areim

Sustainability Report 2022

Contents

Kista Parkstad, Sweden

Improving tomorrow

Areim is an independent Nordic property owner and fund manager with the vision to invest in new shapes of progress, for society and beyond.

This is Areim

Our goal is to deliver value to all stakeholders by balancing strong financial results with sustainable developments, whilst taking care of our communities. Since the company started in 2003, we have invested in underdeveloped real estate where we can add lasting value during our ownership.

Areas of expertise

Today, we own and invest in real estate and companies across the Nordic region (Sweden, Norway, Denmark, and Finland) within the light industrial, residential, office, retail, and data centre segments valued at EUR 2,900 million (GAV). We offer three areas of expertise: fund management, property development, and advisory.

Our visionary team of real estate and investment experts has a strong track record in evaluating and targeting suitable transaction, implementing complex business plans, and developing real estate for maximum returns. Our main customers are investors and tenants. Areim's head office is in Stockholm and additional offices are in Copenhagen, Helsinki, Oslo, and London. Our founder and principal owner is Leif Andersson.

Six funds under management

We currently manage six funds on behalf of some of the world's largest institutional investors:

- **Areim Fund I:** a 2007 vintage with EUR 225 million of commitments, raised from three of the world's largest institutional investors. The Fund is in the process of being wound down.
- **Areim Fund II:** a 2012 vintage with EUR 362 million including EUR 41 million of co-investment capital. The investment focus is residential development, office- and retail properties.
- **Areim Fund III:** a 2015 vintage with of EUR 528 million of commitments, including EUR 100 million of co-investment capital. The investor base includes leading Swedish and international institutions with an investment focus on office properties and residential developments.
- **Areim Fund IV:** EUR 720 million of commitments, including EUR 185 million of co-investment capital. The investor base includes investors from the Nordics, Europe and Asia. The fund invests in office properties and residential developments as well as light industrial assets.
- **Areim Fund V:** a 2021 vintage with EUR 892 million of commitments, including EUR 188 million of co-investment capital. The investor base includes investors from the Nordics, Europe, North America and Asia. The fund primary invests in the light industrial, office, and residential sectors.
- **Areim DC Fund:** 2022 vintage with EUR 446 million of commitments. The investor base includes leading international institutional investors. The fund focuses on EcoDataCenter, a Nordic data centre platform, enabling the green transition in the industry.

FUND	Vintage	Total commitments (millions)[1]	*Co-investment capital (millions)*	INREV index[2]	SFDR
JV / Operating Partner	2003–2007	€ 96	-	N/A	-
Areim Fund I[3]	2007	€ 225	-	1st Quartile	-
Areim Fund II	2012	€ 321	*€ 41*	1st Quartile	Article 8
Areim Fund III	2015	€ 428	*€ 100*	Median	Article 8
Areim Fund IV	2018	€ 535	*€ 185*	Median	Article 8
Areim Fund V	2021	€ 704	*€ 188*	N/A	Article 8
Areim DC Fund	2022	€ 446	-	N/A	Article 8

1) Calculated with FX-rate SEK/EUR as of inception date.
2) INREV IRR Real Estate Fund Benchmark (All Vehicles) 31 December 2022.
3) To be wind down during 2023.

We own and invest in real estate and companies across the Nordic region within the light industrial, residential, office, retail, and data centre segments.

Vision

We invest in new shapes of progress. For society and beyond.

Our business model

Long-term value creation throughout our investment cycle.

70%
Renewed commitments from existing investors

€11 billion
Acquired and advised across the Nordics (GAV)

24% / 1.9x
Realised gross returns on 90 assets with strong performance across cycles

Our value-add approach

Areim's value-add approach is based on long-term value creation throughout our investment cycle: raising and closing funds; acquisition; active asset management: and divestment. Our goal is to deliver value to all stakeholders by balancing strong financial results with sustainable development, with a focus on taking care of our communities. We have structured this into three well defined areas to focus our efforts:

- We turn brown to green;
- We care for people; and
- We deliver sustainable results.

Raise and close funds

Great business is built on long-term relationships. We are grateful for the trust of investors, as evidenced by the 70 per cent re-up rate (renewed commitments). From the fund raising, inception and throughout the life span of each fund, we provide for our investors and partners:

- Good governance;
- A high level of transparency;
- Stringent compliance; and
- Strong financial return.

Aquisition process

Areim benefits from an extensive Nordic network with over 70 per cent of deals sourced off-market. We have an entire team active in deal sourcing with comprehensive selection and research. This is critical to the investment process, as in-house sector specialists take a cradle-to-grave management approach to drive value at the asset level.

During the due diligence process, we incorporate ESG screening to better manage risks, improve returns and protect downside. All investment decisions presented to our investment committee consider various ESG aspects in addition to the financial targets and business rationale. We assess and evaluate these through:

- Climate risks;
- Environmental risk, including pollution;
- Alternative use and retrofit potential;
- Energy performance potential;
- Green and sustainability linked financing; and
- Embedding social benefits within and around our investments.

Active asset management

During the hold period, often around 5 to 10 years, our objective is to add value through independent asset management and innovative property management. Each property or company has a dedicated steering group including members of the fund management, asset management, finance, investment and ESG teams. Environmental and social action points in the business plan, with KPIs that are followed up and regularly monitored, include:

- Accelerating each investment's transition to net-zero (e.g. energy efficiency and purchasing fossil-free electricity);
- Green leasing;
- Minimising vacancies by renovating, repositioning, creating new lettable space and extending building rights;
- Building certification; and
- Environmental management, including recycling, minimising waste; reducing chemical use and using eco-friendly materials.

On top of this we are developing a model to measure and analyse our societal impact on each of our investments. Read more about our Sustainability value creation on page 22.

Divestment process

As we divest our assets, we remain committed to delivering on our promises, which include:

- Achieving strong financial returns;
- Optimising asset development to maximise its best lasting long-term value;
- Enhancing each asset's sustainability and energy efficiency; and
- Maintaining positive relationships with the next property owner.

