)

This is a “B” category office building offering office spaces of 40-1,500 sqm with high ceilings and 24-hour reception service in the heart of the city centre. The office building offers 53 parking spaces for the convenience of its tenants.

Bihari Irodaház (Office Building) (1101 Budapest, Üllői út 114-116.)

The office building offers “B” category office spaces of 20-180 sqm on 6 floors, with 400 sqm of floor space per floor. Surface parking possibility is available for its tenants.

Vigadó Palota (Palace) (1052 Budapest, Apáczai Csere János utca 9.)

A fully renovated and modernised building offering 13,000 sqm of office space in a prime location, with the Aranykéz Parking Garage just a few steps away, providing an excellent synergy for the parking needs of office tenants.

Victor Hugo Irodaház (Office Building) (1136 Budapest, Victor Hugo utca 18-22.)

The category “B” office building offers 20-100 sqm of offices with street view. It has a traditional layout with an elevator and operates a 24-hour reception. The building is secured by a CCTV system and offers 62 surface parking spaces for rent.

BIF Tower (1101 Budapest, Üllői út 114-116.)

One of the iconic buildings of the South Pest region, which has 13 floors and more than 80 parking spaces. Visible from afar, this impressive property has undergone a complete renovation and change of function. Adapted to the requirements of the 21st century, it is being revitalised as a modern class “A” office building with exciting interior design solutions, taking advantage of the building’s unique features.

1.2. Parking garage

Aranykéz Parkolóház (Parking Garage) (1052 Budapest, Aranykéz utca 4-6.)

The building has 5 levels and capacity for 470 cars, and is open 24 hours a day. It offers hourly parking payment, short and long-term rental options, electric car charging and restaurant services.

Flórián Udvar Parkolóház (Parking Garage) (1033 Budapest, Polgár utca 8-10.)

The 5-storey parking garage has a modern access system, offers 233 parking spaces 24 hours a day for the tenants and their visitors, as well as for the residents of the neighbourhood in the centre of Óbuda, next to Flórián tér.

1.3. Building plots and residential properties

Harsánylejtő Project

In the framework of the Harsánylejtő Kertváros (District III of Budapest) project, the Company has launched a development project on an area of approximately 39 hectares in several phases over the past years. The project involved land development, residential development and plots suitable for the construction of commercial units and other functions have been developed and partially sold.

Attila99loft (1012 Budapest, Attila út 99.)

Attila99Loft was the winner of the Real Estate Awards “Residential Property Development of the Year 2021”. The property includes 16 exclusive apartments, a 22-space robotic parking system, a restaurant and a bakery. Over and above its location in the Castle District and the unique style of the apartments, the uniqueness of the building, based on the “New York” model, is ensured by the exclusive services available in it. The apartments and commercial premises developed are utilised by the Company through rental.

Andrássy 80+82 (1062 Budapest, Andrássy út 80-82.)

One of the most prominent properties in the Company’s portfolio is part of the World Heritage and is located at Andrássy út 80-82., District VI of Budapest. On a plot of more than 1,400 sqm, the Company prefers the possibility of residential development by building high-end apartments and services while taking into account the changing market needs and the district building regulations.

1.4. Hotel, Hostel

Madách Hotel (1075 Budapest, Madách Imre tér 3.)

With one of the most prominent downtown locations in terms of tourism, the property at Madách Square was home to a 4-star hotel and two independent restaurants on the street front of the property. The hotel part was taken back from the operator at the end of October 2023. The Company is currently considering improvements that would modernise the property, taking into account the new tenant needs as well.

BIF Hostel (1101 Budapest, Üllői út 114-116.)

