

Green Bond Report

2021

Table of Contents

- 1. **Green Bond Report**..... 2
- 2. **Sustainability at Magnolia Bostad**4
- 3. **Green Bonds at Magnolia Bostad**.....5
 - Use of proceeds.....6
 - Environmental certification.....7
 - Assets and projects eligible for funding8
 - Allocation of funds per 210930.....10
 - Links10
- 4. **Reference projects**..... 11

1.

Green Bond Report

Reallocation of capital is vital for sustainable transition. As part of Magnolia Bostad's sustainable societal development and green financing strategy Magnolia Bostad has issued green bonds. By issuing Green Bonds, Magnolia Bostad has the opportunity to promote and support the longterm development of sustainable solutions through financing sustainable housing and buildings. In line with the UN Sustainable Development Goals (the SDGs), Magnolia Bostad Green Bonds will promote the following goals: UN Sustainable Development Goal 11: Sustainable cities and communities and Goal: 13 Climate action. Magnolia Bostad's auditor, EY, has made a limited assurance as to the allocation of proceeds in the Green Bond Report.



2.

Sustainability at Magnolia Bostad

The construction and real estate sector are vital in the climate transition to meet the Paris Agreement target. The construction and operation of buildings contribute around 20 % of the Green House Gas (GHG) emissions and 40 % of the worldwide GHG emissions. Therefore, it is paramount for Magnolia Bostad to actively minimise the negative climate impact that our operations cause and contribute to reduced emissions and negative impact from this sector overall. Magnolia Bostad paves the way for all buildings to be certified by at minimum means of Swedish Green Building Council's silver certification (Miljöbyggnad Silver) and/or the Nordic Swan Ecolabel or similar. Magnolia Bostad is a member of Sweden Green Building Council (SGBC). The company engage with researchers and other companies in the industry and beyond for climate mitigation, adaptation and roadmap ahead.

Magnolia Bostad is one of the initiators of HS30 and a member of LFM30 to enable operational action aligned with local roadmaps for UN Sustainable Development Goals and a climate neutral building and construction industry 2030.

Magnolia Bostad is annually reporting its sustainability performance and strategy for the operations, business and community engagement.

The sustainability report includes the reporting standards of Global Reporting Initiative (GRI). On a regular basis Magnolia Bostad update its materiality assessment to calibrate stakeholder priorities and significant impact. The result of the materiality assessment is the foundation of selection of the UN Sustainable Development Goals and strategic direction as well as material ESG integration in processes and governance.

Together with the code of conduct, the environmental policy is part of all the larger supplier agreements. Magnolia Bostad actively lowers the negative environmental impact of the company's suppliers by expressing demands regarding energy waste management, transportation as well as circularity and re-cycling of materials.

To ensure sustainability integration in projects Magnolia Bostad uses its Life Cycle Analysis (LCA). The UN Sustainable Development Goals are embedded within the LCA and its used to monitor impact, make convenient choices of material and energy as well as integrating other material sustainability issues consistently.

3.

Green Bonds at Magnolia Bostad

Magnolia Bostad has issued two outstanding green bonds to enable allocation of capital to sustainable solutions. The first green bond was issued during the autumn of 2020 and the second green bond was issued in the spring of 2021. Magnolia Bostad's green bonds have been developed in accordance with ICMA's Green Bond Principles (GBP, 2018) as well as Magnolia Bostad's Green Bond Framework.



3.1

Use of Proceeds

Proceeds will finance eligible assets and projects as per the 3.1 section of the Green Bond Framework. In particular, UN Sustainable Development Goal 11: Sustainable cities and communities and 13: Climate action will be targeted with these projects.

Magnolia Bostad has established a Green Bond Committee which oversees that only assets and projects eligible as per section 3.1 of the Green Bond Framework are funded by proceeds from any Green Bond. The Green Bond Committee consists of the CFO, the Head of Sustainability as well as the Head of Legal. Each member of the committee has the right to veto against any asset or project. The committee meets on a regular basis and notes of which projects and assets they deem as eligible per this framework will be saved. EY has conducted a limited assurance as to the allocation of proceeds in the Green Bond Report.