Boländerna and the meatpacking district, Uppsala, Sweden

Our investment expertise

Advisory, JV and operating partner

Since 2003

At the request of existing investors and partners, we take on advisory assignments. Past advisory assignments include:

- Acquisition of a €550 million core residential portfolio in Sweden.
- Strategic analysis, management and sales implementation for a mixed sector Swedish and Finnish portfolio.
- 2003–2007: Local Nordic partner for Blackstone Group, with a transaction volume totalling €400 million.
- 2005–2008: Advisors to Dutch ING Real Estate (now CBRE Global Investors), managing a portfolio of approximately €1.1 billion and assisting in establishing Nordic operations.

Value-add flagship funds Areim Fund's I–V

Since 2007

- Pan-Nordic in-house expertise.
- Focus sectors: light industrial, residential and office.
- Return target: 12–14% net IRR.
- Way of working incorporates delivering value by balancing strong financial results with sustainable developments.

Infrastructure

Since 2013

Areim's sister company Infranode manages 2 core flagship funds of €1.7 billion through a separate dedicated team.

Co-investment opportunities

Since 2014

Areim consistently offering sizeable co-investment opportunities. Examples include:

- 2014, €220m Stockholm City office repositioning.
- 2015, €1.3bn acquisition of 40 property pan-Nordic portfolio,
- 2017, €3.8bn take private of Finnish mixed-use portfolio.
- 2019, €330m acquisition of Stockholm landmark office building.
- 2021, €135m take private of Swedish residential development company.

Data centres

Since 2018

Areim owns EcoDC, an innovative and fast-growing data centre developer and operator set to leverage the intersection of sustainability and digitalisation.

Areim in brief

- Total number of employees: 87
- Net turnover Areim AB: SEK 296 million
- Committed capital: EUR 3.3 billion
- Real estate: 90 directly-owned properties
- Total area: 590,000 sqm
- Assets under management EUR 2,900 million (GAV)[1]

1) Including Areim Fund II–V, co-investments, DC Fund and advisory.

Since 2003, we have invested in underdeveloped real estate where we can add lasting value during our ownership

2003
FOUNDED BY
Leif Andersson

Founding member of INREV

2005
WATERFRONT
Pioneering world-class environmental and energy solutions.

2007
2007-2012 OPERATING PARTNER
- Areim Fund I (€225m)

2009
VÄLBEHAGET
First residential project in the Nordics to register for LEED Gold certification

2010
TORKHUSET
Certified in accordance with EU Green Building

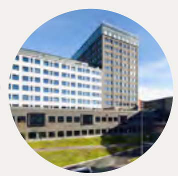
2011
- Certified by Swedish Environmental Base
- First GRESB reporting

2012
- Areim Fund II (€321m)
- Co-investment capital (€41m)

REYKJAVIK 2
Certified in accordance with EU Green Building

2014
- AIFMD certified

KISTA ONE
Certified in accordance with LEED Gold



2015
- Areim Fund III (€428m)
- Co-investment capital (€100m)

KISTA PARKSTAD
Initiated zoning process for a socially and environmentally sustainable community

2018
- Areim Fund IV (€535m)
- Co-investment capital (€185m)

HANSA
Certified in accordance with BREEAM In-Use, Very Good

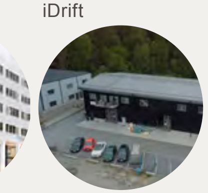
2019
- Asset level GHG emission audit
- Green leases implemented

2020
- Implementation of DMS on energy and water consumption
- First green financing

VALILLA CORNER
Certified in accordance with BREEAM In-Use, Very Good

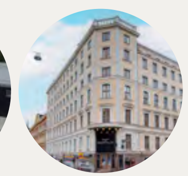
2021
- Areim Fund V (€704m)
- Co-investment capital (€188m)

SKARPNÄS 8:22
First asset within the Light Industrials (LI) segment certified in accordance with Miljöbyggnad iDrift



2022
- Areim Fund III awarded GRESB 5 star
- Areim DC Fund (€446m)

EROTTAJANKATU
Certified in accordance with BREEAM In-Use, Very Good



Co-operation enables sustainable development

The last year has been a challenge for us all. The tail end of the pandemic and the war in Ukraine have compounded geopolitical and economic insecurity. Facing these adversities has been tough for communities and tough for business. Our approach has been to stand together and focus on the opportunities while retaining our ambitious ESG and sustainability agenda.

> **As a builder of communities and expert in retrofitting, we show by example how a sustainable approach to doing business creates opportunities and makes us more resilient to changes in the economy.**

Standing still with our ESG credentials was never an option for Areim and, as the regulatory environment and investors' needs increase, we will continue to push ahead. For a business like ours, being strong in ESG is an asset in itself. More strategically, we see our markets being driven by sustainability. As a builder of communities, we show by example how a sustainable approach to doing business creates opportunities and makes us more resilient to changes in the economy.

A high-quality environment is often an important part of the decision of where to live or where to work. This includes not only the 'place' but also how it functions and how we can function there as a community. Looking beyond the use of recycled and green materials in construction and refurbishment, how can we build communities that enable more sustainable living, where people feel welcome? That is why we, at Areim, will continue to develop our ESG credentials and seek opportunities through sustainability.

We are a catalyst

The communities we build and manage are important to us. They also enable us to influence our tenants and our suppliers towards more sustainable practices. We want long-term relationships and this fits with the ethos of sustainability – we want what is best for tomorrow, not just for today.

As an example, at our development of Lybeck 2 in Stockholm's district Värtahamnen, we are working with neighbouring property owners and developers to create a vibrant and safe district. More widely, we work with the anti-bullying organisation Friends, as well as with Mathivation and through our own initiative Joyful Learning, to develop well-functioning schools by designing the physical environment for pupils to feel safe and flourish in their schoolwork.