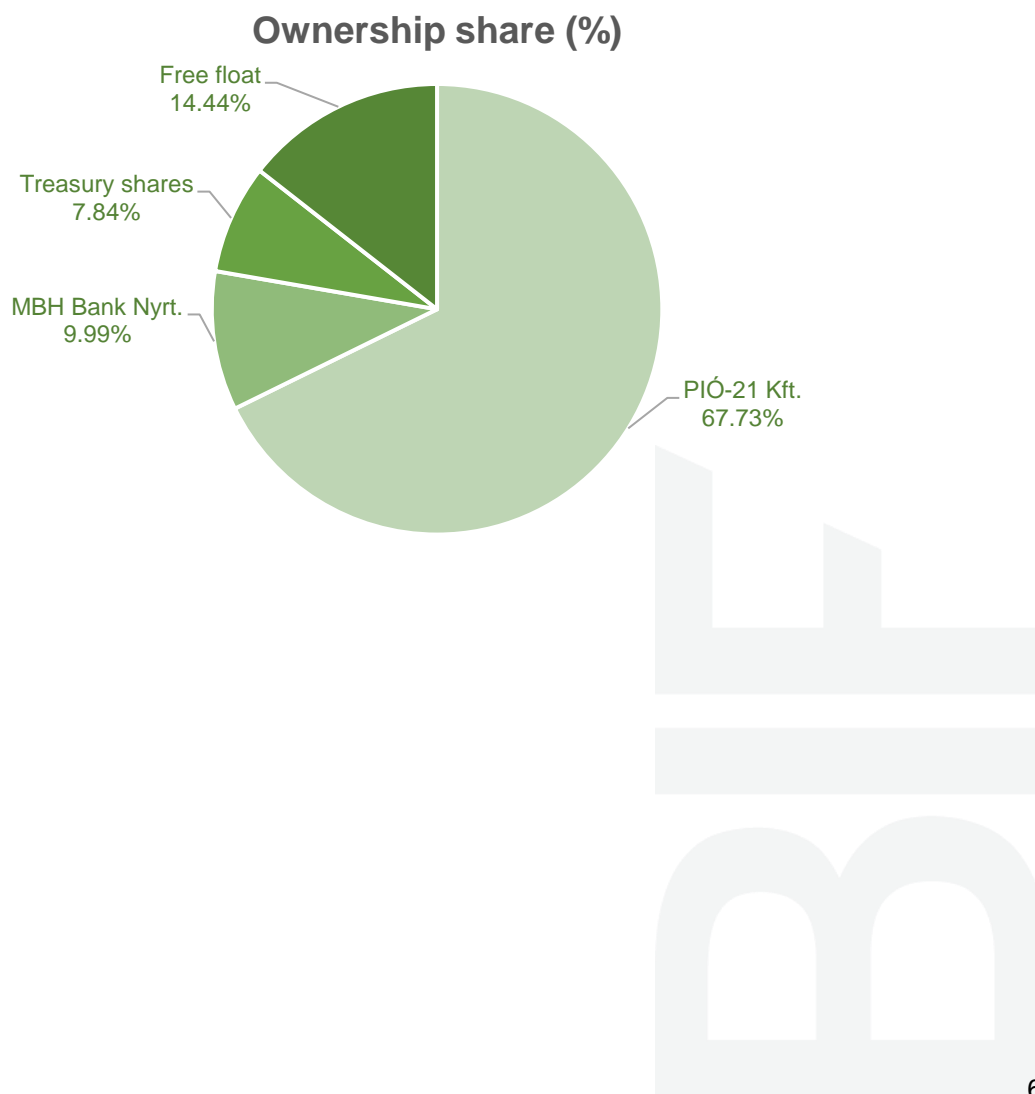
The 6-storey BIF HOSTEL has 82 rooms. On the ground floor there is a reception, a lounge, a dining room and a buffet, while on the upper floors there are rooms with 2-3 beds. The building is operated within the framework of a lease agreement.

2. Ownership background

As of 31 December 2023, Budapesti Ingatlan Nyrt. had three shareholders with an ownership share exceeding 5%. The largest shareholders were PIÓ-21 Kft. and MBH Bank Nyrt., in addition, BIF held 7.84% of treasury shares and the free float was 14.44% at the end of 2023.

