

Green Bonds Investor report

24 april 2024

In February 2022, Rikshem's framework for green bonds was updated and now includes Clean transportation, Energy efficiency, Green buildings and Renewable energy. Green buildings is the largest category for Rikshem, and contains the sub-categories Environmentally certified buildings, Wooden buildings, Energy efficient residential buildings, Renovated buildings with decreased energy use and Other existing buildings with low energy use. The framework is based on the Green Bond Principles (2021) and has, like Rikshem's previous green frameworks, been reviewed by the independent climate and environmental research institute Cicero. The framework has received the classification Cicero Medium Green for the green conditions and Excellent for the governance procedures.

Rikshem issued its first green bond in 2014, as one of the first corporates and real estate companies to do so. Our Green Bond Framework has frequently been updated in order to better reflect our work and progress as well as align with current market standards and best practice. Rikshem will strive to monitor the development of the Green Bond market to continually advance the Green Terms. As such the Green Bond Framework will continue to be updated from time to time to reflect current market practices.

Rikshem also has green financing through a credit facility at the European Investment Bank that can be used to finance investments in energy efficiency.

Rikshem's framework for sustainability-linked bonds has been launched in 2024 and will enable credit investors to contribute to Rikshem's important KPIs in the areas of security in the living environment, sustainable supply chains and targets for energy efficiency in existing portfolios and new construction. The framework is based on the Sustainability-Linked Bond Principles and has been reviewed by the independent institute Sustainalytics.

More information about our work with sustainability is available on our website rikshem.se.

rikshem



Long-term, sustainable development

Rikshem's sustainability efforts involve major community engagement. We are convinced that Rikshem can make good contributions to society and at the same time conduct good business. In order to navigate our sustainability work correctly, we work on the basis of our strategic sustainability compass.

All of Rikshem's investments and decisions must include a sustainability perspective and the long-term values we create are refined in our day-to-day operations. Sustainability work contributes to committed employees, better property management, more satisfied customers and improved profitability.

Sustainability compass

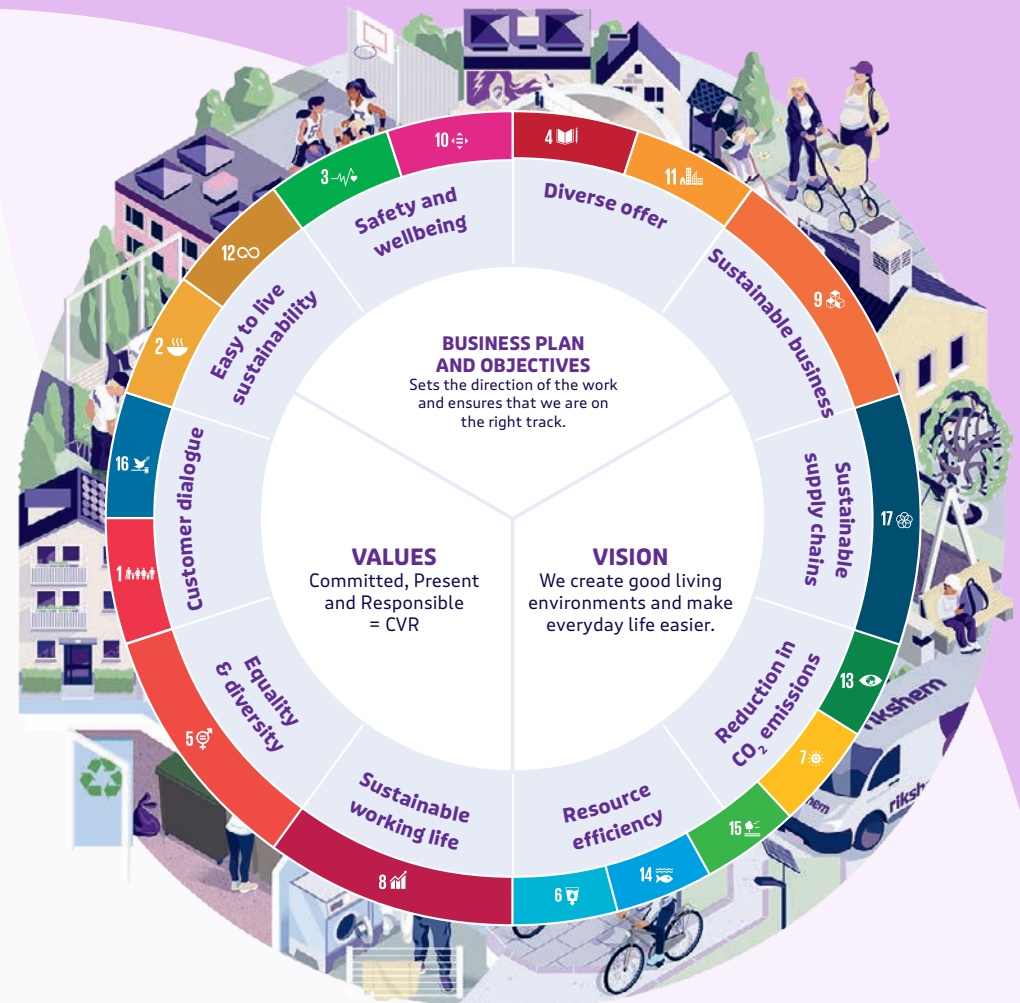
In order to achieve our goals, sustainability work is integrated across our business operations. Rikshem navigates its sustainability work with the help of the sustainability compass. The model serves as a framework and clarifies the links between Rikshem's goals, material issues and the UN's Sustainable Development Goals. The compass aims to support employees in integrating sustainability issues in their work in a concrete way. Sustainability is taken into account in decision-making processes for development projects and in investment decisions.