Like many organisations, we continue to invest internally to ensure our ESG targets are achieved, with measurement and reporting integrated within our wider digitalisation program. Two notable decisions made this year are to initiate a reduced use of carbon offsets and to consider how to measure and analyse our societal impact. These are both challenging areas, but important if we want to stay ahead on the sustainability curve.

Passion for ESG

Our consistent approach and focus on ESG is recognised by our investors and helped us close our largest fund to date at the end of 2022. We also received our first GRESB five-star rating, testament to the value we place on ESG. This is the external perspective, but I am excited by the passion our staff bring to ESG and more widely to the sustainability debate. The enthusiasm of our staff has given us the courage to take this further.

What we do as individuals is also important. To achieve the sustainable development goals globally, and leave something better behind, we must also develop the right individual transformational skills. We want to take the conversations further, capture the enthusiasm and build synergies.

The path remains the same

Looking forward, we will continue on the same ESG path, increasing confidence in our business. However, we will be accelerating our transition to net-zero, developing our model for measuring social impact, and work with self-leadership through the Leadership lab. Our approach has not changed – we continue to stand together, as colleagues, as a Nordic business and as a builder of communities. It is my firm belief this is the only way forward.

Therese Rattik, CEO
May 2023

To achieve the sustainable development goals globally, and leave something better behind, we must also develop the right individual transformational skills.

Strategic direction

Sustainability strategy

We are an active asset manager that continuously builds on our sustainability track record, investing in environmental and social improvements to shape the future society we all want to be a part of. The communities we build and manage are important to us.

We define sustainability as leaving something better for future generations. As a builder of communities, we show by example how a sustainable approach to doing business creates opportunities and makes us more resilient to changes in the economy. We can influence our tenants and our suppliers and nudge them towards more sustainable practices. We want long-term relationships and this fits with the ethos of sustainability – we want what is best for tomorrow not just for today.

Responsible business and impact strategy

We strive for sustainable development through responsible business practices and impact-driven strategies, emphasising strong governance, transparency, and risk management. We are dedicated to fostering a culture of responsibility and invest in leadership development to ensure ethical and transparent behaviour.

To deliver on our promises, we prioritise maintaining focus and commitment to our values, continuously improving through innovation, and building synergies. We seek to create more social value for society and measure sustainability value in a structured way. We recognise the challenges facing our society and are committed to acting on them to deliver value to a broader range of stakeholders.

Our goal is to create lasting value for all stakeholders by balancing good financial results with sustainable societal development and care for people. Read more about how we define and create sustainable value on page 23.

We believe that the ongoing green transformation and global focus on ESG will drive long-term value for a broad set of stakeholders, with financial returns and sustainable results going hand in hand.

Our approach to sustainability

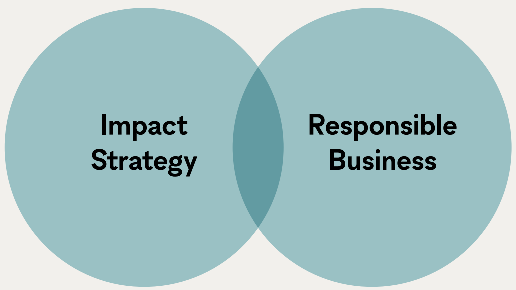
We have aligned our business with the Ten Principles of the UN Global Compact and the UN Sustainable Development Goals (SDGs). The Ten Principles is an initiative to coordinate matters of human rights, labour conditions, the precautionary principle and responsibility concerning the environment, anti-corruption, and relevant legislation in the geographies where Areim operates. By mapping our business to the global identified challenges, represented by the SDGs, we can ensure our efforts are within areas that provide the most impact. We have selected four primary goals that are of most importance, related to our core business:

- No 8. Decent work and economic growth.
- No 11. Sustainable cities and communities.
- No 12. Responsible consumption and production.
- No 13. Climate action.

In addition, we have identified three enabling goals:

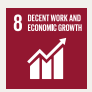
- No 4. Quality education.
- No 9. Industry, innovation, and infrastructure.
- No 17. Partnerships for the goals.

The foundation of our sustainability strategy



Our commitment to the UN Sustainable Development Goals

Primary goals


No 8.
Decent work and economic growth


No 11.
Sustainable cities and communities


No 12.
Responsible consumption and production


No 13.
Climate action

Enabling goals


No 4.
Quality education


No 9.
Industry, innovation and infrastructure


No 17.
Partnerhips for the goals

Three focus areas

We have structured our ESG work into three well defined areas:

We turn brown to green

Defines our commitment to develop environmentally smart properties, reducing their climate impact through retrofitting, a “reduce and reuse” approach, and careful selection of materials and services.

Key objectives
- Net-zero by 2030.
- 100% of investments include asset-level targets in business plans.
- 100% green leases by time of divestment.
- 100% certified properties no later than three years of acquisition.
- Promoting circular models, sharing economy and maximising reused, recycled, or renewable material.

