

AB | SAGAX

Green Finance Investor Report

December 2020



Sagax Green Finance Framework

INTRODUCTION

Sagax is a listed property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industry segment. Sagax's business model is characterized in all areas by a long-term approach. Short-term gains are subordinate to the company's long-term value creation. Accordingly, sustainability work is integrated into the business model.

Sagax is focused on long-term value creation. The company's sustainability policy provides a framework for how the company operates concerning sustainability aspects. Sagax's efforts relating to sustainability, including the Sagax sustainability policy, are based on the UN Global Compact's ten principles as well as on applicable laws, regulations and internal policies.

GREEN FINANCE FRAMEWORK

In December 2019 Sagax established a Green Finance Framework in order to issue green senior unsecured bond and bank loans to finance green properties, projects and investments. The Green Finance Framework stipulates the use of proceeds, the process for project selection and evaluation as well as reporting. The document is available on Sagax's webpage (www.sagax.se/en/green-finance-framework).

GREEN FINANCE SECOND OPINION

Sagax has obtained an external third party opinion on the Green Finance Framework from the Centre for International Climate and Environmental Research (CICERO). The Green Finance Framework was awarded with a Medium Green Shading. The document is available on Sagax's webpage (www.sagax.se/en/green-finance-framework).

GREEN BONDS

In December 2019 Sagax issued a green senior unsecured bond loan of SEK 750 million in accordance with the Green Finance Framework. SEK 500 million was issued as a floating rate loan and SEK 250 million as a fixed rate loan. Both loans have a tenor of 3.5 years with a maturity on 16 June 2023.

The total net proceeds from these green senior unsecured bond loans have been allocated to the Green Portfolio of Eligible Assets.

Allocation and impact

Any proceeds of green financing raised under the Green Finance Framework can be used to finance or refinance existing assets, new assets and projects. The eligible assets and projects include

newly constructed properties, acquired properties, refurbished properties or existing properties as well as investments in energy efficiency and renewable energy.

GREEN PORTFOLIO

Property	Real estate type	Location	New or re-financing	Completed	Certification
Gjutmästaren 8	Warehouse	Stockholm	New financing	2020	Miljöbyggnad Silver
Valokaari 8	Light Industrial	HMA	New financing	2020	Breeam In-Use Very Good
Ruosilantie 16	Warehouse	HMA	New financing	2020	Breeam In-Use Very Good
Sanomatie 3	Industrial	HMA	New financing	2020	Breeam In-Use Very Good
Nimismiehenpelto 6	Warehouse	HMA	New financing	2020	Breeam In-Use Very Good
Trukkikuja 1	Warehouse	HMA	New financing	2020	Breeam In-Use Very Good
Virkatie 7	Light Industrial	HMA	New financing	2020	Breeam In-Use Very Good

Property/Project	Energy consumption absolute, kWh	Energy consumption intensity, kWh/sq.m.	Energy generated (kWh per year)/capacity installed (MW)	Other green benefits
Gjutmästaren 8	New property	n/a		None
Valokaari 8	1,727,000	139		None
Ruosilantie 16	1,615,500	76		None
Sanomatie 3	399,200	120		None
Donker Duyvisweg 301	800,000	70	700,000/ 832,000	Electric car charge stations
Nimismiehenpelto 6 ¹⁾	1,076,300	123		None
Trukkikuja 1 ¹⁾	441,580	79		None
Virkatie 7 ¹⁾	1,618,000	143		None

1) Currently encumbered property (bank loan)

Description of selected green assets and projects

GJUTMÄSTAREN 8, STOCKHOLM (SWEDEN)



Gjutmästaren 8 is located in Bromma (Stockholm). The land area is 25,000 sq.m. and the lettable area is 19,000 sq.m. The tenant is Dahl and its subsidiaries Optimera and Bevego that lease the property on a long lease agreement of 10 years. The property is mainly used for B2B trade counter activities

for the construction industry and serves as the head office for Dahl. Dahl, Optimera and Bevego have 2,400 employees and a turnover of SEK 13 billion. The group is owned by the French industrial group Saint-Gobain listed on Euronext in Paris. The property is certified as Miljöbyggnad Silver.

TRUKKIKUJA 1, HELSINKI (FINLAND)



Trukkikuja 1 is located in Vantaa (HMA). The land area is 22,000 sq.m. and the lettable area is 5,500 sq.m. The tenant Grundfos is the world's largest pump manufacturer and leases the property until 2025. The property is mainly used as a pro-

duction and warehouse facility and includes modern office space. Grundfos is privately owned, has 19,000 employees and a turnover of SEK 31 billion. The property is certified as BREEAM In-Use, Very Good.

DONKER DUYVISWEG 301, DORDRECHT (THE NETHERLANDS)



Donker Duyvisweg 301 is located in Dordrecht (Randstad region). The land area is 7,400 sq.m. and the lettable area is 11,400 sq.m. which comprises of 8,900 sq.m. warehouse and 2,500 sq.m. office space. The tenant Engie is a French multinational energy company operating in the production, maintenance and distribution of electricity and natural gas. Engie has 160,000 employees and a turnover of SEK 621 billion and

is listed on the Euronext in Paris and Brussels. In 2020, Sagax finalized a solar project including 2,600 solar panels. Prior to the installation of the solar panels, all roof covering was renewed to ensure optimal efficiency of the installation. The solar panels consist of 832.000 wp (Watt Peak) power installed. On average, the solar panels will generate a total of 700.000 kWh per year.

Assets and projects funded

The green portfolio includes certified properties, projects and green investments in accordance with the criteria for eligible assets in Sagax Green Finance Framework. The green portfolio

and the eligible assets are monitored on a regular basis to ensure that proceeds from the Green Finance Framework are allocated to eligible assets.

ELIGIBLE ASSETS AND PROJECTS FUNDED

As at 1 december 2020, Sagax had outstanding green bonds in the amount of SEK 750 million. The full amount of these bond proceeds is allocated to eligible, certified properties with an aggregate market value of SEK 1,511 million and green investments amounting to SEK 30 million. Consequently, Sagax's residual scope for additional green financing at the date of subject report amounts to SEK 791 million.

Property	Certification	Certification level	Market value/ Investment, SEK M	Allocation from Green bonds, SEK M
Gjutmästaren 8	Miljöbyggnad	Silver	557	557
Valokaari 8	Breeam In-Use	Very Good	174	174
Ruosilantie 16	Breeam In-Use	Very Good	348	11
Sanomatie 3	Breeam In-Use	Very Good	49	0
Nimismiehenpelto 6	Breeam In-Use	Very Good	25	0
Trukkikuja 1 ¹⁾	Breeam In-Use	Very Good	142	0
Virkatie 7 ¹⁾	Breeam In-Use	Very Good	208	0
Total			1,511	750

1) Currently encumbered property (bank loan)

GREEN ACCOUNT

Green account	Green investments, SEK M	Green financing, SEK M
Market value for eligible assets (certified properties)	1,511	Green finance instruments 750
Green investments	30	Potential scope for additional green financing 791
Total	1,541	Total 1,541