

Acrinova AB (publ)
Green Finance Framework

November 2021

1. Introduction

a. About Acrinova

Acrinova AB (publ) (“**Acrinova**”, or the “**Company**”) is a property owner and manager of primarily commercial real estate active across the Öresund region. The Company was founded in 2014 with the aim of constructing, acquiring, and managing properties both internally and externally for clients. Since its inception, Acrinova has therefore, notably, been able to build-up significant in-house property management expertise.

Acrinova’s value-creation model rests on three pillars; acquisitions & disposals of assets, property and project developments and finally refurbishments. By having a strong local presence in the Öresund region but a broad value-creation strategy, Acrinova has been able to rapidly grow its portfolio to SEK 1.3 bn under self-management per Q3 2021.

Real estate segments represented in the portfolio include logistics & light industry, retail, residential and office which make up 43%, 20%, 17% and 13% of the portfolio by market value respectively per Q3 2021. The majority of the managed properties are cash-flow, making up 75% of market values, complemented by projects and value-add properties, which make up 14% and 11% of the portfolio, respectively. Tenants of the self-managed properties include municipalities such as Trelleborg and large corporates with strong brands such as Elgiganten, Max Hamburgers, Bygghemma and Rusta.

In March 2021, Acrinova published a new set of financial and operational targets approved by the Company’s board of directors. These included a target of SEK 4 bn of properties under self-management by the end of 2025, with SEK 1.5 bn by the end of 2021. Financially Acrinova targets an equity ratio of at least 30%, a gross loan-to-value (LTV) of at least 63% and an interest-coverage-ratio (ICR) of at least 2.0x. It is believed that these targets provide a robust platform for strong and sustainable growth going forward.

b. Environmental/climate change

Acrinova aims to contribute to a more sustainable future through a range of avenues as evaluated through the environmental, economic, and social perspectives described below. The Company’s sustainability work focuses on participating in society’s development by establishing the conditions for more sustainable

properties, reducing their environmental impact, and being an attractive employer.

Governance and reporting

Acrinova has a sustainability policy in place which is complemented by internal policy documents such as the corporate governance policy, personnel policy and information policy. Collectively, these documents work to ensure that the business is steered in a sustainable direction. The sustainability policy is available on Acrinova’s website and applies to all employees, providing guidelines in areas including energy efficiency, greenhouse gas emissions, as well as social and ethical aspects.

Acrinova’s operations linked to UN’s Sustainable Development goals

The UN’s 17 sustainability goals for achieving economic, social and environmental development are well linked to Acrinova’s sustainability perspective. Six global goals have been selected where the Company considers itself to have the greatest opportunity to contribute to through its operations:



Significant sustainability initiatives

ISO-certification: In December 2020, Acrinova received the ISO certification 14001:2015, which specifies the requirements for an environmental management system that in turn may be leveraged to enhance environmental performance. The standard may also be used by an organization seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability, in line with the way in which Acrinova intends to use the certification.

Green Buildings: All new projects undertaken by Acrinova are subject to its Zero-vision policy. This policy encompasses the full life cycle of a construction project

and includes requiring that environmentally friendly materials and transport methods are chosen, whilst working to actively minimise the overall climate impact of the project. Upon completion, projects are also to be certified at least *Miljöbyggnad Silver*, or achieve the equivalent standard. By requiring this certification, a standard considerably above current building requirements is achieved in terms of a sustainable indoor environment, sun protection, sound environment and ventilation. Ultimately, the Zero-vision ensures that new properties are built to be energy self-sufficient whilst relying only on renewable energy sources.

Zero-vision policy: As part of its Zero-vision policy, the Company has to date completed one property classified as climate neutral in terms of energy consumption. This means that the property only relies on renewable energy generated on-site through, for example, photovoltaic facilities and geothermal energy. A further two properties currently under construction are to be climate neutral upon completion. Expected completion is expected in 2022 and 2023, respectively. As part of the Zero-vision policy, all new leases signed are green and an environmental analysis is conducted of acquired or newly completed properties.

EU Taxonomy alignment

Acrinova has started to investigate what the EU Taxonomy would mean for the Company's activities. As of this Framework's composition, Acrinova lacks some of the data and methodologies required to perform a complete EU Taxonomy assessment.

