

AB | SAGAX

Green Finance Investor Report 2022



PUBLISHED APRIL 2023

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/sustainability/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/sustainability/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 PROJECTS¹⁾

Property	Real estate type	Location	Completed	Certification
Gjutmästaren 8	Warehouse	Stockholm	2020	Miljöbyggnad Silver
Valokaari 8	Light Industrial	HMA ²⁾	2020	Breeam In-Use Very Good
Ruosilantie 16	Warehouse	HMA ²⁾	2020	Breeam In-Use Very Good
Sanomatie 3	Industrial	HMA ²⁾	2020	Breeam In-Use Very Good
Donker Duyvisweg 301	Warehouse	Randstad	2020	Investments in solar panels
Nimismiehenpelto 6	Warehouse	HMA ²⁾	2020	Breeam In-Use Very Good
Trukkikuja 1	Warehouse	HMA ²⁾	2020	Breeam In-Use Very Good
Virkatie 7	Light Industrial	HMA ²⁾	2020	Breeam In-Use Very Good

Property/Project	Energy consumption absolute, kWh	Energy consumption intensity, kWh/m ²	Energy generated (kWh per year)/ capacity installed (Wp)	CO ₂ emissions tCO ₂ e/year	CO ₂ intensity kgCO ₂ e/m ² , year	Other green benefits
Gjutmästaren 8	1,389,339	73	0	17	1	None
Valokaari 8	2,384,930	203	0	430	37	EV charging stations
Ruosilantie 16	2,869,720	76	0	520	14	None
Sanomatie 3	623,610	187	0	129	39	None
Donker Duyvisweg 301	255,226	22	732,680/832,000	364	32	EV charging stations
Nimismiehenpelto 6	1,667,740	190	0	310	35	None
Trukkikuja 1	1,169,509	209	0	210	38	None
Virkatie 7	2,208,840	203	0	345	32	EV charging stations

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 2022, Sagax had certified properties, which meets the criteria for certification level in accordance with the Green finance framework (e.g. Very Good, Silver), in the amount of 5,302 SEK million and in addition 31 SEK million in green investments (i.e. renewable energy). The energy usage in relation to applicable regulation for the properties in the list of eligible assets is under investigation

As of 31 December 2022, 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.

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.

Property	Certification	Certification level	New or re-financing	Allocation from Green bonds, SEK M
Gjutmästaren 8	Miljöbyggnad	Silver	New financing	695
Franklinweg 35	BREEAM In-Use	Very Good	New financing	47
Total				742

Property	Category	Project	New or re-financing	Allocation from Green bonds, SEK M
Donker Duyvisweg 301	Renewable energy	Solar panels	New financing	8
Total				750

GREEN ACCOUNT

Green account	Green investments, SEK M	Green financing, SEK M	
Market value for certified properties	5,302	Green finance instruments	750
Green investments	31	Potential scope for additional green financing	4,583
Total	5,333		5,333

Stockholm, April 2023

David Mindus
Chief Executive Officer

Björn Garat
Head of Finance

Andreas Widinghoff
Head of Sustainability

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 April 2023 ("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 (Revised) 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 ISQM 1 (International Standard on Quality Management) which requires the firm to design, implement and maintain a 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 2022), 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 to categories other than those specified by the framework.

Stockholm, April 26 2023

Ernst & Young AB

Jonas Svensson
Authorized Public Accountant

Marianne Förander
Sustainability Expert Member of FAR