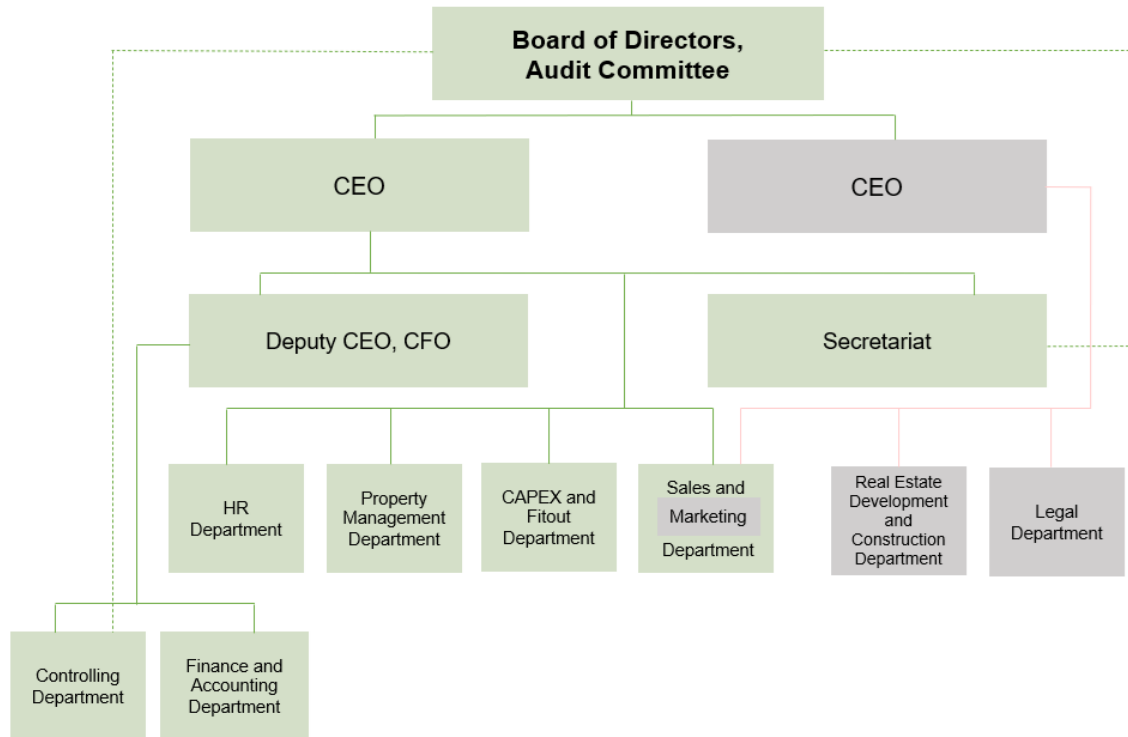
Name	Ownership share (%)	Number of shares
PIÓ-21 Kft.	67.73*	194 389 885
MBH Bank Nyrt.	9.99	28 702 440
Treasury shares	7.84	22 514 206

* Of which an indirect share of 0.57% through the Company's subsidiary, BFIN Asset Management AG

