

# Investor Report 2023

## Green financing

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HUMLEGÅRDEN

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# Investor report

**Our long-term goal is to be climate neutral by 2045 and our climate goals have been validated by the Science Based Targets initiative. In 2023, Humlegården launched a sustainability-linked framework, granting access to better financing terms if climate impact and energy efficiency targets are met.**

In June 2017, Humlegården issued its first green bond, and today, all of Humlegården's bonds are either green or sustainability-linked. This type of financing is allocated to projects and assets such as green and energy-efficient buildings, as well as investments in energy efficiency measures and renewable energy. This type of responsible financing is aligned with our sustainability strategy.

## Certified properties and projects

Qualified properties and projects to be financed with green bonds are based on a framework developed with Handelsbanken and reviewed by CICERO (Centre for International Climate Research). More on Humlegården's work with green and sustainable financing can be found on our website: <https://humlegarden.se/om-humlegarden-fastigheter/finansiering/finansiering/gron-finansiering/>

## Green loans and issuances in 2023

During the first half of the year, green bonds of SEK 300 million with a 3-year term were issued and a green bank loan of SEK 229 million. During the second half of the year green bonds of SEK 1,000 million with a 3-year term were issued. Humlegården's total green loan space amounted to SEK 18,690 million by the year's end, consisting of approved properties and projects. Outstanding green financing amounted to SEK 10,870 million, including green bonds, corporate certificates, and bank loans. The bonds are listed on the Nasdaq Stockholm Sustainable Bonds List and the

commercial paper at Nasdaq Stockholm Sustainable Commercial Paper, marketplaces for sustainable bonds and commercial paper respectively.

## Climate targets validated by SBTi

Science Based Targets initiative (SBTi) allows companies to set science-based climate targets in line with the Paris Agreement's ambition to keep global warming under 1.5°C. Our climate goals have been validated by SBTi, aiming to halve our emissions for scopes 1, 2, and 3 by 2030, using 2019 as the base year. We chose to include scope 3 in our objective as scope 3 (indirect impact) contributes to the majority of our climate impact. Based on the base year, we've calculated the necessary rate of greenhouse gas emissions reduction to halve by 2030 and reach our long-term goal of climate neutrality by 2045.

The reported climate impact (including development projects) for 2023 shows that greenhouse gas emissions have increased by 19 percent compared to the previous year. This increase is primarily due to the completion of development projects and the execution of a larger number of redevelopments and maintenance projects, which negatively impact greenhouse gas emissions. However, emissions have decreased by 10 percent since 2019.

## Reduced energy use

We have an ambitious goal with a 32 percent reduction target by 2030 from the base year of 2019. During 2023 we continued with property energy mapping to identify the most effective measures for reducing energy use. Our target is to reduce heating per square meter (degree day corrected) by 2.5 percent per year until 2030. In 2023, our total energy use decreased by 4.3 percent, and property electricity by 10 percent. We've installed solar panels on two properties and plan more installations. The total reduction since 2019 is 9 percent, aligning with our target. To reduce the energy used for hot water, lower the environmental impact when purifying water and to decrease the costs of water use, we strive to reduce and monitor water consumption per property. Discharged water is managed by municipal wastewater

systems and are based on standard agreements with local water suppliers. To reduce water consumption, Humlegården works with sensors that identify unusual patterns that can be due to water leaks. In addition to this, we store small volumes of stormwater in retention systems and reservoirs.

## Green certifications – an important property management tool

Our long-term ambition is to ensure that all our properties have green building certifications. This aims to meet the demands and expectations of customers and stakeholders, reduce our environmental and climate impact, mitigate risk, increase value and create conditions for better loan terms. Certifications are a good tool for long-term property management and clear objectives. The properties in the management portfolio are certified according to the international BREEAM In Use standard, aiming to achieve at least the Very Good level in the management part of the certification. The certification affects both properties and customers as the management is the basis for the certification and various types of energy and environmental improvement measures are carried out in the property. This includes investments such as installing motion-controlled lighting systems, creating green spaces and plantings, developing environmental rooms, bike parking, and handling stormwater. By the end of the year, of the management portfolio 100 percent of the Gross Leasable Area (GLA) and 99 percent of the total market value were certified or undergoing certification. Properties classified as projects are certified upon completion.

## Circularity

Our climate roadmap is based on three elements: science-based targets, sustainability program for our development projects and the implementation of circular principles in redevelopment and new build projects. The construction and real estate industry faces significant challenges in reducing greenhouse gas emissions, resource management, and waste. Addressing these challenges requires long-term thinking beyond what has been done so far. Circularity is a prerequisite for long-term profitability and for achieving climate targets.

Our long-term goal is that all redevelopment and new constructions will be carried out according to circular principles by 2030. We are focusing on developing processes and methodologies for circular construction and reuse, a basic prerequisite for building and renovating more circularly. We have also developed several KPIs that measure results in relation to our goals, both in terms of implementation and impact.

