# Investor report

Green and sustainabilitylinked bonds





Atrium Ljungberg's investor reports describe which property projects benefited from funds from green bonds and sustainability-linked bonds, as well as compliance with frameworks.

Background

Atrium Ljungberg owns, develops and manages properties totalling 956,000 m2 letting area with a property value of SEK 60 billion. We want to be a leading developer of attractive, sustainable city districts and properties in Stockholm, Gothenburg, Malmö and Uppsala. Atrium Ljungberg remains active throughout the entire lifecycle of a building; as the developer of the property, as a developer and contractor, and as a property manager. We own large areas, so we can maintain a general strategy for a city district that really helps to enhance sustainability. We place demands on our suppliers and work with our tenants to achieve more than we could individually. By doing this we are trying to guide the entire value chain in a sustainable direction. Properties have enormous environmental impact throughout their entire lifecycle. The construction and property industry accounts for a significant proportion of Sweden's energy consumption and total emissions. This is why it is important for Atrium Ljungberg to reduce both our own and our customers' environmental impact and streamline resource utilisation in terms of energy, waste, etc. This will allow us to reduce greenhouse gas emissions and counter climate change. Our work also involves contributing to the UN Sustainable Development Goals.

## Sustainability work



We develop sustainable cities and properties where people want to live and work for many years to come. Cities that are capable of handling urbanisation, climate change and social transformation. We take long-term responsibility when we build, develop and manage. Atrium Ljungberg's focus is to always act with care for people and the environment.

Our sustainability work is integrated into our business model and forms an important part of the work to achieve our vision. Working proactively on sustainability issues enables us to manage risks in a structured way, while also identifying new business opportunities. We currently have a sustainability strategy and associated goals in place for the period up to 2030. We have produced a new sustainability strategy, with goals that run until 2030. These goals were adopted by the Board of Directors in December 2021 and started to apply from 2022. They were based on extensive discussions with stakeholders and a materiality analysis. There are goals and strategies linked to these focus areas, as well as steering functions, policies and guidelines.

#### Goals 2030

- → Atrium Ljungberg will be climate-neutral by 2030 and halve the climate impact of construction projects by 2025.
- $\rightarrow$  Atrium Ljungberg's locations will achieve a score of more than 90% in the social index 'Our City' by 2030.
- $\rightarrow$  100% of our substantial purchases will be evaluated by 2025 based on our Supplier Code of Conduct.
- → A minimum of two development programmes to be run for suppliers every year.
- $\rightarrow$  Sustainable employees with a score of 5.5 (out of 7) in the Human Financial Wellness monitoring system.

#### Climate-neutral

## Socially sustainable locations

## Business ethics

Atrium Ljungberg will be climate-neutral by 2030 and halve our emissions from construction projects by 2025. Climate-neutral means that we must strive after reaching net-zero greenhouse gas emissions. All of our activities currently have a climate impact, which is why we are firstly working to reduce our emissions as far as possible, with the ambition to reach zero.

We are no ordinary property company. Although buildings are at the heart of our business, we are actually more interested in the people in them. We develop city districts that create value for municipalities, tenants and everyone who lives and works in our areas. By developing mixed-use cities, we can create urban life where everyone is happy, feels safe and secure, and can be inspired – locations where people want to spend time, both now and in the future. For many years we have used eight urban development principles in our sustainability work. These principles have now been integrated into our goal for socially sustainable locations, as part of the 'Our City' index.

**Business ethics is** an important area for Atrium Ljungberg to focus on. Our work moving forwards will be divided into two goals: supply chains and anti-corruption. These are two important areas, where there are significant sustainability risks that need to be managed in our industry. Atrium Ljungberg wants to be a long-term and reliable partner in all of its relationships. We work proactively, both in-house and with our suppliers, to counter the risks of bribery, corruption and human rights breaches that may occur in the industry. 100% of the purchasing volume from our main suppliers will be evaluated by 2025.

# Sustainable employees

## Green and sustainabilitylinked financing

The competence and well-being of our employees are important to ensure that we are a company that is sustainable and successful in the long term. We want to be a stimulating organisation where the emphasis is on learning, engagement, health and safety. Since 2022 we have decided to use a new employee survey, which focuses more on the sustainable employee – Human Financial Wellness. In January 2023 we set an index goal for the entire organisation at 5.5, where the maximum is 7.

At the end of the year Atrium Ljungberg's interest-bearing liabilities amounted to SEK 25,389 million, with 71% linked in some way to a green or sustainability-linked mechanism, as shown in the table below.

