

Green Bond Report

2022

MAGNOLIA

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1.

Green Bond Report

This is Magnolia Bostad's second green bond report. By issuing Green Bonds, Magnolia Bostad has the opportunity to promote and support the long-term development of sustainable solutions through financing sustainable housing and buildings. In line with the UN Sustainable Development Goals (SDG), Agenda 2030, 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 impact report.



Sustainability at Magnolia Bostad

The real estate sector accounts for a large share of Sweden's total carbon dioxide emissions. Therefore, it is paramount for Magnolia Bostad to actively minimise the negative climate impact that our operations cause and contribute to minimising emissions and negative impact from this sector overall. Magnolia Bostad paves the way for all buildings to be certified by means of Swedish Green Building Council's silver certification (or higher), Nordic Swan Ecolabel or similar as well as engage with other companies in this industry to contribute to change. Magnolia Bostad is part of the real estate and building sector's "Färdplan för en klimatneutral verksamhet år 2045" which means the company will aim to be climate neutral by 2045 and contribute to a climate neutral sector. In August 2022 Magnolia Bostad joined the Science Based Targets Initiative (SBTi) which means that the company's climate target is science-based and contribute to slowing down climate change in line with the Paris Agreement.

Magnolia Bostad has released a sustainability report since 2017 and conducts a new stakeholder dialogue every third year. The seven sustainability areas and the subsequent sustainability strategy are endorsed by the board of directors and management at Magnolia Bostad. Magnolia Bostad's environmental policy, approved by the CEO, follows the intentions of ISO14001 and ISO9001.

Together with the code of conduct, the environmental policy is part of all our larger supplier agreements. Magnolia Bostad actively lowers the negative environmental impact of the company's suppliers by expressing demands regarding waste management, transportation as well as the re-use and re-cycling of materials. Magnolia Bostad's broad sustainability work entails many different focus areas, of the greatest interest for this framework is the life cycle analysis (LCA) that Magnolia Bostad performs on chosen projects. The purpose is to develop the choice of sustainable materials and the environmental certification of buildings.

For more information regarding Magnolia Bostad's sustainability performance, please see our Sustainability Report.

3.

Green Bonds at Magnolia Bostad

In the autumn of 2020, Magnolia Bostad issued our first green bond followed by a second one in spring 2021 and a third one in spring 2022. These has been prepared in accordance with the Green Bond Principles' guidelines from 2018. The framework for the green bonds has been reviewed by Cicero Shades of Green, which has given the framework a statement with the rating Medium Green.



3.1

Use of Proceeds

Proceeds will, in part or in full, 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 to oversee 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 Manager 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 group shall meet no more seldom than twice yearly, and notes of which projects and assets they deem as eligible per this framework will be saved. EY will make a limited assurance as to the allocation of proceeds in the impact report.



3.2

Environmental certification

Magnolia Bostad develops resource effective buildings using materials that minimise the building's negative environmental impact. The company strives to make sure to prepare all buildings for certification according to Swedish Green Building Council's silver certification (or higher), Nordic Swan Ecolabel or the equivalent. The company minimises the risk of buildings not qualifying for certification by means of ongoing supplier dialog.

Magnolia Bostad also employs the services of consultants specialising in environmental certification at two different phases, the projection 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 performs a comprehensive total environmental audit on one contractor for a chosen project.



HS30



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	Planned 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.								
Sländan Etapp 3	Södertälje	i	B	Planned	Planned	Miljöbyggnad Silver	Under development	
Ångloket	Knivsta	i	B	Planned	Planned	Miljöbyggnad Silver	Under development	
Orminge 52:1 (Hantverkshuset)	Nacka	i	B	Planned	Planned	Miljöbyggnad Silver	Under development	
Mejseln	Göteborg	i	B	Planned	Planned	Miljöbyggnad Silver	Under development	
ALLIERO DIÖS	Sundsvall	i	B	Planned	Planned	Miljöbyggnad Silver	Under development	
Grimsta 5:2, Södra Infra	Upplands Väsby	i	B, SHF, H	Planned	Planned	Miljöbyggnad Silver	Under development	
Mejeriet	Helsingborg	i	B	Planned	Planned	Miljöbyggnad Silver	Under development	
Täljöviken skola, Österåker	Österåker	i	B	Planned	Planned	Miljöbyggnad Silver	Under development	
(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.								
Senapsfabriken etapp 2 - Hus B	Uppsala	iii	B	Planned	Planned	Miljöbyggnad Silver	Under development	
Tullholmsviken kv 3	Karlstad	iii	B	Planned	Planned	Miljöbyggnad Silver	Under development	
Söderbymalm	Haninge	iii	B	Implemented	Implemented	Miljöbyggnad Silver	Under development	
Ursvik 2 Parhuset	Sundbyberg	iii	B	Planned	Planned	Miljöbyggnad Silver	Under development	
Öresjö Ängar Berget	Borås	iii	B, SHF	Planned	Planned	Miljöbyggnad Silver	Under development	

Total volume of the outstanding green bonds and allocated funds: 1 425 000 TSEK

Magnolia Bostad's auditor, EY, has made a limited assurance as to the allocation of proceeds in Magnolia Bostad Green bond report 2022.