### **Sustainability linked financing**

Humlegården's first sustainability-linked credit promise was signed in December 2022, and in 2023, a sustainability-linked framework for bonds was launched. This means the company gains access to better financing terms if it meets its climate impact and energy efficiency targets. Sustainability-linked financing is a crucial step in Humlegården's sustainability efforts, creating additional incentives to achieve the company's ambitious goals. Following the year's turn, bonds worth 650 million SEK were issued with a five-year term. Humlegården thus became the second company in the Nordic real estate market to issue sustainability-linked bonds. Beyond climate and energy efficiency targets, the goals also include circular principles, aiming for all refurbishments and new constructions to adhere to these principles by 2030.



T-House vid Engelbrektsplan 1 i Stockholm.

## Projects fulfilling our green requirements

### Päronet 8, Greenhouse, Solna strand

In one of Solna Strand's most popular locations, right next to the subway station, is the property Päronet 8. Here, an extensive redevelopment of the building is underway where Humlegården wants to create an inviting property that is adapted to modern working methods and an active lifestyle. With a strong focus on people, sustainability and recycling, new flexible environments are being developed. Customisable traditional offices are combined with common meeting and workspaces as well as move-in ready offices. In addition to this, amenities such as a gym and yoga room, café, bicycle parking room, changing room and parcel lockers will be available.

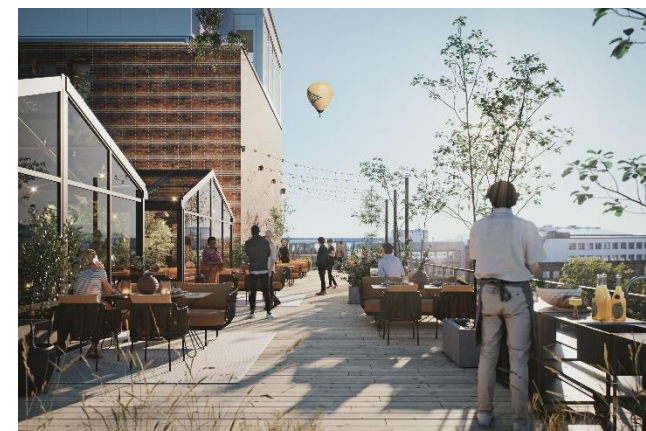
- Total rentable space: Approx. 20,000 m<sup>2</sup>
- Available: From the fourth quarter 2023
- Green certification: BREEAM In-Use, level Very Good<sup>1)</sup>
- Architect: Strategisk Arkitektur, Koncept Stockholm



### Stenhöga 5, Origo etapp 1, Solna strand

Origo is Humlegården's latest step in the development of the Stenhöga quarter, a place that in recent years has received several exciting additions to the stretch from the Swedbank HQ (Cirkusängen 6) to the office building Grow (Stenhöga 4). Here, we want to create a modern urban feel with increased openness, new walkways and generous meeting places, where the new buildings link the area together. In the design of Origo, we have placed a particularly strong focus on the atmosphere as well as the service offering that Humlegården has developed together with Spik Studios, which created concepts such as Ellery Beach House and Steam Hotel. Origo consists of three buildings that are built in stages and partially replace the old industrial building Stora Blå.

- Total rentable space: Approx. 18 000 m<sup>2</sup>
- Available: From the fourth quarter 2023
- Green certification: Miljöbyggnad, level Guld<sup>1)</sup>
- Architect: White Arkitekter, Spik Studios



<sup>1)</sup> Certifications are preliminary as the projects are ongoing.

## Approved properties and projects according to Humlegården's framework for green financing

As of 2023-12-31	Amount inc.		Energy use forecast per year	
Ongoing projects	outgoing balance	Utilised financing		
	SEK million	SEK million	MWh	kWh/sqm
Origo (Stenhöga 5)	931	0	1 094	42
Greenhouse (Päronet 8)	201	0	1 715	73
<b>Total completed and ongoing projects</b>	<b>1 132</b>	<b>0</b>	<b>2 809</b>	

Existing properties / completed projects	Market value	Utilised financing	Energy use 2023	
	SEK million	SEK million	MWh	kWh/sqm
Investment properties	18 393	11 706	22 323	76
<b>Total</b>	<b>19 525</b>	<b>11 706</b>	<b>25 132</b>	

## Approved investment amount

### 2023-12-31, SEK m

Total financing headroom	18 690
<i>Minus existing debt</i>	
Green bank financing	2 830
Green bonds	7 496
Green commercial papers	545
<b>Remaining green financing headroom</b>	<b>7 819</b>

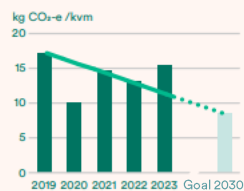
## Humlegården's long-term sustainability goals

### Greenhouse gas emissions, kg CO<sub>2</sub>-e/sqm

The goal is to reduce greenhouse gas emissions by 50 percent by 2030, compared to 2019. The target for the period from 2019 to 2023 was a reduction of 18 percent. The actual result was a reduction of 10 percent, meaning the target was not achieved. This shortfall is mainly due to the completion of a large development project in 2023, as well as the execution of a larger number of local adaptations and maintenance projects, which negatively impact greenhouse gas emissions.

