



J. SAFRA SARASIN
— ASSET MANAGEMENT —



Sarasin Sustainable Properties European Cities

Sustainability Strategy

Sustainable Investments
Real Estate Research
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Sarasin Sustainable Properties – European Cities

Sustainability Strategy

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1. Sustainability strategy

The sustainability strategy focuses in properties located in metropolitan cities according to a combination of sustainable and financial selection criteria. The focus lies on Core and Core-Plus properties. Core properties are high-quality properties based in established locations with long-term rental agreements held by tenants with good credit ratings. Core-Plus properties additionally consider locations with development potential as well as shorter-dated rental agreements.

Bank J. Safra Sarasin's sustainability analysis leads to a better understanding of real estate investment as it allows a clearer illustration of the interdependence between economic, social and environmental criteria. Three topics are assigned to each of the three sustainability dimensions of society, economy and environment. These topics are in turn subdivided into different criteria. The dimensions, topics and criteria are included in the evaluation and are equally weighted. Comparable and measurable indicators are underpinned by the criteria. This holistic evaluation ensures that sustainability is an integral component throughout the entire life cycle of the properties.



Source: Bank J. Safra Sarasin, Research 2020

The three dimensions of society, economy and environment are part of one system and cannot be considered separately. They influence and condition each other: some of the life cycle costs are determined by the energy consumption of a building. These costs partially determine the tenants' utilities costs which, in turn, determine rent and lettable. All of the applied criteria reflect a «best-practice» approach to sustainable construction and help to mitigate future risks. A points system is embedded in the assessment structure and assigns scores of 1 to 5. The sustainability of each property is reviewed annually and sustainability measures are

devised if necessary. The sustainability analysis is aligned to ten of the 17 sustainability goals of the «2030 Agenda». The energy consumption of the real estate portfolio should be 20% below the regional average. The energy consumption of the properties in the portfolio must therefore be monitored and optimised. This is done with an Energy Monitoring System (EMS).

Objectives:

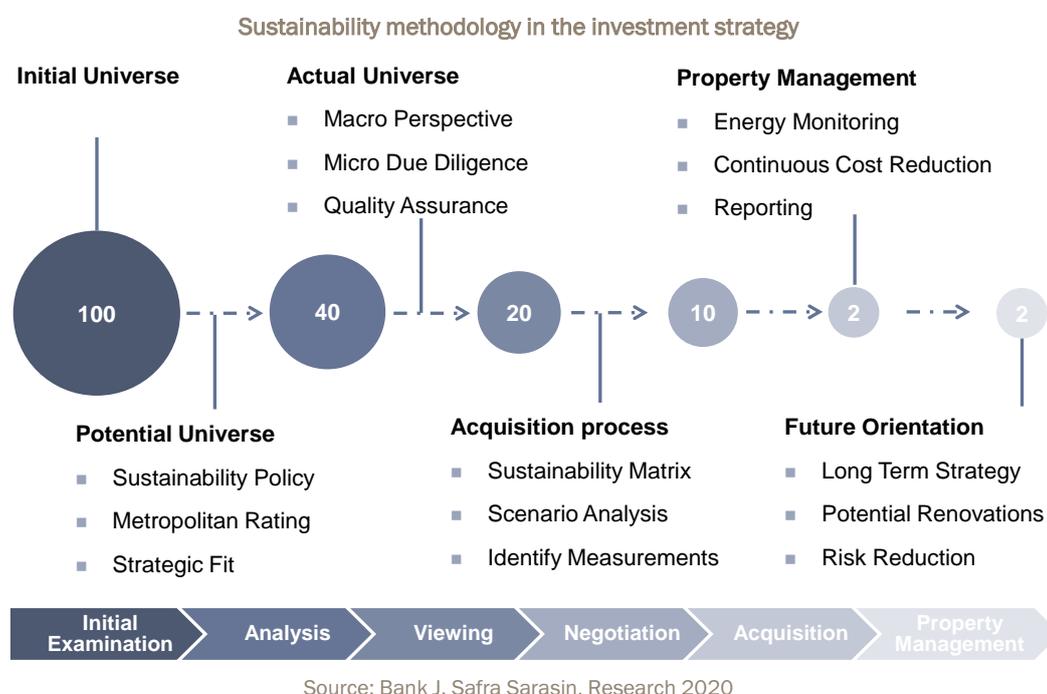
- Keep carbon footprint 20% below the regional average
- Have an average energy rating for existing buildings of status B
- Provide reporting for Environmental Management System (EMS)
- Alignment with the Sustainable Development Goals (SDGs)
- 100% share of renewable energy
- Switch to renewable electricity at all properties
- Switch to renewable heating at all properties
- Install PV-systems for development projects

2. Sustainable Development Goals

Bank J. Safra Sarasin's comprehensive sustainability analysis for real estate focuses on ten of the 17 goals of the United Nations' «2030 Agenda for Sustainable Development». The «2030 Agenda» is the international reference framework on how to contribute towards solutions to global challenges. The 17 goals cover social, economic and environmental aspects. With regard to the urgent challenge of climate change, the reference framework helps to coordinate, transparently communicate and report on sustainability efforts. In order to contribute to implementing the goals, we manage our properties efficiently and monitor their environmental footprint with a view to continuous reduction.

3. Investment process

Sustainability is an integral part of every single stage in the investment process. The aim is to deliver sustainable performance and added value. For acquisitions of existing properties, detailed due diligence is carried out based on a comprehensive approach. The sustainability analysis consists of a quantitative evaluation and a qualitative analysis. The qualitative evaluation (on a verbal basis) takes the individual character of the building and its surroundings into account. In the case of new construction projects and renovations, systematic measures to improve sustainability are devised.



From a top-down perspective the sustainability analysis focuses on the following elements:

- Macro location, international connectivity & perspective
- Micro location, regional connectivity, social aspects
- Property level quality & comfort
- Building future orientation & multitenant perspective
- Operational costs & future tradability
- Energy consumption & CO2 output
- Green elements and surrounding nature

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