Borrowing	SEK m	Proportion of debt
Green bank loans	4,372	17%
Green bonds (2017 framework)	7,498	30%
Green bonds (2022 framework)	2,000	8%
Sustainability-linked bank loans	3,178	13%
Sustainability-linked bonds	1,000	4%
Total	18,047	71%

In addition to the debt listed above, a high proportion of the Group's unutilised credit facilities is in a sustainability-linked format. Any loans taken out from these facilities will therefore be considered to be sustainability-linked debt.



# Green bonds

**Atrium Ljungberg has** been issuing green bonds since 2017. When the company adopted its new sustainability goals for 2022–2030, it issued a new framework for green bonds that is significantly more ambitious. The green bonds issued from 2022 onwards will be evaluated under this new framework, while bonds that were outstanding when the new framework was launched will continue to be evaluated under the previous framework.

Total borrowing through green bonds amounted to SEK 9,501 million at the end of 2022. A total of SEK 2,000 million was issued in 2022, while SEK 1,311 million matured and was repaid.

Borrowed funds were used for 14 specific property projects alongside many smaller projects in most categories reported in the green framework, all of which help reduce greenhouses gas emissions and encourage growth that will benefit the climate.



## Green framework

Atrium Ljungberg's framework for green bonds aims to promote the transition to lower carbon dioxide emissions and growth that will benefit our climate. Green bonds aim to ensure for investors that the funds they invest give returns both financially and environmentally. This framework indicates which criteria must be met for a project to qualify for funding from the company's green bonds. New build projects or existing buildings with stringent energy requirements are the primary recipients of financing. Investments in energy efficiency measures, renewable energy and clean transport are examples of the other categories that can receive financing. In order to receive financing for new build projects, commercial properties have to be certified in accordance with BREEAM, with a minimum grade of 'Excellent' or an equivalent grade from another certification standard. Energy consumption must also be at least 20%

lower than the level in BBR (Boverket's building regulations). For existing buildings to receive financing, they have to be certified in accordance with BREEAM or BREEAM In-Use, with a minimum level of 'Very Good'. The buildings must also meet the energy consumption requirements that are based on the year of their construction.

The ambition is to use a large proportion of the funds from these green bonds to finance new projects or projects that have recently been completed. The projects are selected by Atrium Ljungberg's Green Bond Committee, which comprises CFO, the Head of Sustainability and the Head of Finance. Cicero issued a second opinion of the framework before it was launched, awarding it an overall grade of 'Medium Green'. The annual investor reports are also reviewed by our auditors.

# Borrowing & green projects

2022 framework

**In 2022 bonds** totalling SEK 2,000 million were issued, with SEK 0 million maturing under this framework. The first bonds to mature under this framework will be in 2025. The allocated volume was set by Atrium Ljungberg's Green Bond Committee, using the criteria set out in the framework. The KPIs reported in the following tables have to meet the required levels under the Green Bond Framework from February 2022. The framework is available at al.se.

#### Green buildings

		Allocated volume	Area m2		Energy co	onsumption <sup>2</sup>	Requi- rement BBR <sup>3</sup>		Climate impact	Annual CO2 re- duction ⁴	of green lease contracts
Building	Property	SEK m	m2 NRA /RA	Certification	kWh/m2 /year	Annual savings MWh year	kWh/m2	Percentage improvement	g/m2	tonnes CO2	% (of the annual rent)
Life city	Molekylen 1	999	29 900	Excellent <sup>1</sup>	45,2	538	70	35%	870	353	97,2
Sickla Stationshus	Sicklaön 83:42	490	16 900	Excellent <sup>1</sup>	46,9	350	70	33%	417	355	n/a
Tapetfabriken	Sicklaön 83:22	480	10 500	Excellent	86,0	190	108	20%	3143	56	100
Total		1969									

Renewable energy

		Proportion of the properties' consumption (kWh)	Energy use⁵	Annual CO2 reduction <sup>6</sup>
Property	Type of project	%	kWh/year	tonnes CO2
Blästern 11-13	Geothermal facility	85%	3 615	74
Proppen 6	Solar cells	29%	105	9
Borganäs 1	Solar cells	65%	436	39
Stora Katrineberg 16	Solar cells	11%	169	15
	Property Blästern 11-13 Proppen 6 Borganäs 1	Blästern 11-13 Geothermal facility   Proppen 6 Solar cells   Borganäs 1 Solar cells	PropertyType of project%PropertyType of project%Blästern 11-13Geothermal facility85%Proppen 6Solar cells29%Borganäs 1Solar cells65%	Proportion of the properties' consumption (kWh)Energy use 5PropertyType of project%kWh/yearBlästern 11-13Geothermal facility85%3 615Proppen 6Solar cells29%105Borganäs 1Solar cells65%436