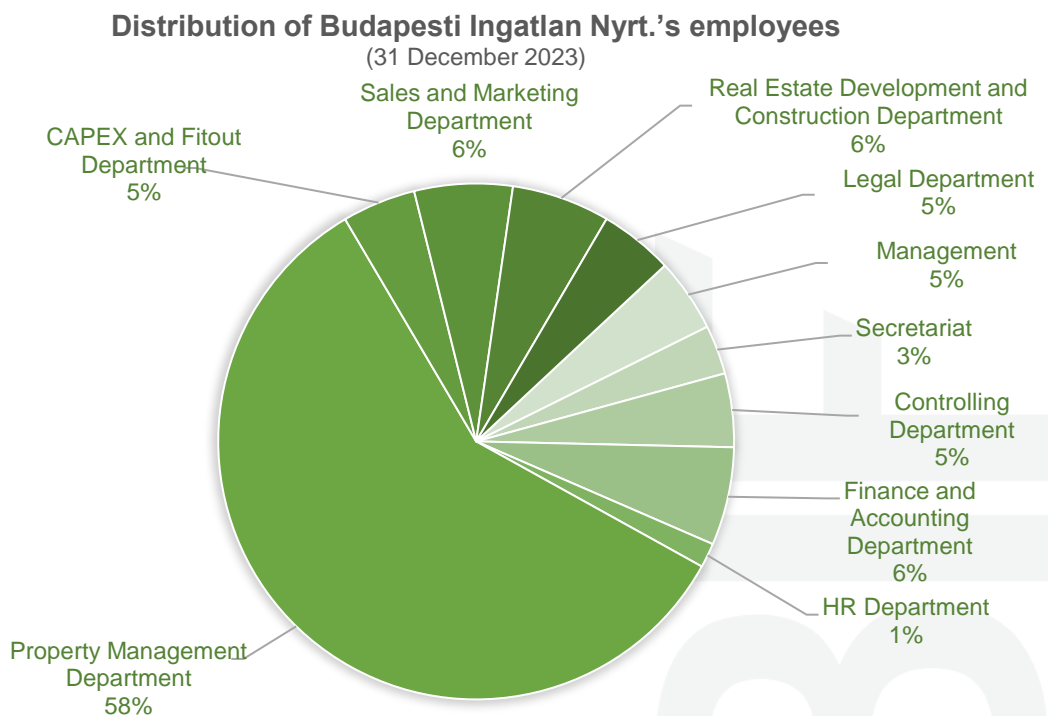


3. Organisational structure

In 2023, Budapesti Ingatlan Nyrt. operated based on the organisational structure shown in the diagram below, with a management level and eight departments performing different functions. The percentage of women in mid- and senior management positions in the organisation is 38%.



The distribution of Budapesti Ingatlan Nyrt.'s employees is shown in the chart below. The majority of the Company's employees (approximately 58%) work in the Property Management Department.



4. Board of directors

The Board of Directors of Budapesti Ingatlan Nyrt. consists of five members. The position of Chairman of the Board of Directors has been filled by Dr. Anna Ungár since August 2017.

- **Dr. Anna Ungár**
President of the Board of Directors, CEO
- **Kristóf Berecz**
Vice-President of the Board of Directors, CEO
- **Julian Tzvetkov**
Member of the Board of Directors and of the Audit Committee
- **Dr. Frigyes Hárshegyi**
Member of the Board of Directors and of the Audit Committee
- **Miklós Vaszily**
Member of the Board of Directors and of the Audit Committee

The Board of Directors is the managing body of the Company and is responsible for representing BIF before the courts and other authorities and as well as against third parties.

The Board of Directors is assisted by the Audit Committee in its work of monitoring the financial reporting system.

The functions and powers of the Board of Directors and the Audit Committee are set out in the Statutes.

5. Chief Executive Officers

In 2023, the Company has two chief executive officers. The competence between the chief executive officers is divided according to the functional areas of the departments: one chief executive officer is responsible for property development and construction, marketing and legal, while the other chief executive officer is responsible for the business areas (finance and accounting, and controlling), human resources, sales, property management, CAPEX and Fit-out, as well as the secretariat.

6. Employees

Of the 65 employees of Budapesti Ingatlan Nyrt. registered in 2023 (headcount on 31 December 2023), 38 were male and 27 were female.



Only 5 of the employees worked part-time and 1 as a temporary employee, while the others supported BIF in full time. The employees' fluctuation at the Company was 30% in 2023.

The table below supports and describes the above information.

Breakdown of employees by gender (in 2023)					
	Female	Male	Other	None specified	Total
Number of employees	27	38	0	0	65
Permanent employees	27	38	0	0	65
Temporary employees	1	0	0	0	1
Full-time employees	24	36	0	0	60
Part-time employees	3	2	0	0	5

II. Stakeholders

In the course of its operations, Budapesti Ingatlan Nyrt. encounters with a wide and diverse range of stakeholders. In order to properly assess the interaction with them, the impact exercised on them and the influence of the stakeholders on the company's operations, the Company has first mapped the stakeholders that can be relevant.

In the future, BIF would like to consult with the identified stakeholders to better understand the Company's ESG-related impacts. During the survey, the following stakeholders were identified:

- Owners
- Clients
 - Office space tenants
 - Users of parking garages
 - Tenants of residential properties
 - Hotel management organization
- Public utility providers
- Financial partners
- People living and working around the properties
- Organisations supporting the operation
 - Cleaners
 - Maintenance
 - Security surveillance
- Employees
- Suppliers
- Authorities, legislative bodies
- Companies carrying out construction work
- Design companies

III. Corporate values

In its investments, the Budapesti Ingatlan Nyrt. seeks **long-term opportunities** and, therefore, it is important that any development undertaken can stand the test of time. **Outstanding quality** is essential to achieve this, so only those properties can be added to the Company's portfolio that – following the developments or renovations – will provide high-quality environment to the tenants in the long term.