We care for people

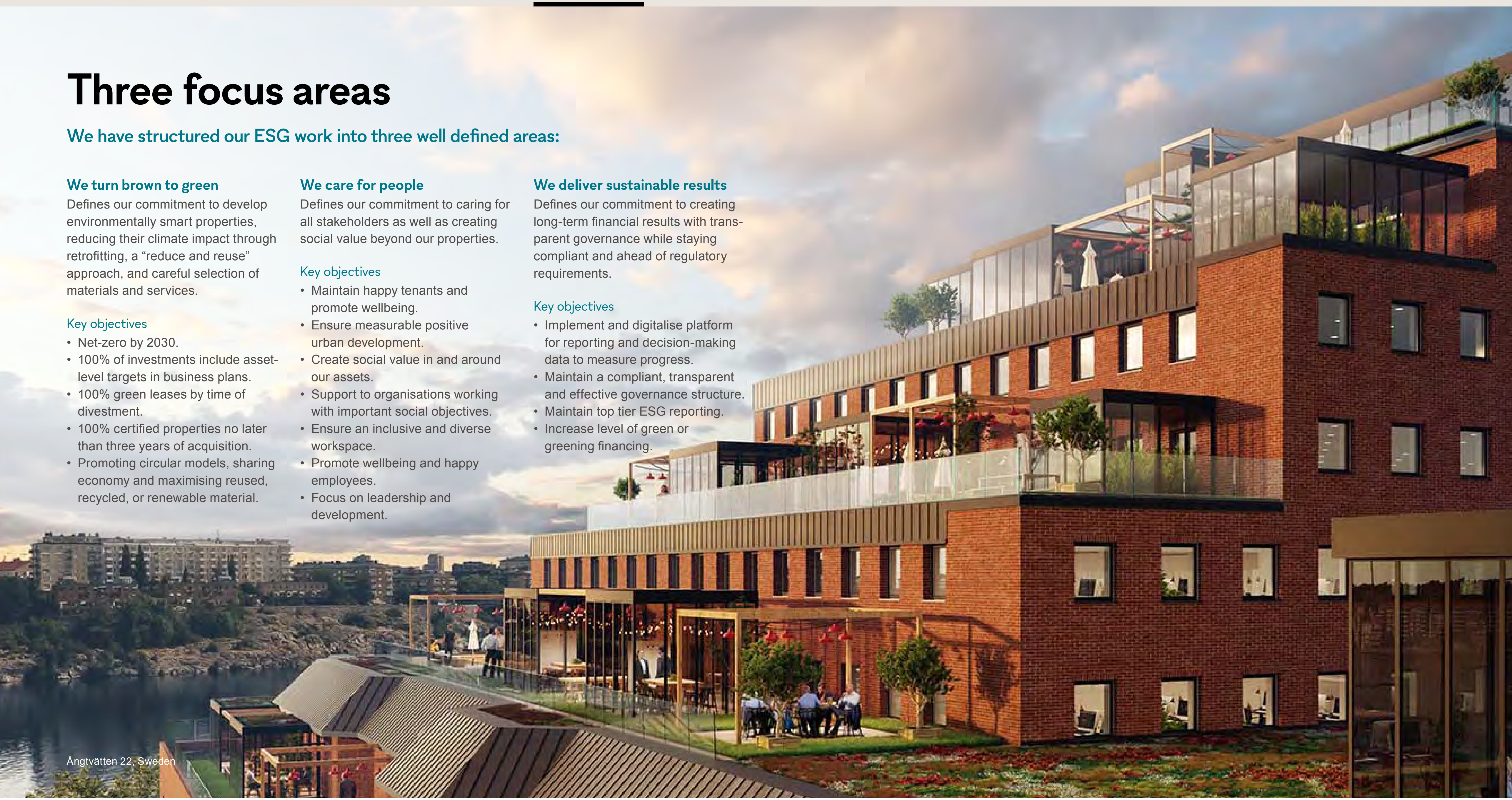
Defines our commitment to caring for all stakeholders as well as creating social value beyond our properties.

Key objectives
- Maintain happy tenants and promote wellbeing.
- Ensure measurable positive urban development.
- Create social value in and around our assets.
- Support to organisations working with important social objectives.
- Ensure an inclusive and diverse workspace.
- Promote wellbeing and happy employees.
- Focus on leadership and development.

We deliver sustainable results

Defines our commitment to creating long-term financial results with transparent governance while staying compliant and ahead of regulatory requirements.

Key objectives
- Implement and digitalise platform for reporting and decision-making data to measure progress.
- Maintain a compliant, transparent and effective governance structure.
- Maintain top tier ESG reporting.
- Increase level of green or greening financing.



Ångtvätten 22, Sweden

Focus areas

FOCUS AREA

We turn brown to green

Areim is an active asset manager that continuously builds on its sustainability track record, investing in environmental and social improvements to ensure we are shaping the future society we all want to be a part of.

We turn brown to green defines our commitment to develop environmentally smart properties, reducing their climate impact through retrofitting, a “reduce and reuse” approach, and careful selection of materials and services.

Unlocking potential by retrofit

100%

certified letting area in Areim Fund II-III (directly-owned)

-21%

reduced energy consumption in Areim Fund II since 2021

81%

green leases in Fund III by rent

Outlook: planet before profit

Climate initiatives have continued to gain momentum as the global community increasingly recognises the urgent need to address climate change. However, climate change is already happening, and significant efforts are required to limit global warming to 1.5 degrees and mitigate its worst impacts. Many organisations, companies, cities, and countries have set ambitious net-zero targets and pledged to achieve net-zero emissions.

Furthermore, new regulations on ESG reporting and carbon pricing are crucial to incentivising emissions reductions. These regulations will hopefully encourage the industry to gradually adopt a "planet before profit" approach and prioritise ESG factors before short term financial gain.

Retrofitting: the new normal

There are compelling reasons why the default no longer should be to build new: retrofitting can bring significant environmental, economic, and cultural advantages. It is crucial to recognise that buildings and construction activities are responsible for close to 40 per cent of global greenhouse gas emissions when both operational emissions and embodied emissions of materials are taken into account. Without decarbonisation efforts, CO_2 emissions in the sector are projected to rise dramatically, as floor area is expected to increase by around 75 per cent from 2020 to 2050[1].

Retrofitting can reduce the overall environmental impact and embodied carbon associated with new construction, as well as minimise waste generated during demolition. Moreover, retrofitting provides tangible cost savings by reducing energy consumption and the need for ongoing maintenance and repairs. Additionally, improving the built environment offers benefits such as preserving historic or cultural assets and promoting vibrant communities.

1) https://www.iea.org/reports/net-zero-by-2050.

