

AB | SAGAX

# Green Finance Investor Report 2021



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# Sagax Green Finance Framework

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## **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](http://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](http://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 tranches have a tenor of originally 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.

# Selection 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 selected assets and project for review

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

## SELECTED ASSETS AND PROJECTS<sup>1)</sup>

| 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 <sup>2)</sup> | New financing       | 2020      | Breeam In-Use Very Good     |
| Ruosilantie 16       | Warehouse        | HMA <sup>2)</sup> | New financing       | 2020      | Breeam In-Use Very Good     |
| Sanomatie 3          | Industrial       | HMA <sup>2)</sup> | New financing       | 2020      | Breeam In-Use Very Good     |
| Donker Duyvisweg 301 | Warehouse        | Randstad          | New financing       | 2020      | Investments in solar panels |
| Nimismiehenpelto 6   | Warehouse        | HMA <sup>2)</sup> | New financing       | 2020      | Breeam In-Use Very Good     |
| Trukkikuja 1         | Warehouse        | HMA <sup>2)</sup> | New financing       | 2020      | Breeam In-Use Very Good     |
| Virkatie 7           | Light Industrial | HMA <sup>2)</sup> | New financing       | 2020      | Breeam In-Use Very Good     |

| Property/Project                   | Energy consumption absolute, kWh | Energy consumption intensity, kWh/m <sup>2</sup> | Energy generated (kWh per year)/ capacity installed (Wp) | CO <sub>2</sub> emissions tCO <sub>2</sub> e/year | CO <sub>2</sub> intensity kgCO <sub>2</sub> e/m <sup>2</sup> , year | Other green benefits |
|------------------------------------|----------------------------------|--------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------------|----------------------|
| Gjutmästaren 8                     | 1 236 144                        | 65                                               | 0                                                        | 43,65                                             | 2,28                                                                | None                 |
| Valokaari 8                        | 2 585 180                        | 221                                              | 0                                                        | 186,72                                            | 15,93                                                               | None                 |
| Ruosilantie 16                     | 3 256 072                        | 86                                               | 0                                                        | 217,37                                            | 5,74                                                                | None                 |
| Sanomatie                          | 668 530                          | 201                                              | 0                                                        | 52,45                                             | 15,76                                                               | None                 |
| Donker Duyvisweg 301 <sup>3)</sup> | 800 000                          | 70                                               | 700000/832000                                            | 269,77                                            | 23,66                                                               | EV charging stations |
| Nimismiehenpelto 6 <sup>3)</sup>   | 1 887 718                        | 215                                              | 0                                                        | 133,00                                            | 15,17                                                               | None                 |
| Trukkikuja 1 <sup>3)</sup>         | 1 098 153                        | 197                                              | 0                                                        | 74,42                                             | 13,32                                                               | None                 |
| Virkatie 7 <sup>3)</sup>           | 2 158 816                        | 198                                              | 0                                                        | 133,20                                            | 12,22                                                               | None                 |

1) Quantitative impact indicators where feasible and relevant data is available

2) HMA = Helsinki Metropolitan Area

3) 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 production 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. 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 eligi-

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

## CERTIFIED ASSETS AND PROJECTS FUNDED

As of 31 December 2021, Sagax had certified properties in the amount of 3 514 SEK million and in addition 67 SEK million in green investments (i.e. renewable energy). Gjutmästaren 8 is certified as Miljöbyggnad Silver and is assumed to have or will fulfill energy usage at least 15 percent below applicable regulation (i.e. the building code BBR). Franklinweg 35 has an EPC label A and is thus assumed to fulfill the energy criteria. The energy usage in relation to applicable regulation for the Finnish properties in the list of eligible assets is under investigation.

As of 31 December 2021, 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 742 million and green investments amounting to SEK 8 million. The allocation of the proceeds from the Green bonds have been to the certified assets Gjutmästaren 8, Franklinweg 35 and for green investment at Donker Duyvisweg 301.