Allocated volume (total) SEK 19 million

1. Goal certification

2. Energy consumption refers to property energy, excluding the tenant's own electricity. The area for estimation of kWh/m2 relates to the estimated area A-temp. Energy consumption refers to actual consumption for completed projects, where data for the full year is available. An energy calculation is used for projects that have not been completed.

3. Energy requirement according to BBR at the time of new-build construction.

4. This refers to the difference between the annual CO2 emissions that the projects would have had in 2021 based on the BBR requirement with an emission factor of 315g CO2/kWh for electricity and 63g CO2/kWh for district heating, compared with actual emissions in 2021 or estimated emissions

based on project calculations.

5. Estimated capacity from the facility.

6. Estimated emissions saved by using renewable energy that the company generates itself instead of purchasing energy. Purchased energy KPI electricity mix 90g CO2/kWh. .....

#### Clean transportation

		Charging points installed	Proportion of parking spaces with charging	Bike parking
Building	Property	Number	(%)	Number
Chokladfabriken	Eken 6	12	9%	46
Kylhuset 15	Kylhuset 15	7	14%	
Allocated volume (total)	SEK 2 million			

#### Energy efficiency

Building	Property	Projects	Annual savings MWh year <sup>1</sup>	Annual CO2 reduction (tonnes) <sup>2</sup>
Chokladfabriken	Eken 6	Ventilation reconstructed	138	124
M2	Lundbyvassen 4:13	New units	237	16
Magasinet	Sicklaön 83:22	Energy project to reduce district heating needs	775	43
Allocated volume (total)	SEK 12 million		1 150	183

#### Outstanding green bonds as of 31 December 2022 issued under the 2022 framework

No.	Sequential no.	ISIN	Currency	SEK m	Due
1	138	SE0013883535	SEK	700	28 April 2025
2	139	SE0013883543	SEK	800	28 April 2025
3	140	SE0013883550	SEK	500	28 April 2027
				2 000	
Total market value of appro	oved projects			4 374	
Other allocation or pledgin	ig of assets			1 920	
Allocated volume for greer	bonds		2 001		
Available volume			452		

1. Estimated savings from the project.

2. Estimated emission reduction from energy saving measures. KPI 90g CO2/kWh for electricity reduction and 46g CO2/kWh for district heating reduction.

# Borrowing & green projects

# 2017 framework

**In 2022 bonds** totalling SEK 0 million were issued, with SEK 1,311 million maturing under this framework. An additional SEK 1,150 million will mature in 2023. The allocated volume was set by Atrium Ljungberg's Green Bond Committee, using the criteria set out in the framework. The KPIs reported in the following tables have to meet the required levels under the Green Bond Framework from 17 February 2017. The framework is available at al.se.

	2021		Allocated volume	Area m2	Energy cons	umption <sup>2</sup>	Require- ment BBR <sup>3</sup>	Estimated climate impact	Annual CO2 reduction ⁴
Building	Property	Certification <sup>1</sup>	SEK m	m2 NRA/RA	MWh	kWh/m2	kWh/m2	tonnes CO2	tonnes CO2
Katarinahuset	Tranbodarne 11, Stockholm	BREEAM - Excellent 1)	1 757	31 526	2872	92	104	52	485
			1 757	31 526					
Parkhusen, kvarter 1	Gränby 25:1, Uppsala	Miljöbyggnad - Silver	107	2 831	315	47	85	24	46
Sickla 1898, Curanten	Sicklaön 83:22, Nacka	BREEAM - Very good 1)	807	11 500	908	53	70	21	206
Sickla Front II	Sicklaön 346:1, Nacka	BREEAM - Excellent	1 400	37 634	2 060	67	80	56	211
Norra Gränbystaden	Brillinge 8:1 och 9:1, Uppsala	BREEAM - Very good	883	32 800	2 782	67	92	116	697
Panncentralen	Sicklaön 83:33, Nacka	Miljöbyggnad - Silver	44	976	71	63	138	3	7
Solar cells	Sicklaön 83:22, Nacka		14						
Existing properties	Lundbyvassen 4:13	BREEAM IN-USE - Very good	350	20 184	1 997	88	96	51	394
Existing properties	Lundbyvassen 4:7	BREEAM IN-USE - Very good	421	15 970	706	38	96	18	343
Existing properties	Borgarnäs 1, Stockholm	BREEAM IN-USE - Very good	684	25 355	2 380	75	124	45	480
Existing properties	Stora Katrineberg 16	BREEAM IN-USE - Very good	1 003	42 491	2 023	43	139	12	1 834
			5 713	189 741					
			7 470	221 267					