Material issues

Through a materiality analysis, Rikshem has identified ten materiality areas, which are regularly followed up. The materiality analysis is based on continuous business intelligence, in-depth stakeholder dialogs and analysis of our business' sustainability impact. Prioritization of the materiality issues is based on where Rikshem's operations have the greatest positive or negative impact on the environment and society.

UN Goals

1. No poverty
2. Zero hunger
3. Good health and well-being
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry, innovation and infrastructure
10. Reduced inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action
14. Life below water
15. Life on land
16. Peace, justice and strong institutions
17. Partnerships for the goals



Climate action

The construction and property sector plays a key role in the transformation to a sustainable society. Rikshem has therefore clarified a number of its climate-related targets and ambitions. Three important milestones were producing a climate roadmap, joining the Science Based Targets Initiative and signing up to LFM30 (Lokal Färdplan Malmö), a local initiative in Malmö. Now that we have determined where we are going, our climate work can begin in earnest.

Climate-neutral operations by 2045

Rikshem has set a long-term target to be climate-neutral by 2045. To show how we plan to achieve our goals, we have drawn up a climate roadmap. The climate roadmap is based on climate mapping of the entire business value chain.

Climate roadmap

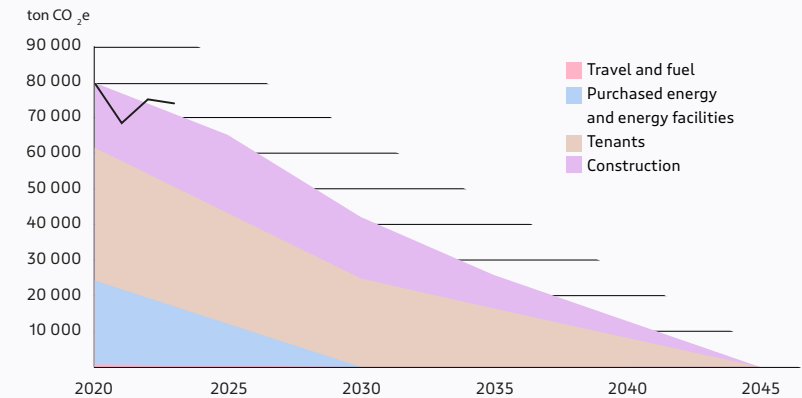
The climate roadmap presents a picture of the rapid need for development we are facing and what we will be working on. The roadmap shows at what pace we need to reduce our climate emissions, setting out our goals and targets and where in our value chain emissions occur. The emissions are divided into three scopes* in accordance with the GHG Protocol and include both our direct and indirect climate impact. Our previously adopted climate goal for climate-neutral property management by 2030 remains in place. We have also added goals for climate emissions both upstream and downstream in our value chain, for example emissions from construction and renovation work, as well as our tenants' climate impact.