3.2

Environmental certification

Magnolia Bostad develops resource effective buildings using materials that minimise the building's negative environmental impact. Aligned with our commitments in HS30 and LFM30 we embed sustainability and climate goals to permeate our requirements and processes. The company strives to create conditions for preparing all residences to be certified according to Sweden Green Building Council (Miljöbyggnad Silver) and/or the Nordic Swan Ecolabel at minimum.

The company minimises the risk of buildings not qualifying for certification by means of ongoing supplier dialogue. Magnolia Bostad also employs the services of consultants specialising in environmental certification at two different phases, the design phase and the production phase. By performing audits at an early stage, Magnolia Bostad minimises the risk of any building not reaching the demands for certifications. Once a year Magnolia Bostad let an independent auditor perform a full Sustainability Due Diligence of a turnkey contract.



3.3

Assets and project eligible for funding

The four asset and project types eligible for funding by means of the Green Bond proceeds fall under the category of Green Buildings. Should a project or asset at any given time no longer be deemed as eligible as per the above stated criteria, it will be replaced:

(i), proceeds may be used to fund the projects in Magnolia Bostad's portfolio of planned projects ("exploateringsportfölj"), which are planned to at least reach the environmental standard of either Swedish Green Building Council's silver certification (or higher) or Nordic Swan Ecolabel.

(ii), proceeds may be used to fund the part cost of any joint venture covered by Magnolia Bostad, in the cases where ownership is at least half of the venture to ensure that Magnolia Bostad's high environmental standard is enforced.

(iii), proceeds may be used to fund customer receivables in projects of Magnolia Bostad's which obtain at least an environmental certification of Swedish Green Building Council's silver certification (or higher) or Nordic Swan Ecolabel before the new owner is moving in.

(iv), proceeds may be used to fund Magnolia Bostad's portfolio of planned projects constructed mainly in wood and to be certified as Swedish Green Building Council's silver certification (or higher), or to fund customer receivables in project constructed in wood before the new owner takes possession of the building. The verification of the certification is done after two years and is made by the new owner of the project.

Project overview

Allocation of the outstanding green bonds

B = Residentials

SHF = Community property (i.e. schools, nursing homes, day care)