However, Acrinova is of the opinion that that its activities contribute to the environmental objective – climate change mitigation. The technical screening criteria for economic activities, included in the Delegated for Climate Change Mitigation and Climate Change Adaptation, form the foundation on which this Framework may be further developed.

c. The Green Finance Framework

¹ Green Bond Principles published in June 2021 are Voluntary Process Guidelines for Issuing Green Bonds established by International Capital Markets Association (ICMA), <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf>.

² Green Loan Principles published in February 2021 are voluntary process guidelines for

The establishment of this Green Finance Framework (the "Framework") represents an avenue through which Acrinova can further its sustainability efforts and will play a key part in enabling it to have a positive environmental impact on society.

This Framework has been developed in alignment with the Green Bond Principles 2021 ("GBP")¹ and Green Loan Principles ("GLP")². Both of the aforementioned frameworks are applicable for issuance of green bonds, green loans and other types of debt instruments where net proceeds will be applied to finance or re-finance, in part or in full, new and/or existing Eligible Green Assets³ with clear environmental benefits. The Framework is also aligned with the four recommended components of the GBP; Use of Proceeds (Section 2), Process for Project/Asset Evaluation and Selection (Section 3), Management of Proceeds (Section 4) and Reporting (Section 5).

Furthermore, the Green Finance Framework is reviewed by an impartial firm, Cicero, which has provided a second opinion to confirm its alignment with the GBP and GLP.

The Framework and second opinion from Cicero are available on Acrinova's website.

2. Use of proceeds

An amount equivalent to the net proceeds from Acrinova's Green Finance Instruments shall be used to finance or re-finance, in part or in full, eligible projects and properties providing distinct environmental benefits ("Green Eligible Assets"). Acrinova will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Green Eligible Assets.

Eligible Green Projects

It should be noted that the real estate sector in the European Union (EU) the largest single energy consuming sector, accounting for approximately 36% of total carbon emissions and 40% of total energy usage.⁴

issuing green loans established by Loan Markets Association ("LMA"), <https://www.lsta.org/content/green-loan-principles/>

³ Defined in section 2

⁴ EU Taxonomy Report: technical Annex March 2020, https://ec.europa.eu/info/sites/info/files/business_economy_e

For this reason, providing financing for the development of green and efficient buildings may play a key role in the energy transition. The latter has, time and time again, been proven in reports released by the European Commission, including *Renovation Wave for Europe* and the EU Taxonomy.

Green and energy efficient buildings

All new construction, existing and acquired buildings that either have or with the objective to receive:

(i) New construction and existing buildings that either have, or with the objective to receive, an energy performance certificate (EPC) of class A or B

(ii) New construction and existing buildings that either have, or with the intention to receive, major well-known environmental certifications, such as:

- LEED “Silver” or better
- BREEAM “Very Good” or better
- BREEAM-In-Use “Very Good” or better
- Nordic Swan Ecolabel (Sw. “Svanen”)
- Miljöbyggnad “Silver” or better
- Green building
- Passive house (Sw. “Passivhus”)

Or any other well recognized certification scheme of similar level subject to approval from the GFC⁵. In addition, new construction and existing buildings within this category must also either, currently or upon completion, have an energy consumption of at least 20% below the current building regulation (Swedish BBR).

(iii) Major renovations resulting in reduced energy consumption of at least 30% compared to pre-renovation

(iv) New construction and existing buildings with an energy use per year 20% below the national building regulation, such as Boverket’s Building Regulations (“BBR”), applicable at time of construction.

Core UN SDG’s:



Energy efficiency

Energy retrofits such as heat pumps, converting to LED lighting, improvements in ventilation systems, extension of district heating and cooling systems, on-site solar panels, geothermal heating, sewer improvements etc.

Core UN SDG’s:



Green projects defined under ‘Green and energy efficient buildings’ are based on the following criteria; i) new buildings under construction are based on the estimated project value (subject for completion within 24 months), and ii) existing buildings are based on the market value reported in the balance sheet. Eligible Green Assets in “Energy efficiency” correspond to the relevant invested amount.