Based on a developed scenario, IVL Swedish Environmental Research Institute has helped us calculate our need for reduced climate emissions, which also includes reduced emissions from other operators, society and the sector in areas such as heating, electricity, construction and mobility.

Climate mapping of the value chain

Rikshem's climate roadmap is based on a climate mapping of its operations. This was developed into a complete climate report during the year, in accordance with the GHG Protocol and the new Scope 3 guidance for housing companies that was issued in 2022. Rikshem's climate mapping shows the distribution of our climate emissions throughout our value chain for all three scopes (1, 2 and 3) and is based on data from 2020 as the baseline year, and the 2021 and 2022 financial years. The figures refer to Rikshem's total portfolio. A clear overview of the climate impact from different parts of the value chain provides a good basis for working systematically on halving the climate impact by 2030 and achieving climate-neutral operations by 2045.

Rikshem's climate roadmap



The area chart is based on the results of our climate mapping and shows the desired path going forward, with important goals and targets reflecting statutory requirements and Rikshem's commitments, including a target to halve our climate impact by 2030.

* Scope 1: Direct impact from own operations, fuel and travel Scope 2: Indirect impact from energy purchased for own operations Scope 3: Indirect impact that arises before and after our operations

Rikshem's climate journey

In recent years, Rikshem has been on a climate journey where important decisions have been made along the way and where the view of the scope of climate impact has been expanded. From working with our own emissions in Scope 1 and emissions from purchased energy in Scope 2, to also include climate emissions in Scope 3 that occur further away in our value chain, both upstream and downstream.

An important shift in Rikshem's climate development in 2023 was in Scope 3, where we are working to reduce the climate impact

of the construction phase. Two actual movements stand out as particularly positive. In our new production project Blombacka Norra Myran, we have very good results in the climate declaration of 138 kg CO₂e/sqm gross area, which is far below the average value according to a new report from the Swedish National Board of Housing, Building and Planning. Secondly, we are the first project in north Sweden to inventory and market recycled materials in Luleå via CCBUILD.

2014-2020

» 2014. Rikshem was one of the first property companies in the world to issue green bonds. Our framework for green bonds was revised in 2022 and climate is an important area in this.

» Rikshem has used timber structures in some of its new construction projects since 2014. We were on board at an early stage and during the first few years we were the property company in Sweden that built the most apartments with timber structures.

» In 2020, the decision was made to environmentally certify all new construction.

» In 2020, the decision was made to buy only renewable electricity for Rikshem properties.

2021

» Decision that Miljöbyggnad Silver will be the standard for environmental certification of all new construction.

» Decision to connect Malmö and Helsingborg to climate commitments and requirements according to Local Färdplan Malmö 2030 (LFM30).

» In 2021, Rikshem's own climate roadmap was adopted, with the goal of halving climate emissions throughout the value chain by 2030 and achieving net zero climate emissions by 2045.

» Decision to join the Science-Based Targets Initiative climate targets for SMEs.

2022

» Targets introduced for LFM30-affiliated locations for new construction projects, to start as from 2025, to have a maximum ceiling of 280 kg CO₂e/ sqm of outside gross area.

» Moved from climate mapping to climate accounting methodology for all three scopes, in accordance with the GHG Standard Protocol.

» Work focused on energy efficiency and reduction in energy consumption of 7.3%.

