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Brunswick and Holmströmgruppen constitute social covenants for a MSEK 600 loan

Brunswick Real Estate Capital ("Brunswick") and the property owner Klippudden Fastigheter AB ("Klippudden"), a subsidiary to Holmströmgruppen, has jointly developed a green and social business plan. The business plan is developed based on local conditions and opportunities, including a structured model for tenant dialogues to achieve social improvement. Brunswick has, as the first private debt fund, included social improvement targets as a part of the loan terms. The loan is backed by a portfolio of 28 properties in the Kalmar-region.

During the last 30 years, the social gap in Sweden has increased with higher level of crimes and violence, in combination with lower educational level in exposed areas. Property owners have the ability to make an impact on the social progress in a local community. Social improvements are complex to measure but it is based on regional conditions requiring a long time perspective and an ability to follow-up the results.

Environmental commitments are a common parameter for real estate financing, so also in Brunswick's green framework. Brunswick has developed a model for lending to investments with socially linked covenants to measure progress and avoid social, and by extension financial, risk. The potential to issue loans with a 10-year duration creates conditions for driving positive development, in a way that few other lenders have the opportunity to.

“Our goal is to influence borrowers to a positive development both in terms of environment and social issues. In addition to the effect it has on society, it also affects the underlying financial property values in the long run. The completed restructuring of the loan, together with Holmströmgruppen, has clear activities and evaluation methods, it is not only a milestone for us but for the entire finance and real estate industry,” says Pontus Sundin, CEO of Brunswick Real Estate Capital.

Klippudden has agreed to a social business plan for the property portfolio, including security measures and improvements to community and sports areas to contribute to increased health, security and self-image. Furthermore, short-term housing for vulnerable women with children is being developed in collaboration with the "Her House" foundation. Recurring housing dialogues are part of the process and the results will be measured annually, including through adapted tenant surveys. The loan's business plan also includes environmental improvement measures, such as energy efficiency.

“Together with Brunswick, we have set a framework for allocating capital to sustainable solutions. This has resulted in sustainable activities that will be implemented with a focus on social responsibility as well as the environment and climate. We use digital solutions to measure and control the indoor climate as well as map and assess physical climate risks. As part of our security investment, we have now chosen to certify the properties with a so-called “Security Certification”,” says Marija Nikolic Property and Sustainability Manager at Holmströmgruppen.

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About Brunswick Real Estate's senior debt property funds

Brunswick Real Estate Capital Advisory AB ("Brunswick Real Estate Capital") is an investment adviser to Brunswick Real Estate Capital, FCP-SIF (the "Fund" or "Brunswick Real Estate Capital III"), an alternative investment fund with multiple compartments/Sub-funds governed by the laws of the Grand Duchy of Luxembourg which has obtained the authorization of the Luxembourg Supervisory Commission of the Financial



Sector. Crestbridge Management Company S.A. is appointed as an external alternative investment fund manager to the Fund.

About Brunswick Real Estate

Brunswick Real Estate is one of the Nordic region's leading investors in the Nordic real estate market, with an offering including investment management through real estate investment and debt financing. The group has repeatedly been awarded best in class within its areas by Preqin and Euromoney. The team comprises about 60 people in Stockholm, Helsinki and Copenhagen. www.brunswickrealestate.com.