| Property             | Certification | Certification level | Market value/<br>Investment, SEK M | Allocation from<br>Green bonds, SEK M |
|----------------------|---------------|---------------------|------------------------------------|---------------------------------------|
| Gjutmästaren 8       | Miljöbyggnad  | Silver              | 702                                | 695                                   |
| Valokaari 8          | BREEAM In-Use | Very Good           | 190                                |                                       |
| Ruosilantie 16       | BREEAM In-Use | Very Good           | 445                                |                                       |
| Rousilantie 1        | BREEAM In-Use | Very Good           | 69                                 |                                       |
| Olarinluoma 8        | BREEAM In-Use | Very Good           | 154                                |                                       |
| Puusepäntäkatu 2     | BREEAM In-Use | Very Good           | 91                                 |                                       |
| Ruosilantie 14       | BREEAM In-Use | Very Good           | 190                                |                                       |
| Vihikari 10          | BREEAM In-Use | Very Good           | 144                                |                                       |
| Nimismiehenpelto 4-6 | BREEAM In-Use | Very Good           | 139                                |                                       |
| Ristipellontie 16    | BREEAM In-Use | Very Good           | 40                                 |                                       |
| Ruosilantie 18       | BREEAM In-Use | Very Good           | 124                                |                                       |
| Niittyvillankuja 2   | BREEAM In-Use | Very Good           | 166                                |                                       |
| Sanomatie 3          | BREEAM In-Use | Very Good           | 43                                 |                                       |
| Tikkurilantie 146    | BREEAM In-Use | Very Good           | 140                                |                                       |
| Tulkintie 29         | BREEAM In-Use | Very Good           | 218                                |                                       |
| Virkatie 7           | BREEAM In-Use | Very Good           | 209                                |                                       |
| Koskelontie 27       | BREEAM In-Use | Very Good           | 102                                |                                       |
| Trukkikuja 1         | BREEAM In-Use | Very Good           | 144                                |                                       |
| Rosersberg 11:105    | BREEAM In-Use | Very Good           | 152                                |                                       |
| Franklinweg 35       | BREEAM In-Use | Very Good           | 52                                 | 47                                    |
| <b>Total</b>         |               |                     | <b>3,514</b>                       | <b>742</b>                            |

| Property             | Category         | Project      | Market value/<br>Investment, SEK M | Allocation from<br>Green bonds, SEK M |
|----------------------|------------------|--------------|------------------------------------|---------------------------------------|
| Donker Duyvisweg 301 | Renewable energy | Solar panels | 9                                  | 8                                     |
| <b>Total</b>         |                  |              |                                    | <b>750</b>                            |

## GREEN ACCOUNT

| Green account                         | Green investments, SEK M | Green financing, SEK M                         |
|---------------------------------------|--------------------------|------------------------------------------------|
| Market value for certified properties | 3,514                    | Green finance instruments                      |
| Green investments                     | 67                       | Potential scope for additional green financing |
| <b>Total</b>                          | <b>3,581</b>             | <b>3,581</b>                                   |

# Auditor's Limited Assurance Report

To AB Sagax (publ), corporate identity number: 556520-0028

## INTRODUCTION

We have been engaged by AB Sagax (publ) to undertake a limited assurance engagement of selected information in AB Sagax's Green Finance Investor Report as of June 2022 ("the Reporting"), to corroborate that the proceeds from the issue of green bonds of SEK 750 million have been used in accordance with AB Sagax's Green Finance Framework.

The reporting criteria against which this information was assessed, are the relevant parts of the AB Sagax's Green Finance Framework available on Sagax website. The set criteria in the framework are to finance assets or projects in the category of Green building and energy efficiency or the category Renewable energy. For example, for assets to be eligible in accordance with category one; newly constructed properties, acquired properties, refurbished properties or existing properties, must either have or will fulfil the requirements of at least one of the following certificates systems; Miljöbyggnad silver, BREEAM Very Good, BREEAM In-Use Very Good, LEED Gold or the equivalent in another certification system.

Our assurance does not extend to any other information in the Reporting. We have not reviewed and do not provide any assurance over any individual project information reported, including where applicable estimates of impact.

## Responsibilities of the Executive Management for the Reporting

The Executive Management are responsible for use and management of proceeds, the preparation of the Green Finance Investor Report in accordance with the applicable criteria as well as evaluating and selecting eligible assets. This responsibility also includes the internal control relevant to the preparation of a Green Finance Investor Report that is free from material misstatements, whether due to fraud or error.

## Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Reporting based on the limited assurance procedures we have performed. Thus, our responsibility is to comment on the information stated in the Board of Directors' and CEO's statement in the investors report and the

use of the issued amount according to the categories of the framework based on our limited review.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance *engagements other than audits or reviews of historical financial information*. A limited assurance engagement consists of making inquiries, primarily to persons responsible for the preparation of the Report, applying analytical review procedures and other limited assurance procedures. The nature of the procedures performed in a limited assurance engagement vary and are less in scope than for a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of AB Sagax (publ) in accordance with the professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. Consequently, the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Executive Management as described above. We consider these criteria suitable for the preparation of the Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

## Conclusion

Based on the limited assurance procedures we have performed on the information stated on page 5 in the Reporting (AB Sagax's Green Finance Investor Report 2021), nothing has come to our attention that causes us to believe that AB Sagax has not, in all material respects, used the issued amount of SEK 750 million SEK to categories other than those specified by the framework.

Stockholm, 13 June 2022

Ernst & Young AB

Oskar Wall  
Authorized Public Accountant

Marianne Förander  
Sustainability Expert Member of FAR