Long-term objectives

- Net-zero emissions by 2030.
- 100% renewable electricity.
- 100% certified properties no later than three years after acquisition.
- 100% green leases by time of divestment.
- Promoting circular models, sharing economy, and maximising reused, recycled, or renewable material.

Main achievements 2022

- Improved the methodology for GHG calculation, which provides a solid foundation for our journey towards net-zero emissions.
- On-site production of 893 MWh from solar panels from directly-owned and financial investments.
- -21% reduced energy consumption in Fund II since 2021.
- 100% certified letting area in Fund II-III (directly-owned). 38% certified letting area in Fund IV (directly-owned) and several certifications projects ongoing.
- In total, 155 green leases across our portfolios, representing 42% of rent and 26% of area. Fund III has the highest share of green leases, with over 81% of rent derived from a green lease, demonstrating our active management and environmental commitment over the hold period.

Selected activities at the asset-level:

- Promoted sustainable practices by re-using furniture and building materials within and between properties instead of demolition and new construction, reducing carbon emissions.
- Provided information to tenants on the strained electricity market and worked towards using energy-efficient lighting and adjusted operating hours to reduce energy consumption.
- Sponsored an electric ferry at our property Ångtvätten, Stockholm.
- Implemented green lease agreements on all new or renegotiated leases within our LI platform Stockholm.
- Increased BREEAM certification from Good to Very Good in our asset Trängkåren 7.
- Received a building permit for the conversion of a fan room, which opens the possibility of creating approximately 600 sqm of additional office space and lowering the energy consumption by approximately 16.7 tons of CO_2 annually.
- Initiated several solar energy projects within our LI platform.

Adding value to the built environment


Frederiksberggade 24, Copenhagen, Denmark

Our focus has always been to develop the already built environment. We aim to make a difference on all properties we acquire, converting underdeveloped and outdated properties into modern, sustainable and certified products while also considering the building's entire lifecycle. This includes designing for flexibility, so that buildings and premises easily can be modified or repurposed when needed, rather than being torn down and replaced.

We define clear environmental targets for all our properties and track performance in energy, water, waste, resource use, circularity, transportation, toxic-free environment, greenhouse gas emissions reduction and other metrics.

Continuous improvements

We recognise that our energy use, construction materials procurement, and waste management practices are the biggest contributors to our environmental impact. To address this, we have been implementing an environmental management system certified according to the national standard Svensk Miljöbas[1] since 2011. Through this system, we regularly assess our overall environmental impact against the Swedish environmental quality objectives, including reducing our climate impact, ensuring clean air, promoting pollutant-free and healthy buildings, and preserving biodiversity. We are committed to continuous improvements and actively working to reduce our environmental footprint across all our operations and assets.

Accelerating transition

We believe that what gets measured gets managed. Since 2019, we have been measuring and reporting our emissions according to the GHG Protocol, including direct emissions from our operations (Scope 1 and 2) as well as indirect emissions associated with our supply chain and other indirect activities (Scope 3). The scope of our GHG calculations and coverage have improved from the previous year, providing a solid foundation for our journey towards achieving our net-zero emissions target.

New industry guidelines

In 2022, we adopted industry guidelines established by Fastighetsägarna, based on the principles of the GHG protocol and according to the existing recommendations from Science-Based Targets initiative, to align our Scope 3 reporting for our GHG emissions[2]. This standardised approach ensures that our emissions are comparable with industry peers and allows us to benchmark our progress and identify areas for further action.

Improving Scope 3 coverage is key and will allow us to focus on the largest emissions in our value chain and remove insignificant ones.

In previous years GHG emissions have been calculated at the fund and company level. A new addition this year is that we are now calculating emissions at the asset level as part of our work towards net-zero. This will also increase internal understanding of what drives emissions and enable us to see the results of the work we do in our properties to a greater extent. These changes may however marginally affect comparability with previous results.

We are making steady progress, seeing reduced emissions, and more comprehensive data coverage of our Scope 3 emissions, including tenant energy consumption data in 2022.

Climate disclosure methodology

GHG emissions are reported in metric tons carbon dioxide equivalents (CO_2e), thus accounting for several greenhouse gases. Emissions in this report have been calculated using the equity share approach, based on ownership percentage. Scope 2 emissions have been calculated using the location-based where grid average emission factors are used for electricity, heating, and cooling. In addition the market-based method was used to calculate the emissions including share of renewable energy.

Based on a materiality analysis, the following Scope 3 categories have been included in our climate disclosure: purchased goods and services, capital goods, fuel, energy-related activities (not included in Scope 1 or 2), upstream transportation and distribution, waste generated in operations, business travel and downstream leased assets as shown in the table in the Sustainability Data section on page 62.

1) Svensk Miljöbas adheres to the ISO14001 requirements.
2) Covering the categorys rated "high" and "medium" relevance".

Scope 1:
Direct emissions from company owned and controlled resources
Including emissions such as emission from own vehicles and refrigerants in our assets.

Scope 2:
Indirect emissions from purchased energy
Including electricity and heating within our assets.

Scope 3:
Indirect emissions – upstream and downstream
Our most significant emissions upstream in the value chain derived from purchased goods, materials, and services, often in connection with retrofit such as tenant improvement or refurbishment projects. Downstream emissions are predominantly from our tenants' use of the premises, i.e., tenant electricity.

Closing the loop in T31

In 2022, Areim acquired the office asset, in Stockholm's district Värtahamnen in an area subject to major development including offices, housing as well as commercial venues. We will now modernise the property and contribute to the development of a new, safe, and vibrant urban district. Read more: www.t31.se

T31, Lybeck 2, Stockholm

Christian Bouvier,
Asset Manager

How do we work with recycling?

– As part of our commitment to sustainability and resource efficiency, we are working to maximise recycling by using the network initiative CC Build.[1] This not only reduces waste but provides a valuable resource for future tenant adaptations. By making use of recycled materials, we minimise our environmental impact while providing cost-effective solutions for our tenants.