H = Hotel

| Property | Area | Asset category | Type of property | Revision 1 | Revision 2 | Certification | Completed | JV Partner |
|--|----------------|----------------|------------------|-------------|-------------|---------------------|-------------------|------------|
| (i) Projects in Magnolia Bostad's portfolio of planned projects ("exploateringsportfölj"), which are planned to at least reach the environmental standard of either Swedish Green Building Council's silver certification (or higher) or Nordic Swan Ecolabel. | | | | | | | | |
| Norra Kajen, kv. 7 & 8 | Sundsvall | (i) | B | Planned | Planned | Miljöbyggnad Silver | Under development | |
| Åkermynatan 4, 10, 13, 14 & 18. | Borås | (i) | B, SHF | Planned | Planned | Miljöbyggnad Silver | Under development | |
| Uppsala Kungsängen 29.2 | Uppsala | (i) | B | Planned | Planned | Miljöbyggnad Silver | Under development | |
| Grimsta 5:2 | Upplands Väsby | (i) | B, SHF, H | Planned | Planned | Miljöbyggnad Silver | Under development | |
| Kv. Valhall, Citygross | Hyllie | (i) | B | Implemented | Implemented | Miljöbyggnad Silver | Under development | |
| Telegrafan 18 | Nynäshamn | (i) | B | Planned | Planned | Miljöbyggnad Silver | Under development | |
| Telegrafan GA:2 | Nynäshamn | (i) | B | Planned | Planned | Miljöbyggnad Silver | Under development | |
| Haninge Söderbymalm 3:541, 3:542 | Haninge | (i) | B | Implemented | Ongoing | Miljöbyggnad Silver | Under development | |
| Filborna 28:4, 28:5 | Helsingborg | (i) | B, SHF | Planned | Planned | Miljöbyggnad Silver | Under development | |
| Kungsladugård 14:10 m.fl. | Göteborg | (i) | B | Planned | Planned | Miljöbyggnad Silver | Under development | |
| Strängnäs Marielund 2:1 | Strängnäs | (i) | B | Planned | Planned | Miljöbyggnad Silver | Under development | |
| (ii) Funding of the part cost of any joint venture covered by Magnolia Bostad, in the cases where ownership is at least half of the venture to ensure that Magnolia Bostad's high environmental standard is enforced. | | | | | | | | |
| Stinsen 2 | Sollentuna | (ii) | B, SHF | Planned | Planned | Miljöbyggnad Silver | Under development | Alecta |
| Ångby 1:135 | Knivsta | (ii) | B | Implemented | Planned | Miljöbyggnad Silver | Under development | Heimstaden |
| Näs 7:1, 7:3, 7:5 | Österåker | (ii) | B, SHF | Planned | Planned | Miljöbyggnad Silver | Under development | Heimstaden |
| Brogård 1:179 m.fl | Tegelhagen | (ii) | B | Implemented | Planned | Miljöbyggnad Silver | Under development | Heimstaden |
| Botvidsgymnasiet 9, Hallunda 4:34 | Botkyrka | (ii) | B, SHF | Planned | Planned | Miljöbyggnad Silver | Under development | Slättö |
| Orminge 60:3 & 46:6 | Orminge | (ii) | B | Planned | Planned | Miljöbyggnad Silver | Under development | SBB |
| Gambrinus 2 & 4 | Huddinge | (ii) | B | Planned | Planned | Miljöbyggnad Silver | Under development | SBB |
| Sollentuna Norrsåtra 1:13 & 14 | Sollentuna | (ii) | B | Ongoing | Planned | Miljöbyggnad Silver | Under development | SBB |
| Bilkårsten 1 | Helsingborg | (ii) | B | Planned | Planned | Miljöbyggnad Silver | Under development | SBB |
| Järven 4 | Norrköping | (ii) | B | Planned | Planned | Miljöbyggnad Silver | Under development | SBB |
| Kaffebyggaren 3 & 5 | Nykvarn | (ii) | B | Planned | Planned | Miljöbyggnad Silver | Under development | SBB |

Total volume of the outstanding green bonds: 1 050 000 TSEK

Magnolia Bostad's auditor, EY, has made limited assurance as to the allocation of proceeds

3.4

Allocation of funds per 210930

Our Green Bonds

| Name | ISIN | CCY | Coupon | Exp. | Amount |
|------------|--------------|-----|--------|------------|----------|
| MAGNOLIA04 | SE0014956454 | SEK | 7.500 | 2024-04-02 | 550 MSEK |
| MAGNOLIA05 | SE0015659636 | SEK | 6.900 | 2025-03-18 | 500 MSEK |

| | |
|--|------------|
| Total volume of outstanding Green Bonds: | 1 050 MSEK |
| Balance in green account: | 0 |

Total fair value of green pool: 3 065 319 TSEK
Remaining available capacity for Green Bonds: 2 015 319 TSEK

The total fair value of green investments within the green pool and available for Green Bonds are calculated by Magnolia Bostad AB

4.

Links

Framework for Green Bonds
Cicero Green Bond Second Opinion
Annual and Sustainability Report 2020
More about Green Bonds including Terms & Conditions

4.1

Reference projects

| | |
|------------------|---|
| Project: | Näckrosen |
| Area: | Väsjön, Sollentuna |
| Category: | Rental accommodation |
| Number of units: | 206 |
| Architect: | Magnolia Bostad |
| Occupancy: | 2023 |
| Certification/ | |
| Planned: | Swedish Green building Council's silver certification |



A completely new district is emerging in Väsjön. The municipality's vision for the area is to create a small-scale, varied and naturerich urban environment. To facilitate the work-life balance, there will be schools, nursery schools, shops, and all regular services.