3. Project evaluation & selection

a. Further responsibilities of the GFC

The evaluation and selection process for Green Eligible Assets is a key process in ensuring that the proceeds from Green Finance Instruments are allocated to projects which meet the criteria in the Framework.

The selection of Green Eligible Assets is managed by a dedicated group, the Green Finance Committee (“GFC”). Members of the GFC consist of CEO, CFO and a representative from the Property Management team. Acrinova will assure that the sustainability expertise always relies within the GFC. All decisions are made in consensus, and that applies to the selection process of Green Eligible Assets as well.

A list of Green Eligible Assets is to be kept up to date by Acrinova and the CFO is responsible for keeping this list up to date.

⁵ GFC is defined in section 3a

b. Further responsibilities of the GFC

Acrinova will observe the development of the green finance market and will accordingly update the Framework to reflect any changes in future market practices. These may include the implementation of the EU Taxonomy, as well as potential updates to the GBP and GLP.

The list of Green Eligible Assets is monitored on a regular basis during the term of the Green Finance Instruments to ensure that the proceeds are sufficiently allocated to Green Eligible Assets. This is also a responsibility of the GFC.

c. Exclusion

The proceeds of the Acrinova's Green Finance Instruments will not be used to finance either fossil fuel energy generation, nuclear energy generation, the weapons and defence industries nor potentially environmentally negative resource extraction, gambling, or tobacco.

4. Management of proceeds

Net proceeds from Acrinova's Green Finance Instruments will be tracked using a spreadsheet where all amounts of Green Finance Instruments issued by the Group will be inserted. The spreadsheet will also contain the list of Green Eligible Assets mentioned in Section 2. Information available in the spreadsheet will in turn serve as basis for regular reporting described in Section 5 and will be verified by an external part as mentioned in Section 6.

All Green Finance Instruments issued by Acrinova will be managed on a portfolio level. This means that a Green Finance Instrument will not be linked directly to one (or more) pre-determined Green Eligible Assets. The Company will keep track and ensure there are satisfactory Green Eligible Assets in the portfolio. Projects can, whenever needed, be removed, or added to/from the Green Eligible Assets portfolio.

Any unallocated proceeds temporary held by Acrinova will be placed on the company's ordinary bank account or in the short-term money market. Should there be any unallocated proceeds, Acrinova strives to allocate them within one year.

⁶ For existing properties, reduced emissions will be defined as the differential to emissions from the previous year. For construction projects, the first full year of reporting after construction has been completed the baseline shall be the differential to BBR. Thereafter,

5. Reporting

To be fully transparent towards the investors and other stakeholders, Acrinova commits to regular reporting at least on an annual basis. The report will be published on the company's website. Acrinova commits to said reporting until no Green Finance Instruments are outstanding. The report will cover the following areas:

a. Allocation reporting

Allocation reporting for Green Finance Instruments will be published on the company's website on an annual basis.

- Total amount of Green Finance Instruments issued
- Share of proceeds used for financing/refinancing as well as share of proceeds for categories described in Section 2
- Share of unallocated proceeds (if any)

b. Impact reporting

Acrinova intends to report on quantitative impact indicators where reasonable and where relevant data is available for the two below main categories.

i. Green Buildings:

- Information on the energy consumption in kWh/m²/year
- Estimated annual greenhouse gas emissions reduced or avoided (tCO₂e)⁶
- Energy performance certificate class, if any
- Type of certification including level, if any (e.g. Miljöbyggnad Silver etc.)

ii. Energy efficiency:

- Amount of energy saved per m²
- Estimated annual greenhouse gas emissions reduced or avoided (tCO₂e)⁶

emissions shall be compared to the previous year. The same calculation method will be used for acquired properties where relevant data is missing.

6. External review

a. Second party opinion

To confirm the transparency and robustness of Acrinova's Green Finance Framework, it has been verified and approved by an external second opinion provider. The second opinion has been given by Cicero and is available on Acrinova's website, together with this Framework.

b. External part/verified

Allocation of proceeds will be subject for an annual review by an external part/verifier. A verification report provided by the external part will be published on the company's website.

