

MAGNOLIA

**Magnolia Bostad
Green Bond Report
2023**

Find your home with
Magnolia Bostad

23

Grön obligationsrapport

Magnolia Bostad's Green bond report is a separate report in the annual report, which is presented as a stand-alone report in this version. The Green bond report consists of pages 96-98 of Magnolia Bostad's annual report. For the entire annual report see: www.magnoliabostad.se.

Green bond report

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

- Sustainability management →
- Value chain and stakeholders →
- Essential areas →
- The UN's global goals →
- Sustainability notes →
- Climate footprint →
- GRI index →
- Auditors' report →
- 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. Magnolia Bostad will publish a Green Bond report annually as long as the company has outstanding green bonds. This will be the company's third Green Bond report. Magnolia Bostad's auditor, EY, has made a limited assurance as to the allocation of proceeds from the Green Bonds.

Sustainability

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's ambition is for all buildings to be certified according to Swedish Green Building Council's silver certification (or higher), Nordic Swan Ecolabel or an equivalent. We also collaborate with other companies in various initiatives for the climate such as LFM30, HS30 and ÖBKN. In August 2022 Magnolia Bostad joined the Science Based Targets Initiative (SBTi) which means that the company's climate target is sciencebased 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 years which is approved by the board and management.

Magnolia Bostad requires contracted general contractors to have a quality management system that

follows SS-EN ISO 9001 latest edition or another equivalent quality management system and to have an environmental management system that follows SS-EN ISO 14001 latest edition or another equivalent environmental management system. The contractor is obliged to prescribe corresponding requirements in relation to hired subcontractors. Together with the code of conduct, the sustainability 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, ransportation as well as the re-use and re-cycling of materials. Magnolia Bostad's sustainability work covers various areas, among other things Magnolia Bostad performs a life cycle analysis (LCA) on selected projects.

Green Bonds

In the autumn of 2020, Magnolia Bostad issued its 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.

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 Frame-

work are funded by proceeds from any Green Bond. The Green Bond Committee consists of the deputy CEO/CFO, the COO/Head of Legal and the Head of Sustainability. 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 has made a limited assurance as to the allocation of proceeds.

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 the Swedish Green Building Council's silver certification (or higher), the Nordic Swan Ecolabel or an equivalent. The company minimizes the risk of buildings not qualifying for certification by means of continuous dialogues suppliers. Magnolia Bostad also employs the services of consultants specializing in environmental certification at two different phases, the projection phase and the production phase. By performing audits at an early stage, Magnolia Bostad minimizes the risk of any building not reaching the demands for certification. Magnolia Bostad's intention is to carry out a comprehensive total environmental audit annually on a contractor for a chosen project.

Assets and projects 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.

Sustainability management →

Value chain and stakeholders →

Essential areas →

The UN's global goals →

Sustainability notes →

Climate footprint →

GRI index →

Auditors' report →

Green bond report

(i), proceeds may be used to fund the projects in Magnolia Bostad's portfolio of planned projects ("ex-ploateringsportfölj"), 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 accounts receivable 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 accounts receivable 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.

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.

See Magnolia Bostads website: Framework for Green Bonds, Cicero Green Bonds Second Opinion and Terms and Conditions.

Allocation of funds

31 December 2023

Name	ISIN	Currency	Coupon	Exp.	Amount
Magnolia04	SE0014956454	SEK	7,500	2024-04-02	SEK 400 m
Magnolia05	SE0015659636	SEK	6,900	2025-03-18	SEK 725 m
Magnolia06	SE0017565203	SEK	7,750	2026-05-19	SEK 300 m
Total outstanding bonds					SEK 1,425 m

Events after the end of the period

During March 2024, Magnolia Bostad received approval from the bondholders regarding changes to the terms of its outstanding bond ISIN SE0014956454.

A Written Procedure was initiated in order to receive the bondholders' consent to implement an extension of the tenor of the Bonds, an increasing call premium trajectory, as well as certain other amendments. A required majority voted in favor of the company's proposal in the Written Procedure. The Amended Terms and Conditions are available on Magnolia Bostad's website.