3.4

Allocation of funds per 220930

Our green bonds

Name	ISIN	CCY	Coupon	Exp.	Amount
MAGNOLIA04	SE0014956454	SEK	7.500	2024-04-02	400 MSEK
MAGNOLIA05	SE0015659636	SEK	6.900	2025-03-18	725 MSEK
MAGNOLIA06	SE0017565203	SEK	7.750	2026-05-19	300 MSEK
Total outstanding bonds:					1 425 MSEK
Total fair value/green investments, available green pool					3 605 MSEK
Outstanding green bonds					1 425 MSEK
Balance in green account					0
Available for green bonds					2 180 MSEK

4.

Links

Framework for Green Bonds
Cicero Green Bond Second Opinion
Annual and Sustainability Report 2021
More about Green Bonds including Terms & Conditions

5.

Reference projects

Project:	Ångloket
Area:	Ängby, Knivsta
Category:	Rental accommodation
Number of units:	412
Architect:	OWC
Occupancy:	From October 2023 until February 2025
Certification	
Planned:	Swedish Green building Council's silver certification

Central and located close to the train station

In the Ångloket district, you live close to the city, nature – and the whole world. Only a few minutes from your new home is the centre of Knivsta. From here you can easily commute to work in Uppsala or Stockholm. And if you're going further out in the world, you can reach Arlanda in just 8 minutes.

The Uppland Trail also winds through the municipality, which offers varied hiking through forests and open fields. Knivsta also has an excellent commuter location. Just a few minutes from your door is Knivsta station and from here it only takes 8 minutes to Arlanda, 10 minutes to Uppsala and around 30 minutes to Stockholm Central.



Project: Öresjö Ängar Berget
 Area: Öresjö, Borås
 Category: Rental accommodation
 Number of units: 236
 Architect: SR-K
 Occupancy: Autumn 2023
 Certification/
 Planned : Swedish Green
 building Council's
 silver certification



Live with nature on your doorstep

With a scenic location in Borås, a new district is emerging. We are planning a cosy neighbourhood here with rental apartments for large and small families as well as a nursery school. Right outside the door is wonderful nature and inside are all the comforts you can dream of.

The new district of Öresjö Ängar is located in a quiet, green area about 5 km north of central Borås. The development consists of mixed forms of housing, with everything from apartment blocks to detached and terraced houses and with varied architecture. There is a home for every need here, from space-smart studio flats to spacious 3-bedroom apartments. With a ceiling height of 2.55 metres, the homes have light and space. Within cycling distance is Öresjö with its fantastic nature, wonderful swimming areas and beautiful hiking trails. Many fishermen think that Öresjö is one of Sweden's best ice fishing lakes.

"Involving nature is more than tangible in Öresjö Ängar. Modern, smart apartments are offered here with large, generous, perspective windows, with hills in the background and an elongated view of Lake Öresjön. The exterior design is natural material throughout with wooden facades which become part of the natural landscape.

All types of lifestyles come together here. Live with car parking in the garage, bike parking facilities indoors or a stone's throw from the city buses. Hang out on your own balcony, have a barbecue evening on the shared courtyard, or take your mountain bike over the footbridge from the sixth floor up the hill and

straight out into nature.

When we planned the area, high, ambitious climate targets were set. The homes are being built energy- and resource-efficiently to achieve the Swedish Green Building Council's silver certification."

Sebastian Gagnér Jenneteg,
 Architect



Project: Söderbymalm Haninge
Area: Central Haninge,
Haninge
Category: Rental accommodation
Number of units: 118
Occupancy: Spring/summer 2024
Architects: Magnolia Arkitekter
Certification/
Planned: Swedish Green
building Council's
silver certification

Close to everything

With a walk or a shorter bike ride, you can easily get to the centre of Haninge and all its various shops, restaurants and services, as well as Handen commuter train station, which takes you to Stockholm Central in about 25 minutes. Right next to the project is Rudan's nature reserve, which offers large grassy areas, playgrounds, an outdoor gym, Frisbee golf, swimming and fishing. In the winter, there are prepared ski tracks and also an artificially frozen ski loop. There is a skating rink is on Övre Rudasjön. The municipality is also home to popular archipelago islands such as Dalarö and Utö for

those who appreciate being close to the coast.

Space for leisure and outdoor activities

In the expanding archipelago municipality of Haninge, about 30 minutes outside Stockholm, we are building 346 cosy 1- to 4-bedroom apartments of around 22-105 square metres. The residences are divided into two blocks with well-planned courtyards and the possibility of renting a parking space in a heated garage. Occupancy will start from autumn 2023. The project consists of five residential buildings of seven to eight floors, with attics and

basements and an underground garage in each block with charging points for electric cars. In terms of design, the neighbourhood is divided into three types of building with facades of dark brick, light brick and wood panelling. Even the colour of the roofing material and the roofes' design vary, with different roof gradients and recessed penthouses. Some buildings have trellises for climbing plants too. The buildings are connected to the district heating network. The project is designed and built according to the Swedish Green Building Council's silver certification.



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 2022 ("the Reporting"), to corroborate that the proceeds from the issue of green bonds of SEK 1,425 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 Bostad's 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 regarding allocation of funds per September 30th 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 1,425 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

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