BIF's properties will thus continue to play a key role **in shaping the image of the city** on the long run. Therefore, the choice of aesthetic, iconic solutions is an essential element in the revitalisation and design of the environment. Preserving the historic significance and character of the prime properties during their renovation means protecting Budapest's valuable architectural past as well.

In its development activities, Budapesti Ingatlan Nyrt. is able to create value not only for the direct users of the properties. Façade renovations and constructions also provide a fresh aesthetic renewal for the people living close to the property. However, improving the architectural environment is not just about evolving the visual **impact on the quality of life** for those using the area neighbouring the property. The greening and landscaping of the previously disused or construction sites have a number of positive effects, while the benches and waste bins, for example, **expand the functionalities** of the property's surroundings. The regeneration of the image of the properties and the revitalisation of their surroundings can also create spill-over urban development potential.

BIF's key slogan is "**location**", which is one of the fundamental values of the Company. In real estate developments, the search for unique locations is essential. It is important to ensure equal access for all when setting up the offices. For this reason, accessibility by **public transport** for the users of the building plays a key role.

To follow the guidelines and values set for the implementation of developments, BIF continuously monitors the **latest developments**. It selects the most effective and applicable technologies from the options identified and tests their usability in its own environment before full implementation, whether it is a building management or a workforce management solution.

IV. Policies ensuring transparent operation

BIF's Rules of Organisation and Operation set out the operating rules for the management and supervisory bodies, as well as the employees of the BIF Group. This is also supported by BIF's Statutes. As regards its 2023 operations, BIF had policies and internal regulations on environmental and social sustainability in an initial phase. In the framework of the BSE ESG Pilot Consultancy Programme 2023, the Company has explored the types of ESG-compliant organisational documents to be developed in the future.

Remuneration policy

Ensuring compliance with the provisions of Act LXVII of 2019 on the Promotion of Long-term Shareholder Engagement and the Amendment of certain Acts for the Purpose of legal Approximation, the Remuneration Policy aims to provide a consistent structure for the system, conditions and practices of the remuneration of directors and properly incentivise the members of the senior management to implement the Company's strategy, taking into account the Company's risk tolerance and rewarding the achievement of strategic objectives through the use of short and long-term incentives. The senior executive bonus conditions for the 2023 financial year, prepared under the Remuneration Policy, included individual ESG targets and expectations as well.

Responsible procurement guidelines

Budapesti Ingatlan Nyrt. pays special attention to the requirements of responsible procurement in its policies. Accordingly, the head of the department making the procurement is responsible for the regularity of any procurement. When making procurements, the Company must take special care to prevent conflicts of interest, which must be declared in all procurements.

Although BIF does not currently have an anti-corruption policy, its regulatory framework includes basic responsible practices. There are plans to develop it in the future.

V. Key risks and their management

Budapesti Ingatlan Nyrt. does not currently have a written risk management policy but the assessment of environmental risks arising from climate change is a constant element of the Company's operations. This is essential to ensure smooth operation.

The Company is prepared to deal with acute and chronic hazards from hail, storm surges and rising average temperatures. Budapesti Ingatlan Nyrt. has an action plan to mitigate the risks and reduce the extent of the damage caused in the event of an incident.

VI. Environmental topics

1. Developing corporate ESG competence

Budapesti Ingatlan Nyrt. aims to continuously educate itself by keeping up to date with the latest information related to sustainability. In 2023, the Company successfully participated in the domestic ESG Pilot project announced by BSE (Budapest Stock Exchange), which provided ESG development opportunities for SMEs.

2. Sustainable properties

From the very beginning, Budapesti Ingatlan Nyrt. has been striving for a more environmentally conscious design and development of its buildings. In order to ensure that long-term operation and maintenance are as problem-free as possible, the Company considers it important to prepare as thoroughly as possible and to familiarise itself with the technologies available on the market. Along this line, in 2023 BIF has implemented a number of investments aimed at energy efficiency and tenant satisfaction. The most significant of these are briefly described below.

Continuing the improvements of recent years, in 2023 the Flórián Udvar has also undergone a number of energy efficiency and tenant satisfaction investments. The building management system, which is responsible for the smooth operation of the building, has been modernised and additional functions have been added to increase energy efficiency while the operation of the mechanical equipment has been further optimised. The building's cooling system has been modernised in several stages, replacing the obsolete industrial cooling units on the roof with the latest technology heat pump units, while the replacement of the fan-coil units with automatic programme control for cooling and heating in the office areas has also continued. Lighting upgrades throughout the car parking garage were successfully completed as well as, the roof insulation of the building was completely renewed.