2023

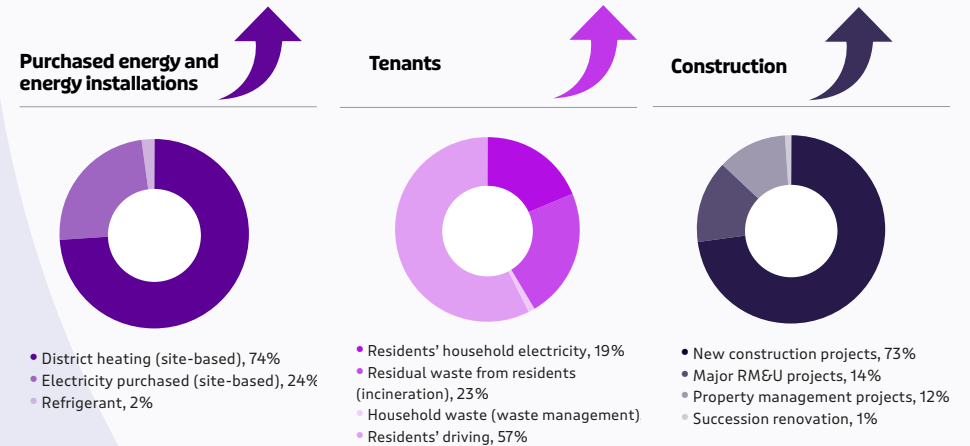
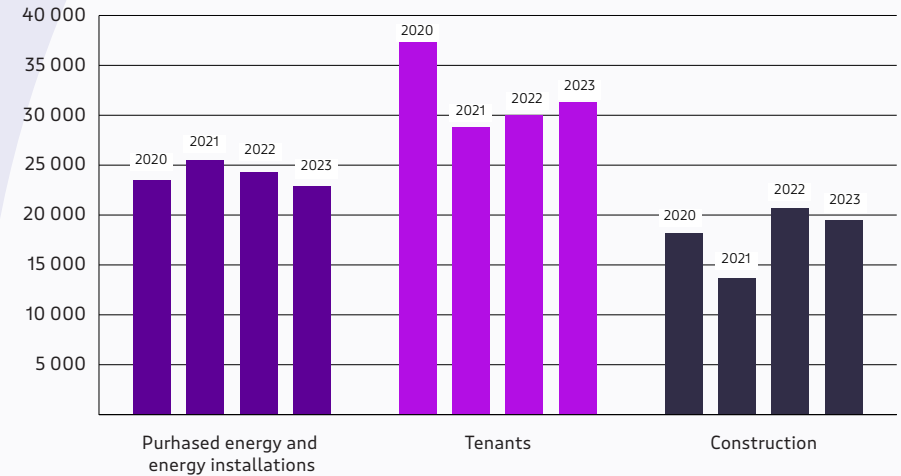
» Joined HS30, Sustainable Stockholm 2030, with a focus on the climate roadmap.

» Followed up the climate roadmap and made a forecast that increases the clarity of changes and challenges.

» Climate declaration with very good results for Blombacka Norra Myran of 138 kg CO₂e/sqm gross area.

» Kronan in Luleå became the first project in northern Sweden to be inventoried for reuse via CCBUILD.

Rikshem's climate impact 2020-2023 (tons CO₂e/year) (location-based method)



Annual report on energy and climate (market-based method)

The table below shows actual and nominal year-adjusted energy consumption for Rikshem's comparable portfolio¹. Figures adjusted for a normal year are used to facilitate comparison between the years, regardless of whether it has been a warm or cold year. The SMHI energy index is used in the normal year correction. For figures adjusted for a normal year that constitute the follow-up against Rikshem's goal, the energy use ends up at 116 kWh/sqm Atemp² for 2023, which is 1.3% lower than the previous year. The year 2023 was a normal year with normal energy use compared to the average for Sweden, but with local variations.

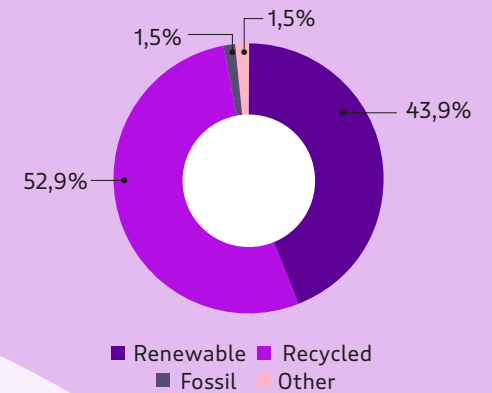
Energy consumption	2023	2022	2021
Energy consumption, actual (kWh/sqm Atemp)	117	116	129
Energy use, adjusted to a normal year (kWh/sqm Atemp)	116	118	127
Energy consumption, actual (GWh)	271	267	297
Energy use, adjusted to a normal year (GWh)	270	272	293

1. Like-for-like portfolio with respect to energy and climate statistics refers to the part of the portfolio that Rikshem owned for a full calendar year and for which comparable figures are available, i.e. properties where the company can monitor the same type of energy use (heating of buildings and water, and property electricity). The like-for-like portfolio includes 404 of Rikshem's total of 512 properties.
2. Atemp is taken from energy declarations and follows the rules concerning measured or standard calculated values, depending on when the declaration was made.