In T31, we want to make use of existing materials as far as we can. We are well on track to reach our ambitious targets and have for example recycled approximately 6,000 sqm linoleum flooring. This has resulted in saving around 25 tons of CO_2, equivalent to driving 4 leaps around the globe in an average car or flying a short-haul flight (e.g., London to Paris) approximately 125 times.[2]

One appreciated initiative is our Circularity Corner exhibition (Återbruket). Here, we show how recycled materials can be reused to achieve a 'lifecycle perspective'. The aim is to increase the awareness of potential tenants and support environmentally and financially smart choices.

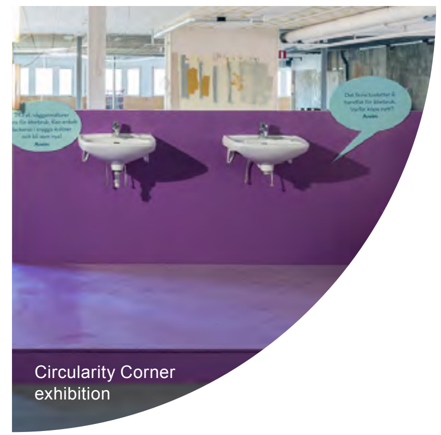
The recycling is one part of a larger green transition plan for the asset. In line with overall ESG targets, we have also initiated a BREEAM certification with the aim of reaching Excellence-level, which is a high ambition for a property constructed in 1980.

How would you say we promote happy and well-being tenants?

– The property offers both modern office premises with large cohesive areas and areas adapted for service and retail. We want to attract the right tenants and create an attractive range of services such as gym and cafés for those who live and work in the area.

How can we create social values around this asset?

– We will open the ground floor of the property and in that way contribute to a vibrant urban environment in the area. With a new entrance at the main road in the area, Tegeluddsvägen, the two areas Gärdet and Värtahamnen will be interlinked. We also add social values by working with neighbouring property owners and developer to ensure that we address local challenges and create most possible impact. By working with security, well-being, and accessibility and safety, we strive to create a location where everyone feels welcome.


Circularity Corner exhibition

1) The network educates and promotes large-scale circularity, reuse, and recycling in the construction and real estate industry, and provides services such as a marketplace for recycling and a digital recycling inventory tool. Areim joined the network in 2021.
2) Based on simplified calculations from these sources: https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator, https://www.iata.org/en/policy/environmental-sustainability/carbon-offset-calculator/. However, CO_2 savings are difficult to measure accurately and depend on various factors, why these comparisons are not exact.


Ruoholahdenkatu 14, Helsinki, Finland

Navigating challenges

Despite our efforts there are still significant challenges to becoming climate neutral, particularly when it comes to reducing emissions in our value chain. To address this, we are constantly exploring solutions and refining our analysis of Scope 3 emissions to achieve ambitious carbon reduction goals and improve data collection.

Renovation and tenant improvement projects are main drivers to these emissions. To tackle this, we have adopted a lifecycle approach to measuring emissions since 2020. With this approach, we not only measure emissions but also identify which project phases have the most impact and where we have the greatest potential for decarbonisation in upcoming projects. This allows us to make informed decisions about where to focus our efforts and resources to achieve our carbon reduction goals.

A green joint commitment

Signing green leases with our tenants is a joint commitment to develop a common sustainability programme. This includes buying 100 per cent renewable electricity, green cleaning, using eco-friendly materials and aiming for building certification. In connection with signing green leases, we aim to continuously educate both ourselves and our tenants about environmental sustainability and encourage sustainable behaviour. Our goal is to include a green appendix to all new lease agreements and to all renegotiations. In general, most embodied carbon emission savings are done when we do as few changes as possible to the existing floor plans. Our plan for 2023 is to further educate and engage with employees and tenants to increase internal knowledge and share best practices.

Building certifications

Certifications help us focus on sustainability aspects in project development, including energy performance, indoor air quality, lighting, pollution, mobility and biodiversity. The certification process starts with an inventory against one of the preferred certification schemes to find out the asset's status and where to put our efforts in the project.

Reduce pollution and chemical use

By using guidelines from the Byggvarubedömningen[1] material database and logbook, we make sure to choose eco-friendly materials in our development projects across all regions. We make sure to choose eco-friendly materials in our development projects across all regions by using guidelines from the Byggvarubedömningen[1] material database and logbook and other similar guides. Through annual monitoring, we are able to identify hazardous chemicals and replace them with more sustainable alternatives. Our commitment to environmental due diligence in the transaction process also ensures that we prioritise the removal of hazardous built-in materials and pollutants such as asbestos, PCB, and radon, making our properties safer and more sustainable for our tenants.

Circularity

We prioritise circularity, reusing, and recycling in our projects. However, scaling up reuse and minimising waste going to landfill can be challenging as old materials rarely meet the new requirements. In addition, contractors are not always willing to give warranties on reused materials. To increase reuse and recycling in projects, new procurement routines are needed. These topics need to be addressed early in the design phase for follow-up and regular monitoring. Areim strives to include circularity in developing projects and our goal is to significantly increase our share of circular materials. Also, read our circularity case story about our property Lybeck 2 in Värtahamnen on page 16.

Biodiversity

We want to ensure we do not cause significant harm to the existing wildlife and fauna in the outdoor areas connected to our assets. In cases where we change land use and add new buildings, we take measures to compensate for the loss of greenery by adding new green landscaping. As an example, we have a longstanding collaboration with the City of Stockholm in Kista Parkstad (JV project with Skanska), where we have prioritised unique environmental values by preserving tree stumps in playgrounds and preschool areas, introducing green fauna to protect bat habitats, and delaying water runoff by channelling it into the existing marshlands.

→ Read more about our data collection and digital platform we use to streamline and control sustainability metrics on page 28.

1) Byggvarubedömningen is a digital log with environmentally assessed and approved building materials.