#### 1. Goal certification

 Energy consumption refers to property energy excluding the tenant's own electricity. The area for estimation of kWh/m2 relates to the estimated area A-temp. Energy consumption refers to actual consumption for completed projects, where data for the full year is available. 3. Energy requirement according to BBR (Boverket's building regulations) at the time of new-build construction; for In-Use certifications it refers to the energy consumption in 2015, or the acquisition year for properties acquired after 2015.

4. This refers to the difference between the annual

CO2 emissions that the project would have had in 2021 based on the BBR requirement with an emission factor of 315 g CO2/kWh for electricity and 63 g CO2/kWh for district heating, compared with actual emissions in 2021 or estimated emissions based on project calculations.

#### Outstanding green bonds as of 31 December 2022 issued under the 2017 framework

No.	Sequential no.	ISIN	Currency	SEK m	Due
1	119	SE0010832774	SEK	250	3 May 2023
2	127	SE0012676435	SEK	400	7 July 2023
3	115	SE0010494757	SEK	500	26 October 2023
4	123	SE0011869767	SEK	500	2 July 2024
5	125	SE0011643311	SEK	500	21 August 2024
6	126	SE0011643303	SEK	300	21 August 2024
7	128	SE0013359882	SEK	500	1 April 2025
8	134	SE0013883105	SEK	800	1 July 2025
9	130	SE0013360054	SEK	350	3 February 2026
10	132	SE0013102167	SEK	700	29 April 2026
11	135	SE0013360351	SEK	1 000	1 October 2026
12	133	SE0013102183	SEK	300	29 April 2027
13	136	SE0013360393	SEK	550	6 September 2027
14	204	NO0010907256	NOK	820	23 November 2027
				7 470	
Total market value of approved	d projects			12 275	
Other allocation or pledging c	of assets		1 890		
Allocated volume for green bo	onds			7 470	

Available volume



2 915

# Sustainabilitylinked bonds

A new framework for sustainability-linked financing was launched on Atrium Ljungberg's Capital Market Day 2022. Sustainability-linked financing differs from green financing as the borrowing is not earmarked for any specific properties or projects, but linked to our overall sustainability goals. If the company does not achieve the goals it has set, the interest rate for the loan will increase based on a pre-established model.

Investor presentations were held after the Capital Market Day 2022 and on 15 February 2022 Atrium Ljungberg became the first property company in the Nordic region to issue a sustainability-linked bond.

This framework enables investors to be involved in financing the entire journey for our sustainability goals, covering every part of the ESG concept.

## Sustainabilitylinked design



Three of the company's sustainability goals have been adopted as part of the framework for sustainability-linked financing. They have then been broken down into four sustainability indicators. Several of these sustainability goals run until 2030, but an evaluation will be carried out at the end of 2025 under this framework. Cicero and IISD have given a second opinion on the framework and ambition level, confirming that all sustainability indicators address material issues and that the climate-related goals are overwhelmingly aligned with the 1.5 degree goal. Both the framework and the second opinion are available at al.se.

An evaluation as to whether or not Atrium Ljungberg has achieved its sustainability goals under this framework will be carried out as of 31 December 2025. The repayable amount increases for each sustainability indicator where the goal has not been achieved, pursuant to what is set out in the final terms and conditions for each bond issued under the framework.

The table below summaries all of the indicators and goals.

