



INVESTOR REPORT – Green Bond Report
2021

BESQAB

Green Bond Report 2021

This is Besqab

Besqab AB is a residential development company operating on the housing markets in Stockholm County, Uppsala and parts of Central Sweden. The company's core business is developing and selling multi-family and single-family housing to consumers. In addition to the core business, the company also develops rental apartments, nursing homes and other public services for own ownership and management. Besqab AB is listed on Nasdaq Stockholm, Mid Cap.

Sustainability

For Besqab, sustainability is key both in a strategic business perspective and in attracting customers and employees in the long term. Strategically, Besqab works within four focus areas; Environment/climate; Healthy and sustainable lifestyle; Social sustainability; Economic sustainability. Within each one of these four focus areas, the company has identified how they relate, and contribute, to the UN Global Sustainable Development goals.

The construction and real estate sector contribute to a large part of the Green House Gas emissions worldwide. Besqab has therefore, committed to the goal of becoming fossil-free by 2045. This is part of an initiative the construction sector in Sweden has formed around the framework "Fossil-Free Sweden" that the Swedish government has established, with the intent to challenge companies to implement concrete measures to reduce greenhouse gas emissions.

As of today, Besqabs climate impact mainly comes from energy consumption, material consumption and transportation. Therefore, it's important to the company to constantly evaluate in what areas improvements can be made, and act towards it. For instance, Besqab verifies that sustainable materials are used in the production phase, and regularly explore the market for alternative materials and methods that can minimise the climate impact.

Certification according to Nordic Swan Ecolabel

One way to work towards the expectations and requirements to reduce the environmental and climate impact is by environmentally certify the projects. Besqab has therefore, adopted the ambition to certify all future projects according to the Nordic Swan Ecolabel. To certify a building according to Nordic Swan Ecolabel, the buildings must be included in a life cycle analysis. This is a method for measuring a product's total environmental impact, from raw material extraction to reuse or disposal of the product. As such, Besqab has a holistic approach to the construction process, the use of the building and the management of the building. Building materials and chemical products are inspected. For example, the wood material is made of certified wood, i.e. wood that originates from sustainable forestry. There are also strict requirements relating to the buildings' energy use, and the use of renewable energy and green innovations is encouraged. Building according to Nordic Swan Ecolabel will lead to low operating costs; the buildings have energy-efficient heating, good indoor air, and low water consumption. Further, the use of environmentally friendly materials is positive both for the environment and the human health.

EU Taxonomy alignment

Besqab has started to explore what the EU Taxonomy would mean for the Company's activities. At this stage Besqab is missing some data and methodologies to perform a complete EU Taxonomy assessment. Hence, the Company has focused on evaluating its activities substantial contribution to environmental objectives and compliance with technical screening criteria, where the information is available. The Company's preliminary assessment suggest that its activities contribute to the environmental objective Climate Change Mitigation.



Årsta Ljuva, Stockholm

Bond Issue 2021

In April 2021, Besqab published its Green Finance Framework. The framework was developed in accordance with the Green Bonds Principles and Green Loan Principles and provides the opportunity to issue Green Bonds to finance, or refinance, projects with clear environmental benefits.

During 2021 Besqab issued Green Bonds at two separate occasions, May and November, and as of December 31, 2021, Besqab AB had outstanding bonds amounting to SEK 800million issued in accordance with its Green Finance Framework. The Green Bonds are listed on Nasdaq Stockholm Sustainable Bonds List.

Impact Assessment

This is Besqab's first impact assessment, covering impact of the initial year of operation under our Green Financing framework.

During 2021 Besqab started production in ten new projects with 802 living units, of which eight projects with 592 living units fulfill the green financing criteria being ecolabelled according to the Nordic Swan ecolabel. Three projects with 210 living units were completed during 2021, of which one project with 69 living units fulfill the green financing criteria being ecolabelled according to the Nordic Swan ecolabel. In addition, Besqab's building rights portfolio includes a number of projects in various stages that are undergoing development to be constructed as green buildings.

As of December 2021, the total allocated proceeds within the Green Financing framework amounted to SEK 800 million and was used to finance green and energy efficient buildings. The qualified properties and projects include existing properties, ongoing production, and development projects, including land.

The projects forming basis for investment will annually avoid 1 366 MWh of energy use, and thus 122 metric tonnes of carbon dioxide equivalents of greenhouse gas emissions, compared to the corresponding national building regulation for new construction (BBR).