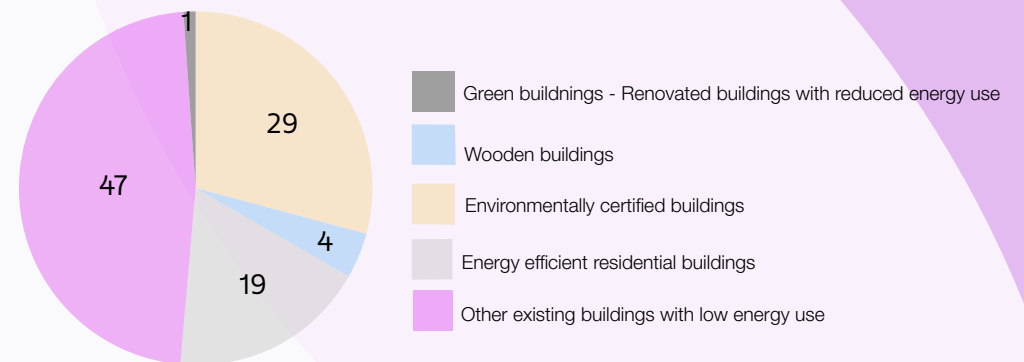
Rikshem's climate impact from purchased energy depends largely on the fuel mixes of the district heating suppliers. Therefore, reducing energy use does not always guarantee that emissions from purchased energy will be reduced. However, in 2023, emissions from purchased energy decreased, while emissions from our tenants increased compared to 2022. For construction, emissions from new construction and renovation decreased slightly in 2023 compared to 2022. Over time, the carbon footprint of new construction and renovation will decrease as the carbon footprint of building materials decreases.

Origin of purchased energy

Rikshem purchases origin-labelled electricity from renewable sources (hydroelectric power, solar power and wind power). Heating is mainly purchased from district-heating companies, which report their emissions by source: fossil, recycled, renewable and other. This shows the breakdown of energy in the like-for-like portfolio, energy use adjusted to a normal year, using the market-based method



Use of proceeds split by category



Green buildings

Main Environmental Objective: Mitigation



Green assets comprising of environmentally accredited energy efficient buildings, wooden energy efficient buildings, renovated buildings with decreased energy use and energy efficient residential buildings.

Environmentally certified buildings

Financing of development, acquisition or otherwise completed low energy buildings that have or will receive (i) a design stage certification or (ii) a post-construction certification or (iii) an in-use certification in any of the following building certification schemes at the defined threshold or better: Miljöbyggnad "Silver", BREEAM "Very Good" or Svanen, as well as achieve at least 15% lower energy use than required by the applicable national building code (BBR).

Wooden buildings

Financing of development, acquisition or otherwise completed low energy buildings that have or will use FSC or PEFC certified wood as the main building component and thereby minimize the use of cement and steel, as well as achieve at least 15 % lower energy use than required by the applicable national building code (BBR).

Energy efficient residential buildings

New or existing residential buildings that achieve at least 15% lower energy use per square meter than required by the applicable national building code (BBR). Other existing buildings with low energy use.

Renovated buildings with decreased energy use

Financing of renovation, acquisition or otherwise completed low energy buildings that have, or will, achieve at least a 30% decrease in overall energy use or achieves an energy use in line with the applicable national building code (BBR) for newly built properties.