In Vigadó Palace, the modernisation of the lighting in office spaces, canteens, kitchens, stairwells and common corridors was completed on a significantly large area. As a result of the investment, the energy demand of the lighting has been halved and the comfort of the workplaces has been improved thanks to the use of higher brightness and flicker-free luminaires. The replacement of the building's cooling equipment has made it possible to produce a significant part of the hot water needed for kitchens and washrooms from such energy that was previously lost as waste heat. A latest technology heat pump system has been installed to provide the hot water for the restaurant. This has allowed the gas boiler to be switched off at the end of the heating season, saving thousands of cubic metres of natural gas which, in addition to optimising costs, has also significantly reduced the carbon footprint of the building.

In 2024, the replacement of the heat pumps in Flórián Udvar will be completed, the individual metering and billing system of tenants' energy consumption will be fully renewed and the complete renovation of the elevators will begin. In Vigadó Palace, the lighting modernisation is nearing completion and the hot water production system will be extensively upgraded to optimise its efficiency. In BIF LOFT office building, the replacement of doors and windows will begin according to the plans, during which the most modern, three-layer heat-insulated plastic doors and windows will be installed. In addition to these, the system used to meter and settle the heating is expected to be renewed in the office building.

3. Supporting sustainable mobility

While developing and designing the real estate portfolio, one of the most important decision point for BIF is the location of the facilities, so BIF buildings have to be located close to public transport hubs and accessibility points. This may help to encourage tenants to reduce travel-related ecological footprint.

Being committed to support cycling and electric transport we established bicycle storage spots in our office buildings and developed electric car charging stations in 3 of our facilities.

To make it easier for BIF employees to get to the properties and move between the properties, in 2023 BIF has purchased electric scooters to enable employees to travel between the different destinations with lower emissions.

In 2024, BIF also plans to develop its own fleet of cars, with 2 electric cars and 1 electric van.



VII. Social and employment issues

1. Social and charitable activities

In addition to its business activities, BIF has an important mission to help people in disadvantaged situations as part of its Corporate Social Responsibility.

Hungarian Interchurch Aid

In recent years, the company has carried out charitable activities in cooperation with the Hungarian Interchurch Aid. In 2023, the Company provided a cash grant of HUF 8 million to the Hungarian Interchurch Aid to support the charity organisation's child development activities in Olaszliszka. The mission of the Olaszliszka's development house is to ensure that all children have the opportunity to develop their potential and to learn and develop in a cooperative, accepting and non-judgmental environment. The Organisation pays special attention to the selection of the team of experts, taking into account the situation and abilities of the approximately 60 children attending the development programs in Olaszliszka. These professionals help to ensure the quality of the children's development.

Tábitha Children's Hospice House

BIF also supported the annual operation of the Tábitha Children's Hospice House with HUF 8 million in 2023, an institution of the Hungarian Baptist Aid's in Törökbálint. The mission of Tábitha House is to provide free support to children and their families suffering from life-threatening or life-shortening illnesses in a dignified and loving environment. Tábitha House provides professional medical care and nursing care for children up to the age of 21.

According to the beneficiary organisation, the grant from the BIF has been used as follows:

Total aid:	8 000 000 forint
Salary costs for professionals	4 000 000 forint
Building overhead	2 000 000 forint
Purchase of durable food, hygiene products, medicine	2 000 000 forint

2. Customer satisfaction

In 2023, the customer satisfaction related improvements were focused on the development of the energy efficiency of the BIF facilities. We also worked on improving our services at Flórián Udvar. A functional gym has been designed, which will be available free of charge for the office building tenants. We have also conducted questionnaires to gauge tenants' satisfaction and expectations of the in-house restaurant and used the results to design our new restaurant service. In the first half of 2024, both a functional gym and a restaurant with healthy food will be available for the tenants.

To ensure the satisfaction of our customers using our parking garage, we have developed our parking services. BIF is aware that finding available parking spaces in the inner districts of Budapest is a challenge for car users. In order to facilitate better access to our parking spaces, BIF has signed a contract with PARKL, the parking system operator whose app helps to optimise the use of parking spaces.