In addition to that the completed nursing home Juliahemmet has from September 2021 to May 2022 generated just over 12 MWh of locally produced renewable energy from installed solar cells. Solar cells will also be installed in the Årsta Ljuva project, which is in production, and will preliminarily generate 16 MWh on an annual basis.

Green and energy efficient buildings forming basis for investment, with an eligible investment of and total allocated amount of SEK 800 million

Project	Municipality	No. of housing units	Status	Green building certification ¹
Juliahemmet	Uppsala	69	Completed	Nordic Swan Ecolabel
Arboristen	Uppsala	90	Ongoing production	Nordic Swan Ecolabel
Solna Estad	Solna	62	Ongoing production	Nordic Swan Ecolabel
Årsta Ljuva	Stockholm	70	Ongoing production	Nordic Swan Ecolabel
Syrenbersån	Uppsala	137	Ongoing production	Nordic Swan Ecolabel
Solna Parad	Solna	128	Planned	Nordic Swan Ecolabel
Solna Aveny	Solna	128	Planned	Nordic Swan Ecolabel
Solna Allé	Solna	62	Planned	Nordic Swan Ecolabel
Fullerö Berså	Uppsala	40	Planned	Nordic Swan Ecolabel

¹Qualified projects with statuses "Ongoing production" and "Planned" are undergoing the process of being certified according to the Nordic Swan Ecolabel. Final approval and receipt of the Nordic Swan Ecolabel certificate takes place only after the building has been completed.

Example of financed projects



EXISTING MANAGEMENT PROPERTY

Juliahemmet

In the green and peaceful region Ultuna Trädgårdsstad, Uppsala, Besqab has developed a nursing home with a beautiful garden and community areas. The project is the first of Besqab's development projects that has been awarded with the Nordic Swan Ecolabel certification.



DEVELOPMENT PROPERTY IN PRODUCTION

Solna Centrum

As part of Solna Centrum's transformation, and the reconstruction of Solnavägen to a city street, Besqab is developing new residential areas with a total of 380 apartments in varying sizes. The area is easily accessible by metro, bus and light rail and is in near vicinity to Solna Centrum and Mall of Scandinavia.



PLANNED DEVELOPMENT PROPERTY

Fullerö Berså

In scenic Fullerö Hage just north of Uppsala, Besqab is developing about 80 terraced houses spread over two blocks where project Fullerö Berså is first out. The neighborhood has a varied population and there is a preschool around the corner. There are good commuting opportunities with buses and trains, as well as a cycle route to the city.

Auditor's Limited Assurance Report on Besqab's Investor Report – Green Bonds

This is a translation of the original auditor's report in Swedish.

To the Board of Directors of Besqab AB, corporate identity number: 556693-8881

Introduction

We have been engaged by the Board of Directors of Besqab to undertake a limited assurance engagement of stated reported information in the Board of Directors and Executive Managements "Investor Report – Green Bond Report 2021" ("the Report"), to corroborate that the proceeds from the issue of green bonds of SEK 800 million have been used in accordance with the criteria in Besqab's Framework for green bonds ("the Framework").

The applicable criteria in the framework are to finance new and existing green buildings, investments in infrastructure for sustainable transport, energy efficiency, renewable energy, investments to adapt to climate change and investments that preserve, restore, or manage living natural resources in a sustainable way.

Responsibilities of the Board of Directors and Executive Management

The Board of Directors and Executive Management are responsible for ensuring that the conditions that form the basis for the sustainable bond are fulfilled in accordance with the requirements of the framework, that they have been used in the intended manner and within the activities specified in the framework that shows the type of project and buildings that can be financed. The Board of Directors and Executive Management are responsible for preparing and issuing the Report.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the stated reported information in the Board of Directors and Executive Managements Investor Report and the use of the issued amount according to the framework's categories, based on the limited assurance procedures we have performed.

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 of persons responsible for the preparation of the Report and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, 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 Besqab in accordance with 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 stated reported information in the Board of Directors and the Executive Managements "Investor Report – Green Bond Report 2021, nothing has come to our attention that causes us to believe that Besqab has not, in all material respects, used the issued amount to categories other than those specified by the framework.

Stockholm, 3 June 2022

Ernst & Young AB

Fredric Hävrén
Authorised Public Accountant

Marianne Förander
Expert member of FAR