Property	Municipality	Type of property	Completed	Certification	Energy performance kWh/sqm	Carbon intensity kg CO2/sqm
Topasen	Norrköping	Residential	2023	Miljöbyggnad silver	26*	0,2
Gränby 9:3	Uppsala	Residential		Miljöbyggnad silver	33*	3,4
Brännaren etapp 1+2	Malmö	Residential		Miljöbyggnad silver	19*	0,1
Bonden 7	Halmstad	Residential	2022	Miljöbyggnad silver	66*	6,3
Vedbo 99	Västerås	Residential	2023	Miljöbyggnad silver	27*	0,2
Enheten 1 etapp 2	Halmstad	Residential	2023	Svanen	75*	7,7
Kronan Östra	Luleå	Residential	2023	Miljöbyggnad silver	59*	1,4
Bergskvadraten	Norrköping	Residential	2021	Miljöbyggnad silver	67**	6,3
Kvarngärdet 56:14 (Värd norra)	Uppsala	Public	2020	Miljöbyggnad silver	67*	9,7
Kvarngärdet 56:13 (Värd södra)	Uppsala	Public	2021	Miljöbyggnad silver	64*	7,4

Property	Municipality	Type of property	Completed	Energy performance kWh/sqm	Carbon intensity kg CO2/sqm
Ramsågen Knivsta Gredelby 7:91	Knivsta	Residential	2015	71	7,6
Flyttfågeln 1 del 2	Umeå	Residential	2018	83**	3,7
Klintbacken Bergviken 5:40	Luleå	Residential	2018	90**	1,9

Property	Municipality	Type of property	Completed	Energy performance kWh/sqm	Carbon intensity kg CO2/sqm
Enheten 1	Halmstad	Residential	2022	50*	3,4
Nåden 2	Halmstad	Residential	2022	22**	0,2
Orrspelet	Umeå	Residential	2022	59**	3,0
Berthåga 60:2	Uppsala	Residential	2022	21*	0,2
Repet 4 - Blombacka etapp 1	Södertälje	Residential	2023	54**	2,1
Balgripen 1	Helsingborg	Residential	2016	71**	3,4
Rapsen 12	Kalmar	Residential	2021	39**	0,2
Kantorn Kvarngärdet 4:3 (enbart hus 10-21)	Uppsala	Residential	2017	73**	5,5

Property	Municipality	Type of property	Energy performance kWh/sqm	Carbon intensity kg CO2/sqm
Flyttfågeln 2	Umeå	Residential	115	5,3
Luthagen 37:8	Uppsala	Residential	98	9,2

*According to energy calculation **According to energy declaration

Other existing buildings with low energy use

Older buildings have higher thresholds since technical and legal limitations as well as building standards make it more difficult to reduce energy use for these buildings.

Value year	Energy use per square meter
Before 1971:	135 kW/sq m
1971-1999	125 kW/sq m
2000-2006	115 kW/sq m
After 2006	At least 15% lower than the applicable national building code

Property	Municipality	Type of property	Value year	Energy performance kWm/sqm	Carbon intensity kg CO2/sqm
Repet 4 (exkl NYP Blombacka)	Södertälje	Residential	1998	114**	3,7
Spärren 2	Norrköping	Residential	1982	103	14,5
Eriksberg 17:1 och 17:2	Uppsala	Residential	1997	93**	11,9
Niten 1	Norrköping	Residential	1999	116	16,8
Svärdsliljan 5	Västerås	Residential	1994	106**	3,7
Linjen 2	Norrköping	Residential	1965	122**	15,2
Karlberga 2	Södertälje	Public	1986***	60**	0,4
Brandstoden 7	Nyköping	Residential	1993	62	0,8
Uven 5	Helsingborg	Residential	1989	99	4,1
Brudslöjan 3	Norrköping	Residential	1987	87	1,2
Björknäs 1:34	Nacka	Public	1990***	70	0,5
Urberget 1	Västerås	Residential	1965	88	3,3
Valsta 3:38	Sigtuna	Residential	1982	46	0,3
Neglinge 13:5	Nacka	Public	1970***	54**	0,4
Gunnar 18	Västerås	Public	1979***	51	0,4

*according to energy calculation

**according to energy declaration

***Year of completion

Outstanding Green Bonds as per 31 December 2023

Bond	Outstanding Amount, mkr	Maturity date
EMTN 8	500	2025-02-03
EMTN 9	900	2025-02-03
EMTN 15*	287	2029-03-02
EMTN 17	300	2026-01-19
EMTN 18	600	2026-02-17
EMTN 20	300	2026-10-05
EMTN 21	800	2024-10-07
EMTN 22	500	2025-05-22
EMTN 23	300	2024-07-24
EMTN 24	300	2025-10-28
EMTN 25	300	2023-11-22
EMTN 26	500	2027-05-10
EMTN 27	1000	2025-06-02
EMTN 28	600	2027-09-06
EMTN 29	400	2027-09-06
EMTN 30**	109	2027-10-04
EMTN 31	250	2026-10-13
EMTN 35	250	2026-02-03
EMTN 36	250	2026-02-03
EMTN 41	300	2028-12-13