Allocation of the outstanding green bonds, projects overview

- Sustainability management →
- Value chain and stakeholders →
- Essential areas →
- The UN's global goals →
- Sustainability notes →
- Climate footprint →
- GRI index →
- Auditors' report →
- Green bond report

Property	Area	Asset category	Type of property	Planned certification	Completed/Under development
<i>(i) Projects in Magnolia Bostad's portfolio of planned projects, which are planned to at least reach the environmental standard of either the Swedish Green Building Council's silver certification (or higher) or the Nordic Swan Ecolabel.</i>					
Alliero	Sundsvall	i	R	Swedish Green Building Council's silver certification	Under development
Täljöviken skola, Österåker	Österåker	i	R	Swedish Green Building Council's silver certification	Under development
Grimsta 5:2 Södra infra	Upplands Väsby	i	R, CP, H	Swedish Green Building Council's silver certification	Under development
Orminge 52:1 Hantverkshuset	Nacka	i	R	Swedish Green Building Council's silver certification	Under development
Vårby Udde Etapp 1	Huddinge	i	R, CP	Swedish Green Building Council's silver certification	Under development
Sländan Etapp 3	Södertälje	i	R	Swedish Green Building Council's silver certification	Under development
Öresjö Ängar Centrum	Borås	i	R	Swedish Green Building Council's silver certification	Under development
Kista äng	Stockholm	i	R	Swedish Green Building Council's silver certification	Under development
Bunkeflostrand	Malmö	i	R	Swedish Green Building Council's silver certification	Under development
Ångloket	Knivsta	i	R	Swedish Green Building Council's silver certification	Under development
<i>(iii) Proceeds may be used to fund accounts receivable in projects of Magnolia Bostad's which obtain at least an environmental certification of the Swedish Green Building Council's silver certification (or higher) or the Nordic Swan Ecolabel before the new owner moves in.</i>					
Öresjö Ängar Berget	Borås	iii	R	Swedish Green Building Council's silver certification	Under development
Ursvik 2 Parstugan	Sundbyberg	iii	R	Swedish Green Building Council's silver certification	Under development
Tullholmsviken kv 3	Karlstad	iii	R	Swedish Green Building Council's silver certification	Under development
Söderbymalm	Haninge	iii	R	Swedish Green Building Council's silver certification	Under development

R=Residential units, CP=Community service property, H=Hotel

Total volume of the outstanding green bonds and allocated funds is SEK 1,425 m.

The Swedish Green Building Council's silver certification is a Swedish environmental certification of buildings where the environmental work and the building's environmental performance are reviewed by a third party. The system is owned and developed by the Sweden Green Building Council, which also carries out the certifications. A total of sixteen different indicators are reviewed by independent third parties.

Magnolia Bostad's auditor, EY, has made a limited assurance as to the allocation of proceeds in Magnolia Bostad's Green bond report 2023.

Auditor's Limited Assurance Report

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

- Sustainability management →
- Value chain and stakeholders →
- Essential areas →
- The UN's global goals →
- Sustainability notes →
- Climate footprint →
- GRI index →
- Auditors' report →
- Green bond report

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

Introduction

We have been engaged by the Board of Directors of Magnolia Bostad AB (publ) to undertake a limited assurance engagement of selected information in Magnolia Bostad Green Bond Report as of December 31st 2023 ("Green bond report"), 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 September 2020. The Green bond report consists of the pages 96-98 in the Annual Report document.

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 Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the use and management of proceeds, the preparation of the Green bond report

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 Executive Management's statement in the Green bond 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 (Revised) 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 International Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires that the firm design, implement and operate a system of quality management including policies or 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 professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Green Bond 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, nothing has come to our attention that causes us to believe that the information regarding use of proceeds per December 31st 2023 in the Green bond report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, on the date of our electronic signature.
Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

Marianne Förander
Expert Member of FAR