The location close to the countryside between the Törn-skogen and Rösjöskogen nature reserves provides unique conditions for an active day-to-day life. Orienteering, walking, cycling, playing tennis, or simply putting your skis on and whizzing down the slopes in Väsjöbacken. Within walking distance are lakes Fjäturen, Snuggan and Rösjön, which are largely undisturbed nature. The fourth lake - Väsjön - will be the heart of the area with squares, park pathways and a wonderful beach promenade.

Näckrosen is located along Frestavägen, which is being developed into a lively city street. The district acts as a link between the small-scale urban environment and the varied residential buildings next door.



| | |
|-----------------------------|---|
| Project: | Norrskén |
| Area: | Central Östersund |
| Category: | Residential care homes |
| Number of units: | 80 |
| Care provider: | Östersund municipality |
| Architect: | SR-K |
| Certification/ Planned : | Swedish Green building Council's silver certification |

Magnolia Bostad is developing special accommodation for the elderly along Bangårdsgatan in central Östersund, called Norrskén. The project is expected to be ready for occupancy in 2022 and consists of 80 apartments of 32 m2 with fantastic views over Storsjön and Frösön.

The building will be built drawing inspiration from the area's Sami history with a facade consisting of wood panels in maintenance-free heat-treated pine creating a graphical representation of Storsjön and its mountains in the background.

"It's a fantastic building that meets the municipality's functional requirements," says Lise Hjemgaard Svensson, chair of the municipality's care and welfare committee. "We believe that it will be a pleasant and enjoyable environment, inside and outside, for those who live here, work here and visit."

Norrskén is being built drawing inspiration from Östersund's Sami history. A graphical representation is displayed in the facade depicting Storsjön and the mountains.



Project: Linnefabriken
 Area: Majorna, Göteborg
 Category: Tenant-owned apartments
 Number of units: 118
 Occupancy: Spring/summer 2024
 Architects: Magnolia Arkitekter
 Certification/Planned: Swedish Green building Council's silver certification



Fixfabriken's renowned neon sign has illuminated Bruksgatan in Majorna since 1950. Now the district is being transformed into a creative residential area. The TOA Linnefabriken brick tower blocks are being built here with everything from space-smart studio flats to family-friendly 3-bedroom apartments and unique penthouses.

Linnefabriken has a clear, open location with wonderful views of the main square or the green spaces of Sanna Park. At the top of the blocks, we have designed unique penthouse apartments with high ceilings and charming skylights.

The brick buildings of Linnefabriken have been inspired by the area's industrial history. We have chosen a dark brown, elegant brick with a lustre that gives life to the facade. The architecture is varied with buildings of different heights, wonderful details and beautiful views of the park and the square next door.



Auditor's Limited Assurance Report

To Magnolia Bostad AB (publ), corporate identity number: 556797-7078

Introduction

We have been engaged by Magnolia Bostad AB (publ) to undertake a limited assurance engagement of selected information in Magnolia Bostad Green Bond Report as of September 30th 2021 ("the Reporting"), to corroborate that the proceeds from the issue of green bonds of SEK 1,050 million have been used in accordance with Magnolia Bostad AB's green bonds framework.

The reporting criteria against which this information was assessed, are the relevant parts of the Magnolia Bostad Green Bond Framework available on Magnolia Bostads website. The set criteria in the framework are to finance assets or projects in the category of green buildings. For example, the projects must at least reach, or alternatively plan to at least reach, the environmental standard silver (or higher) from the Swedish Green Building Council or the Nordic Ecolabel (Svanen), or also under certain conditions be built mainly in wood.

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 the use and management of proceeds, the preparation of the Reporting 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 Bond 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 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 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 Magnolia Bostad AB (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 9 in the Reporting (Magnolia Bostad Green Bond Report), nothing has come to our attention that causes us to believe that Magnolia Bostad has not, in all material respects, used the issued amount of SEK 1,050 million to categories other than those specified by the framework.

Stockholm, on the date of our electronic signature.

Ernst & Young AB

Fredric Hävrén

Authorized Public Accountant

Marianne Förander

Sustainability Expert Member of FAR

MAGNOLIA