



ATRIUM LJUNGBERG GREEN BONDS INVESTOR LETTER

IN FEBRUARY 2017, Atrium Ljungberg developed a green framework for being able to issue green corporate bonds. Green bonds totalling SEK 2,600 million were issued during the year, corresponding to 46 per cent of the outstanding bond volume.

BACKGROUND

Atrium Ljungberg aims to be a leader in property development for sustainable cities in Sweden. Since we own large areas, we can take an overall approach and truly take sustainability into account. We develop our areas in a sustainable direction as a means to improve their attractiveness and create value for our stakeholders, as well as for us as a company.

Properties have an environmental impact throughout their life cycle; from project planning to construction, management, renovation and demolition. The Swedish construction and property sector accounts for roughly one third of the country's energy consumption. We focus on improving our own and our customers resource efficiency and thereby reducing the overall environmental impact as well as operating costs on a continuous basis. Green lease contracts are an example of a joint undertaking to reduce environmental impact together with our tenants.

We have been certifying major new builds of premises since 2011. We will continue the process and our ambitions are high: by 2021, all of our properties are to be certified by BREEAM or the Sweden Green Building Council's Environmental Building certification system, Miljöbyggnad. The certification schemes guide our company to create more sustainable solutions. Moreover, they make it easier to compare the buildings environmental performance as well as to communicate with tenants about these issues. These certifications also comprise the main components in our framework for green bonds.

Through our Green Bond Framework, we promote a transition to low-carbon and climate-resilient growth as the liquid amount from green bonds only are allocated to projects with clear environmental benefits. The green bonds aim to provide certainty to investors that their investments deliver both environmental and financial returns. A Second opinion on the framework ([link](#)) has been conducted by the independent climate research foundation CICERO.

ELIGIBLE PROJECTS

"Eligible Projects" are a selected pool of assets that are funded, in whole or in part, by Atrium Ljungberg and that promote the transition to low carbon and climate resilient growth. Read more about our criteria for Eligible Projects in Atrium Ljungberg's Green Bond Framework ([link](#)).

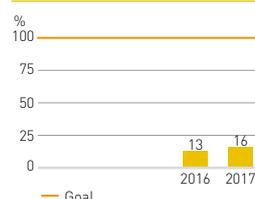
The ambition is to use most of the Green Bond proceeds to finance new projects defined as projects that have been finalized within one year before the time of issuance of the Green Bond. The projects are selected by Atrium Ljungberg's Green Bond Committee which consists of representatives from the Treasury and the Sustainability Departments.

Environmental and resource efficiency goals

By 2021, 100 per cent of our properties are to be certified. Project properties and buildings acquired within the past two years are not included in the target.

Read more about definitions in note SR6 in our Annual Report on al.se.

Share of certified properties

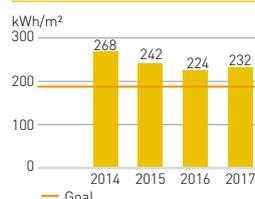


Energy consumption per m² is to decrease by 30 per cent between 2014 and 2021. We reduced our energy consumption by 14 per cent between 2014 and 2017.

Energy intensity consists of all heating, cooling and electricity, including the tenants' energy consumption.

Read more about definitions in note SR3 in our Annual Report on al.se.

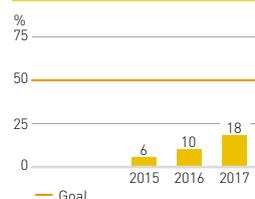
Energy consumption



By 2021, the proportion of green lease contracts is to be 50 per cent of the contracted annual rent.

Read more about definitions in note SR7 in our Annual Report on al.se.

Green lease contracts



EXAMPLE OF FINANCED PROJECTS

GRÄNBY KÖPSTAD 6, PART OF GRÄNBY CENTRUM, UPPSALA

AREA: 940 sqm

CERTIFICATION: BREEAM VERY GOOD, COMPLETED IN 2016

Uppsala is a priority market for Atrium Ljungberg, where we are greatly involved with its development and investing heavily. Gränbystaden is one of the most expansive districts of Uppsala, and within a few years will probably be completely integrated with Uppsala's city centre. Our vision is to create a vibrant city district in Gränbystaden that is a complement to Uppsala city.