Key steps to reach our net-zero target

In 2015, the Science Based Targets Initiative (SBTi) introduced a method for companies to establish greenhouse gas (GHG) reduction targets in line with the Paris Agreement. At Areim, we are committed to reducing carbon emissions from both our operations and our asset portfolio. As the SBTi develops detailed embodied emissions decarbonisation pathways and further sectoral guidance for the real estate industry, we remain engaged and plan to strengthen our commitment over the next 12–18 months.

1 Understand

To capture the urgency and to understand what is driving emissions, it is crucial to participate regularly in education and to push for an ongoing conversation across all teams and in different forums. Engaging both internal and external stakeholders is key to build support and momentum for the transition to reach net-zero targets. It is important to build the understanding on data from our assets, what drives the emission and energy consumption. In 2022, several workshops were arranged to mediate the main sources of greenhouse gas emissions in our projects.

Focus for 2023 is to establish base years for carbon reduction, to screen our portfolios using CRREM-tool and set ambitious carbon reduction plans for each asset. When we continuously plan, perform, measure output, evaluate and improve the plan, we both learn what initiatives are the most efficient and reduce our emissions in a systematic way.

2 Maximise energy efficiency

This involves focusing on reducing the operational carbon emission from energy consumption while maintaining or improving the indoor comfort. Thus, a comprehensive energy efficiency analysis and pre-study on suitable building certification are always included in the asset-level business plan. Energy efficiency projects differ from asset to asset, but some common activities are:

- Upgrades on ventilation, control system steering and heating systems;
- Conversion to LED lightning;
- Improving building automation systems; and
- Installation of smart technology.

3 Retrofit and increase resource efficiency

When the building needs greater improvements to reach energy efficiency, we retrofit. In this phase we consider both the embodied carbon from the retrofit as well as the future operational carbon emissions from the energy consumption.

To be able to retrofit with a low carbon footprint we need to be creative and question old truths. The retrofit is done by carefully evaluating the function and future needs, as well as circularity while choosing building materials. Another important step is to calculate the carbon footprint during the design phase to be able to make informed decisions. This is an area where we continuously need to improve, work together with our tenants and challenge our suppliers.

4 Increase renewables and generate on site energy

We always investigate the possibilities of generating on-site energy from renewable sources such as through solar panels, geothermal heating or wind turbines. For newly acquired assets we always convert to green electricity as well as investigate various energy efficiency solutions. By generating energy on-site, we push conversion to fossil-free solution and supports the transition towards a more sustainable energy system. In addition, significant cost savings can be achieved when avoiding high energy prices during peak demand periods.

5 Purchase off site green energy

By purchasing off-site green energy from sources such as wind, solar, or hydropower, we help to support the growth of renewable energy and reduce their carbon footprint. This step is something we will investigate further the coming years.

6 Offset residual emissions

Offsetting should never be used as a substitute for reducing emissions. Our top priority includes the first steps to reducing emissions at the source. However, once emissions have been reduced as much as possible, offsetting can be used to balance out any remaining emissions.

In 2022, Areim's total offset amounted to 168 tonnes CO_2e emissions, corresponding to the emissions from our corporate offices. This has been offset through the project Bagepalli biogas in Chickballapur. The project has a Fairtrade Carbon Standard certification.

FOCUS AREA

We care for people

Our people and culture are at the heart of everything we do at Areim. Our purpose-driven team is united in our mission to overcome challenges and achieve the impossible while maintaining a positive attitude. We promote a growth mindset and developing brave and motivated leaders who work together to deliver on our promises.

We believe that supporting dynamic communities where health, relations, and wellbeing are essential is crucial to creating social value for all stakeholders beyond just our properties. Our commitment to **We care for people** reflects this dedication.

Attractive workplace

8%

Average turnover rate past 3 years

+44 eNPS

Employee Net Promoter Score

50/50

Equal gender split since day one

Outlook: the future of office

As we emerge from the pandemic and adapt to a new normal, there has been a widespread rethinking of office design. Owners are now striving to create more appealing and resilient workspaces with sustainability, smart buildings, and flexibility forming integral parts of the ongoing transformation. An attractive workplace support both business success and the well-being of employees, and affect ESG outcomes such as employee engagement, retention, and satisfaction. It's encouraging to see that forward-thinking companies are now recognising the importance of prioritising mental and physical health in office design, introducing a new era where people come first.

Protecting employee wellbeing

At Areim, we prioritise wellbeing to enhance collaboration and support employee satisfaction and retention. By taking a comprehensive approach that considers the interplay between the mind, body, and environment, we encourage self-leadership and ongoing discussions about health and wellness.

Development with growth mindset in focus

We adopt a growth mindset, prioritising both organisational and personal development by focusing on continual improvement. In short, this means that we consistently reflect on our actions and strive to improve by focusing on "getting better at getting better". With the support of organisational psychologists since 2017, we have instilled this mindset into our work culture, creating a foundation of psychological safety that fosters learning, growth, and innovation. This approach aims to increase motivation and reduced fear of failure.

Sparring partnership

One key initiative that supports this mindset is our coaching and sparring partnerships. All employees are paired with a sparring partner to meet regularly and discuss individual challenges, goals, and development using a coaching approach. This creates a supportive environment where individuals can receive feedback, set goals, and work towards achieving their potential, ultimately benefiting the organisation as a whole.

Team leader forum

To maintain and improve our team practices, we organised bi-monthly meetings for all team leaders in 2022 with the purpose to encourage reflection, guidance, and inspire as they worked to develop their teams. Our aim is to foster a collaborative environment that allows leaders could support and learn from each other in their pursuit of building effective teams.

Long-term objectives

- Ensure an inclusive and diverse workspace.
- Promote wellbeing and happy employees.
- Focus on leadership and development.