3. Employee satisfaction

Budapesti Ingatlan Nyrt. has experienced dynamic growth in recent years, which is also shown in the increase in the number of employees. Reconciling the old and emerging new standards of BIF is therefore a challenge. To make the integration of the employees smoother, managers hold orientation and appraisal meetings with their subordinates to assess their past performance and discuss their future plans. In the future, the Company aims to strive for a more structured evaluation by developing a formal evaluation system that can facilitate employee management.

4. Employee programmes

Twice a year, Budapesti Ingatlan Nyrt. holds a company-wide team-building retreat. An important value of the retreat is the creation of a relaxed, informal atmosphere that helps build better employee relationships. At the end of major successful developments, BIF organises open celebrations for the whole company to reward employees for their dedication to the projects.

5. Provision of free parking

Free parking is available for BIF employees at any property owned by BIF, subject to availability. The employees working at the main office can use the garage in the Flórián Udvar for free of charge.

VIII. Future plans

Budapesti Ingatlan Nyrt. as a regulated real estate investment company does it utmost to ensure that the company's plans are implemented in the long term, with quality work. Their long-term goals include the continued reliable operation of already existing buildings and complexes under maintenance. And the new projects are aimed at the development and maintenance of iconic buildings that define the cityscape and skyline of Budapest.

1. Transparent communication

BIF is committed to providing a high level of service to its clients, which includes providing them the right information and communicating with them as partners. In 2024, BIF will complement its current preference for face-to-face communication with a written digital communication system that also focuses on two-way communication, allowing us to increase the frequency of communication and the range of people involved in communication.

2. Employee well-being

The well-being of employees is an important aspect of the operation and, therefore, the company will continue to monitor international trends, opportunities and needs that can be used to further develop corporate culture. In response to the needs assessed so far, BIF intends to improve the restaurant, which also serves the Company's head office, with a new healthier offering and more modern services to promote employee well-being. The remodelled restaurant will not only serve the employees and the tenants of the office building but can also encourage and satisfy the healthier eating habits of the residents of the area.

3. Flórián Udvar office building development

A functional gym will be added to the office building, which will be available free of charge to office tenants. Our restaurant with a terrace will also be renewed offering a wide range of healthy food options.

4. Energy efficiency improvements

Budapesti Ingatlan Nyrt. is considering the possibility of installing a solar system in Flórián Udvar as part of its plans for 2024. This would enable the office building to supply at least part of its own energy needs from renewable sources, independently of the energy supplier.

In 2024, the replacement of the heat pumps in Flórián Udvar will be completed, the tenant metering and billing system will be fully renewed, and the complete renovation of the elevators will begin. In Vigadó Palace, the lighting modernisation is nearing completion and the hot water production system will be extensively upgraded to optimise its efficiency. In BIF LOFT office building, the replacement of doors and windows will begin according to the plans, during which the most modern, three-layer heat-insulated plastic doors and windows will be installed. In addition to these, the system used to account for the heating is expected to be renewed in the office building.

5. Development of automobile fleet

In 2024, the BIF plans to develop its automobile fleet, which will lead to the purchase of 2 electric cars and 1 electric van.

6. ESG strategy

In 2023, the Company participated in the domestic ESG Pilot project announced by BSE, which provides ESG development opportunities for SMEs. Within this framework, the BIF has defined its strategic objectives focusing on ESG thematic areas, which it plans to review annually.

IX. Awards and acknowledgements

- For Budapesti Ingatlan Nyrt. the direction is clear: to develop, maintain and serve in a sustainable manner.
- Our first certification in 2022 was given to the 8,630 sqm "A" category office development of Major Udvar. The building has a landscaped courtyard, which is partially irrigated with collected and stored rainwater. Heat recovery systems help to improve energy efficiency and there are parking spaces with electric charging points. The property has been awarded a BREEAM 'Very Good' rating.



SD123 Cert. No. BREEAM-0096-1862

- As a demonstration of BIF's commitment, we plan to achieve BREEAM In-Use certification for our existing office buildings, and we aim to achieve BREEAM Excellent certification for the Major Park office development, which will be launched in 2024.