EXAMPLE OF ENVIRONMENTAL INITIATIVES TAKEN

- Negotiations between Atrium Ljungberg and the municipality resulted in a bus line and bicycle paths to the mall to promote more sustainable travel.
- Promote tenants to act in a sustainable manner for example by offering individual billing and measurement of waste
- Installed well-functioning systems for recycling and waste management to promote correct waste management and recycling. 85 per cent of the construction waste was recycled.
- Sound barriers have been installed between the area and the freeway, and flowers have been set on the barriers to promote habitation. Plantations on the area have been selected to increase the ecological value, and the building has a green roof.
- The building is connected to Uppsala district heating system. The ventilation system is 100 per cent outdoor air with heat recovery.
- The project received the award "BREEAM project of the year". The motivation of the award emphasises target-oriented work on integrating a building in its immediate surroundings by extending social functions, building new playgrounds and meeting places, and improving public transport.



MOBILIA HOUSES C, D, E, MALMÖ

AREA:29 000 sqm

CERTIFICATION: BREEAM, VERY GOOD, COMPLETED IN 2016

Mobilia, in Malmö's southern city centre district, is only two kilometres from Malmö City. As the city centre is growing, the urban environment in and around Mobilia is continuing to develop and densify, becoming a natural part of it.

EXAMPLE OF ENVIRONMENTAL INITIATIVES TAKEN

- Consideration of the environment was taken during the construction phase. Building materials were chosen depending on their environmental impact and recycled and reused as far as possible.
- The building is energy efficient and advanced control systems have been installed to monitor energy and water consumption.
- Elevators and escalators are energy efficient and are set into standby mode when not in use, and the elevators produce energy when going down.
- Taps, showers and toilets are water-saving and the water use is monitored.
- The area is accessible by bus, and several initiatives have been taken to promote bicycling: 700 parking spots near entrances, bicycle paths from Malmö, as well as bicycle leasing.
- Two bee-hives have been installed on the roof to create a good urban environment with biodiversity.
- An outdoor gym is provided. Anyone can visit, it is for free and open 24/7.
- The annual campaign “#Återwin-win”, which is a collaboration between Atrium Ljungberg and Skåne Stadsmission, has been arranged four times. Visitors are encouraged to leave clothes they no longer use, and Skåne Stadsmission makes sure that the clothes are given to people in need of them. 24,5 tonnes of clothes were collected last year.
- Atrium Ljungberg was awarded the City of Malmö Urban Planning Prize 2014 for the transformation of Mobilia. The prize highlights new productions and improvements which contribute to improving the urban environment of Malmö.



Approved property projects as per Atrium Ljungbergs Green bond framework 2017-12-31

Completed projects	Property	Certification	Area, sqm LOA/BOA	Total investment, SEK m	Capitalized, SEK m	Allocated proceeds, SEK m	Energy consumption		Calculated carbon footprint, tonnes
							MWh	kWh/kvm	
NOD	Borgarnäs 1, Stockholm	BREEAM – Very good	25,300	790	682		2,527	81	113
Sickla Front I	Sicklaön 83:32, Nacka	BREEAM – Very good	11,000	343	326		1,104	87	53
Intrumhuset	Sicklaön 83:22, Nacka	BREEAM – Excellent	7,400	192	192	121	968	129	46
Mobilia hus C,D,E	Bohus 8, Malmö	BREEAM – Very good	29,000	1,200	1,175	1,175	4,775	87	260
			72,700	2,525	2,375	1,296			
Ongoing projects									
Sickla Front II	Sicklaön 346:1, Nacka	BREEAM – Very good ¹⁾	25,300	830	531	531	1,367	45	39
Norra Gränbystaden	Brillinge 8:1, Uppsala	BREEAM – Very good ²⁾	31,300	570	487	487	2,581	72	108
Gränby Entré Hus 1	Gränby 21:5	Miljöbyggnad – Silver ³⁾	5,800	240	215	215	464	63	65
Gränby Entré Hus 2	Gränby 21:4	Miljöbyggnad – Silver ¹⁾	5,500	230	71	71	488	63	64
Gränby Entré Hus 3	Gränby 21:4	Miljöbyggnad – Silver ¹⁾	5,800	240	32		564	71	69
			73,700	2,110	1,336	1,304			
						2,600			
Outstanding Green Bonds						SEK m			
Obl 108	SE0009773203								1,100
Obl 109	SE0009773211								200
Obl 110	SE0009779457								300
Obl 111	SE0009779465								500
Obl 115	SE0010494757								500
									2,600
Allocated proceeds completed projects						1,296			
Allocated proceeds ongoing projects						1,304			
Total allocated proceeds						2,600			
Issued Green Bonds						2,600			

¹⁾ Target certification

²⁾ Phased expansion, Most of the buildings have received final certification

³⁾ Design stage-certification

⁴⁾ Energy consumption refers to property energy excluding the tenant's own electricity use. The area for calculation of kWh / sqm refers to calculated area A-temp



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