Sustainability indicator	Starting value (Baseline)	Goals in the 2025 framework	Company's goals 2025	Company's goals 2030
1. Climate foot- print for new builds	458 kgCO2e/GFA	-50 %	-50 %	-75 %
2. Climate foot- print for property management	16.3 kgCO2e/m2	-22 %	-	-43 %
3. 'Our City' index for social sustainability	22 %	50 %	-	90 %
4. Evaluation of suppliers	1 %	100 %	100 %	100 %

# Monitoring sustainabilitylinked bonds

#### Sustainability-linked framework

KPI	Unit	Starting value 2021	Outcome 2022	2023	2024	2025	Sustainability goals 2025
KPI 1	kgCO2e/GFA (average)	2021	388				228
KPI 2	kgCO2e/m2	16,3	16,4**				12,7
KPI 3	Social index (%)	22%	34%				50%
KPI 4	Assessed suppliers %	1%	10%				100%

KPI	Unit	Starting value 2021	Change* 2022	2023	2024	2025	Goal 2025
KPI 1	kgCO2e/GFA (average)	458	-15%				-50%
KPI 2	kgCO2e/m2	16,3	0,5%				-22%
KPI 3	Social index (%)	22%	12%				28%
KPI 4	Assessed suppliers %	1%	9%				99%

\* Change in percent for KPI 1-2 and in percentage points for KPI 3-4. \*\* This KPI differs from Atrium Ljungberg's Annual Report, as the flat rates for materials were added based on the calculations performed for the startion value (baseline) in the framework. This also affects

for the starting value (baseline) in the framework. This also affects the way emissions from transport have been calculated.





KPI 2



#### KPI 3







# Examples of finan project

# Green buildings Stationshuset Sickla

Area: 16,900 m2 NRA Certifiering: BREEAM-SE Excellent It is going to be a 23-storey building with offices, a high-end restaurant, conference facilities and several green terraces, as well as stores on the ground floor. Stationshuset will become a new landmark in Stockholm, with spectacular views across the entire city. The building is expected to be ready for occupancy in the fourth quarter of 2025. Stationshuset is located where the new underground station will be, with direct links to the crosstown light rail link (Tvärbanan), the Saltsjöbanan Line and bus services. This one location will therefore be served by four different methods of public transport, which will make Sickla into one of the biggest commuter hubs in Stockholm. Work on Stationshuset has focused notably on reducing the climate impact of material choices.



Renewable energy Blästern 11-13 geothermal facility

## Clean transport Charging stations

## Energy efficiency Magasinet

We have installed a joint geothermal energy system for the following properties: Blästern 11 and 13, PV-Palatset and Mineralvattenfabriken. This system enables us to extract both heat and cooling. The installation of this facility will allow us to reduce energy consumption in all of these buildings. Mineralvattenfabriken and PV-Palatset are now home to modern offices designed in a characteristic industrial architecture. This district is now the heart of Hagastaden's industrial heritage.

When developing options for sustainable transport to and from our locations, one important piece of the puzzle is an effective charging infrastructure. Over the year we expanded the number of charging stations at many of our properties so that we could meet the needs of both our customers and our visitors. A total of 13% of our parking spaces within Atrium Ljungberg have charging options.

A major energy savings project was carried out for the Magasinet building in Sickla, which was completed in 2022. The ventilation system has, for example, been reconstructed to enable needs-based airflows, while integrating heat recycling from the restaurant ventilation system. This saves a lot of energy, particularly in terms of district heating and district cooling.

# Information

The information we release to the market concerning Atrium Ljungberg's operations must be transparent, clear and correct in order to build market confidence in our company and our brand. As a listed company Atrium Ljungberg is subject to the rules of the listing agreement with the Nasdag Stockholm exchange. Significant events, interim reports and yearend reports are published immediately via press released, with all of this information also available on our website: al.se. Regular meetings with analysts, investors, shareholders and financiers, and with our customers and partners, enable us to provide ongoing information about our company, current events and operational changes. The Annual Report and interim reports are available on our website. Interim reports and preliminary financial statements are translated into English and all language versions are published simultaneously on our website. The annual reports are translated into English shortly after the publication of the Swedish language version.

Interested parties can subscribe to both financial reports and press releases via our website: al.se. The site also provides updated information on our operations, our properties and projects, financial key performance indicators, the share, and much more besides.



Information relating to Atrium Ljungberg's framework for green bonds and sustainability-linked financing, our annual investor reports, second opinions from CICERO and IISD, and our auditors' reports are available at al.se. Investor reports on the green and sustainability-linked bonds are released once a year once the Annual Report and Sustainability Report have been published.

#### Rapporttillfällen

Interim Report January-March 2023 Interim Report January-June 2023 Interim Report January-September 2023 Year-End Report 2023 Annual Report 2023 Investor Report for Green Bonds Investor Report for Sustainability-Linked Bonds 14 April 2023 6 July 2023 12 October 2023 February 2024 March 2024 March-April 2024 March-April 2024



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