Our progress

**-10%**

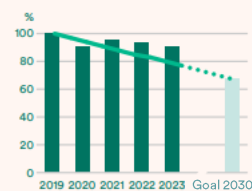


### Energy efficiency, kWh/sqm

The objective is to reduce energy consumption by 32 percent by 2030, compared to 2019. The target for the period from 2019 to 2023 was a reduction of 12 percent. The actual outcome was a reduction of 9 percent, which means that the target was not met. During 2023, energy consumption decreased by 4 percent. Several initiatives to reduce energy consumption are underway, which are expected to yield results in the coming years.

Our progress

**-9%**

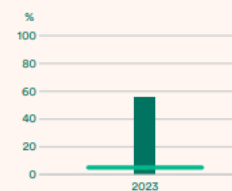


### Circular principles

The goal for 2023 was for 5 percent of new construction and renovation projects that started and finished in 2023 to be carried out according to circular principles. The outcome was 56 percent, which means the goal has been achieved.

Our progress

**56%**

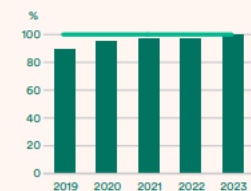


### Green certification, %

The goal is for 100 percent of our managed properties to be environmentally certified. The outcome was 100 percent, meaning the goal has been achieved.

Our progress

**100%**



# Revisorns rapport

TRANSLATION FROM THE SWEDISH ORIGINAL

## Rapport över faktiska iakttagelser

To Humlegården Fastigheter AB, corporate ID: 556682–1202.

### Purpose

Our report is solely for the purpose of assisting Humlegården Fastigheter AB:s ("Humlegården") in presenting to investors that net proceeds from issued green borrowing as of 2022-12-31 has been used exclusively for projects/assets that follows the categories and criteria in Humlegården's Green Financing Framework and may not be suitable for another purpose.

Our report is intended solely for the purpose specified in this report and for your information, and it should not be used for any other purpose or distributed to other parties. Our review in relation to this document only covers what is specified in this report

### Responsibilities of the Engaging Party

Humlegården (responsible party) has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

Humlegården (also responsible party) is responsible for the subject matter on which the agreed-upon procedures are performed.

### Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves performing the procedures that have been agreed with Humlegården, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

### Professional Ethics and Quality Control

We have complied with the ethical requirements as stated in International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBAs Code of Ethics) and independence requirements in section 4A of IESBAs Code of Ethics.

Our firm applies ISQM 1 (International Standard on Quality Management), 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.

### Procedures and Findings

We have performed the procedures described below, which were agreed upon with Humlegården in the terms of engagement dated February 1st, 2023, regarding that net proceeds from issued green borrowing as of 2022-12-31 have been used exclusively for projects/assets which comply with the categories and criteria set out in Humlegården's Green Financing Framework. The procedures performed are summarized as follows:

1. We agreed that the sum corresponding to the net proceeds from issued green borrowing has been transferred to a special account ("Green Account") or otherwise tracked by Humlegården ("Green Portfolio") in accordance with Humlegården's Green Financing Framework.
2. We agreed that the sum corresponding to the net proceeds from green borrowing has been used exclusively for projects/assets that follow the categories and criteria in Humlegården's Green Financing Framework.

We have made the following findings:

- Relating to procedure 1) we found no deviations.
- Relating to procedure 2) we found no deviations.

Stockholm the 29th March 2024  
KPMG

Fredrik Sjölander  
Authorized Public Accountant

Torbjörn Westman  
Head of KPMG Assurance Services

### Appendixes:

1. List of approved projects/assets according to Humlegården's Green Financing Framework as of KPMG:s review per December 31st 2023.

# Appendix to the Auditors report

## Appendix 1

### Approved projects/assets according to Humlegården's Green Financing ("Green Financing Framework") as of 31 December 2023

Assets	ESG Certificate	Market value (msek)
Apelsinen 4	"Green buildings"	460
Apelsinen 5	"Green buildings"	685
Bremen 2	"Green buildings"	2 680
Bremen 4	"Green buildings"	1 250
Cirkusängen 6	"Green buildings"	2 580
Kåkenhusen 25	"Green buildings"	1 640
Käpplingeholmen 3	"Green buildings"	551
Päronet 6	"Green buildings"	778
Riddaren 18	"Green buildings"	1 220
Skravelberget Större 20	"Green buildings"	1 280
Smultronet 2	"Green buildings"	983
Stenhöga 2	"Green buildings"	267
Stenhöga 4	"Green buildings"	1 640
Styrpinnen 19	"Green buildings"	1 030
Österbotten 7	"Green buildings"	279
Österbotten 8	"Green buildings"	1 070
<b>Projects</b>		
Origo (Stenhöga 5)		931
Greenhouse (Päronet 8)		201

Total approved amount	Outstanding green			Outstanding sustainability linked	Remaining financial headroom
	Bonds	Bank loans	Comercial papers	Bank loans	
19 525	7 496	2 830	545	835	7 819