Summary	8,446
Total fair value/green investments, available green pool	10,363.4
Outstanding green bonds	8,446
Balance in green accounts	-
Available for new green bonds	1,917

* 300 MNOK

** 10 MEUR

Energy-smart properties

Buildings account for approximately 40% of Sweden's energy use and slightly over one-fifth of its greenhouse gas emissions in a life cycle perspective. Energy-efficiency measures in the properties Rikshem manages is therefore an area where Rikshem has an opportunity to make a difference for the climate.

Energy use is high in both the construction phase and the operational phase for both the industry and Rikshem's own operations. For the construction phase, the main energy consumption is mainly due to the production of materials. Energy use during the operational phase refers to the energy used in the properties in the form of heating and property electricity. Tenants' electricity consumption is not included. Heating use represents the greatest share, at around 85%. The remaining amount is made up of property electricity. In 2023, we purchased renewable electricity consisting of 100% hydropower.

Energy concept

In recent years, Rikshem has expanded its organization for energy initiatives, strengthened its coordination functions internally and launched several new energy-saving projects, including for lighting, heating and ventilation systems. One element of the enhanced energy initiatives is the Energy-smart properties development project, which was ongoing in 2023. In addition to the energy concepts developed for technical solutions, a platform has also been created with documents and working methods that enable us to keep up with the rapid development of energy and climate in society.

Four concepts that are part of Energy-smart properties:

- Lighting concept, which aims both to improve energy efficiency and to remove lighting that is old and inefficient, or which contains mercury, and replace it with modern LED lighting. There is a plan to change all lighting in the coming years.
- Solar panel concept for existing properties in Rikshem's portfolio and framework agreements with solar panel suppliers.
- Concept for the expansion of the charging infrastructure for electric cars.
- Concept for the introduction of IMC (individual metering and charging). This initiative is a response to new requirements that have entered into force. These types of solutions will be integrated in all new construction projects. Equivalent measures for the existing portfolio are still under development.

Energy project in Gränby

To improve efficiency and secure energy use in the Gränby neighborhood of Uppsala, a project was launched in 2023 to drill for geothermal heating and install solar panels. The energy project, one of the largest in Sweden, will also lead to a better indoor climate for tenants. In addition to raising the energy standard of the building to modern conditions, energy savings of around 6 GWh per year are also made.

The ELENA project

The Energy-smart properties project is part-financed by the EU Horizon 2020 program via the ELENA initiative, under grant agreement ELENA-2017-119.

ELENA is an initiative from the European Investment Bank (EIB) that was started to provide grants for work ahead of the actual implementation of energy projects, such as proposal of concept and tools, and a strategy for energy projects.

Kronan, Luleå

Rikshem has built the first stage of the Kronan project in the Kulturbyn neighborhood at Östra Kronan in Luleå, comprising 92 new apartments in two six-floor buildings. The buildings will have silver certification from the Swedish Green Building Council. They will be fitted with solar panels, providing self-generated electricity both for the buildings and charging points for electric cars.

Links:

- [Green Bond Framework](#)
- [Ciceros Second Opinion](#)
- [Annual and sustainability report 2023](#)
- [Auditors Report on Investor Report 2023](#)

Rikshem is one of Sweden's largest private property companies. We own, develop and manage residential properties and properties for public use in selected municipalities in Sweden, where we offer safe, pleasant and flexible housing in attractive locations. Rikshem is owned by the Fourth Swedish National Pension Fund and AMF Pensionsförsäkring AB. Read more at rikshem.se.

Contact

Phone: +46 10 70 99 200
Rikshem AB (publ)
Box 307, SE-101 26 Stockholm
rikshem.se



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Anette Frumerie
CEO
Rikshem

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Anders Lilja
CFO
Rikshem