Annex

Table of indicators

In 2023, Budapesti Ingatlan Nyrt. has successfully applied for the Pilot ESG Consultancy call No. KMR-1.1.7-17-BÉT-6, and has concluded an aid agreement with BSE for all the activities included in the call. The activity included the assessment and due diligence of the list of indicators according to the BSE ESG methodology and the elements of the list that are necessary to achieve the level of evaluation indicated in the call for proposals.

In the course of the tender activity KMR-1.1.7-17- BÉT-6-008, Budapesti Ingatlan Nyrt. carried out a comprehensive analysis and measurement of the indicators included in the call for proposals in accordance with the BSE methodology, which is summarised in the tables below. In the calculation, the Company computed its consumption for the purposes of the environmental indicators by applying the share of own-use common areas (7%) derived from total consumption data.

In the call for proposals, Budapesti Ingatlan Nyrt. aimed to achieve the medium level of the BSE ESG due diligence methodology, for which the following 15 mandatory and optional indicators were examined:

Environmental (E)

- Total energy consumption
- Total renewable energy consumption
- GHG emission (Scope1)
- GHG emission (Scope2)
- *Total water consumption – optional*

Social (S)

- Staff fluctuation
- Percentage of female managers
- Average number of training hours
- *Remuneration policy – optional*
- *Customer satisfaction – optional*

Governance (G)

- Anti-corruption policy
- Responsible procurement policy
- Protection of whistleblowers
- *ESG officer in the organisation – optional*
- *ESG competence development – optional*

Company has also determined the data and information for 2023, which are included in the table below together with the 2022 data.



Indicator	Definition	2022	2023
Total energy consumption (Joule)	Total energy consumption within an organisation (purchased and/or self-produced) expressed in joules or its multiples, typically obtained by summing the consumption of (renewable and non-renewable) fuels and the (purchased and self-produced) categories of electricity, heating, cooling and steam, and subtracting the categories of electricity, heating, cooling and steam sold.	3 275 826 392 204	2 563 311 481 500
Total renewable energy consumption (Joule)	Total renewable energy consumption within an organisation (purchased and/or self-produced) expressed in joules or its multiples, typically obtained by summing renewable fuel use and (purchased and self-produced) categories of renewable electricity, heating, cooling and steam, and subtracting the renewable electricity, heating, cooling and steam categories sold.	2 050 936 776 000	
Scope 1 (tCO ₂ e)	The organisation's Scope 1 greenhouse gas emissions in tonnes of carbon-dioxide equivalent (tCO ₂ e), calculated for each relevant organisational and operational unit.	76.93	54.46
Scope 2 (tCO ₂ e)	The organisation's Scope 2 greenhouse gas emissions in tonnes of carbon-dioxide equivalent (tCO ₂ e), calculated for each relevant organisational and operational unit.	35.80	51.07
Staff fluctuation	Employee fluctuation rate, where fluctuation is the ratio of the number of employees leaving the undertaking during the reporting period to the total number of employees at the end of the reporting period.	34%	30%
Percentage of female managers	Percentage of people holding mid- and senior management positions in the organisation by gender, expressed as a percentage of women.	40%	38%
Average number of training hours	Average number of training hours attended by the employees of the organisation during the reporting period. The indicator is expressed as the number of training hours provided to the employees divided by the number of employees. A breakdown by gender or by department can be specified.	0.09	0.65
Anti-corruption policy	The organisation has an anti-corruption policy.	no	no
Responsible procurement policy	The organisation has a responsible procurement policy.	yes	yes
Protection of whistleblowers	The organisation has a policy and a process for reporting abuses becoming known in the work environment misconduct (illegal activities, abuses of rights, ethical violations) and the protection of whistleblowers.	no	yes
Total water use	The difference between total water abstraction and total water discharge.	1 890 280	1 777 580
Remuneration policy	The organisation has a remuneration policy that also supports the organisation's ESG objectives.	yes	yes
Customer satisfaction	The organisation has a customer satisfaction measurement process at least annually.	no	no
ESG officer in the organisation	The organisation has an employee and/or department responsible monitoring, managing, and making decisions about the organisation's ESG impact.	no	yes
ESG competence development	The organisation has taken measures to improve the ESG knowledge, skills, and experience of mid- and senior management.	yes	yes