Main achievements 2022

- Maintained a low average turnover rate of 8% over the past three years, demonstrating strong team cohesion and consistency.
- Successfully implemented the Winningtemp engagement tool with a 93% participation rate, enabling us to identify both positive and negative trends and maintain stable metrics throughout the year.
- Implemented our first eNPS (Employee Net Promoter Score) assessment in 2022, which measures the level to which our employees serve as advocates for our organization. With a score of 44 we surpassed the industry average of 14, indicating that our employees appreciate working together and are more likely to recommend our organisation to others.

Selected activities:

- Organised an Onboarding Day for new permanent employees where different parts of Areim were introduced, including its history, organisation, vision, mission, business model, and functions.
- Provided comprehensive English course for employees, collaborating with an English teacher for voluntary lessons and receiving positive post-course survey feedback with 83% of respondents reporting feeling more confident in their English skills.
- Continued focus on self-leadership, team development, and leadership programmes together with individual coaching sessions. Implemented a structured process for feedback and after-action reviews in our daily work.

Areim Leadership Lab

Areim offers a unique leadership development program called Leadership Lab to all employees. The program aims to cultivate business creativity, courage, and resilience through personal practice and increased self-awareness. It provides tools to help handle stress, reflect on complex issues, and develop group dynamics and team spirit. Our goal is to enhance the skills and abilities of our employees while contributing to the success of our organisation.

Maintaining physical wellbeing

At Areim, we encourage our employees to pay attention to their own physical wellbeing whether it's through physical health activities, taking part of various races, join breathwork to practice mindfulness and breathing to alleviate stress. We also offer a generous health care allowance to our employees.

Employee engagement tool

Early 2022, we implemented Winningtemp, an employee engagement tool that measures the organisation's temperature through weekly questions to all employees. With stable metrics throughout the year and a participation rate of 93 per cent, we are proud of the results. Winningtemp data helps team leaders focus on the most important team discussions and acknowledge both positive and negative trends.

Compensation and benefits

To ensure a fair and transparent remuneration system, our Board of Directors has adopted a comprehensive policy that outlines the system and procedures in place and applies to all employees across countries where Areim operates. The CEO reviews and sets fixed remuneration is reviewed annually. In 2022, we conducted a review of compensation and benefits package in all countries focusing on sustainable and market-competitive benefits aligned with employee roles. This included a salary review based on benchmark data and enhanced benefits such as an improved pension contribution, yearly health check and a few additional days off per year.

We also establish a framework for variable compensation prioritising transparency and competitiveness in the market while ensuring all employees have the opportunity to participate. The updated framework will be implemented in 2023, subject to annual approval by the Board of Directors.

Performance and development goal linked to ESG

We continuously improve our performance review and career development processes to align with our ESG priorities, business objectives, and values. We offer regular meetings to discuss performance, goals, and development for all permanent employees. In 2022, we focused on promoting physical and mental wellbeing during the performance reviews.

Closing the pay gap

Every year, Areim reviews all compensation within the organisation to identify and address any potential gender-based pay differences and to ensure equal pay for all employees. This includes conducting a survey and bench-mark analysis to assess whether gender has influenced pay in any way. Prior to the 2022 salary review, no significant gaps were found, and we are proud of our ongoing efforts to maintain fair and equal compensation practices.

Promoting diversity, equality, and inclusion

We believe in promoting diversity, equality, and inclusion by providing equal opportunities and rights to all employees regardless of their ethnic origin, gender, age, or sexual orientation. We prioritise ethical conduct and expect our employees to act with integrity.

Health and safety at work, including the risks of discrimination, exhaustion, and work safety, is a material concern for us. Our personnel handbook ensures that all employees have access to information about safe and healthy working conditions, and that everyone can work without experiencing any discrimination, harassment, or bullying. In 2022, no incidents of discrimination were reported, and we are implementing an online whistleblowing tool to supplement our existing process.


Areim new head office in Stockholm

Creating a welcoming and productive workplace for the future

Areim has always promoted flexibility and supported remote work as part of improving overall work-life balance for employees. Nevertheless, we are certain a supportive physical workplace contributes to improved collaboration across teams, better communication, enhanced social connections and overall work experience for everyone involved.

Towards the end of the year, we moved to a new headquarters in Stockholm. The new workplace offers a dynamic, creative, and energising workspace that enables a warm and welcoming environment for colleagues, and guests with both quiet and vibrant areas.

As you would expect, we re-used building materials, flooring and insulation and deployed sustainable practices during the refurbishment. Also, most of the furniture has been reused from our old office.

However, we are going further and want to use the new office as a living experience, using technology to learn how we use space, work smarter and incorporate wellbeing into our everyday life. As part of this innovative workplace experience, we want to encourage internal and external collaboration. What can we learn from each other? This is all part of developing our vision for creating sustainable communities. After all, if we can create a welcoming and productive workplace for the future, we can provide the same for our tenants.

Social value creation

6

Supported six organisations working with important social objectives in 2022

2

Over SEK 2 million donated to organisations working with important social objectives

13 years

Since 2010, Areim has supported UNICEF in its mission to improve the situation of vulnerable children in Malawi

Outlook: social sustainability on the rise

Businesses are increasingly recognising the importance of creating social value alongside financial returns. This trend is particularly noticeable in the Nordics, where both peers and investors prioritise social sustainability in their decision-making processes. The European Commission's emphasis on a social taxonomy has only added to the momentum. However, measuring social sustainability is a complex issue that require a multifaceted approach to be measured effectively.

Our approach to social sustainability

As part of our value-add business model and active asset management, we prioritise place-making, support positive urban development, and maintain long-term relationships with tenants to future proof our assets. While these efforts are successful and are driving value of our properties, we also recognised the need to do more.

In 2022, we made a strategic decision to prioritise impact creation by focusing on increasing community pride and levels of safety in our new investments. To ensure that we can measure and track our impact, we have decided to implement the Five Dimensions of Impact framework going forward. Learn more about our approach to impact creation in the next section.

In addition to these efforts, we collaborate with organisations, such as UNICEF, Friends and Mathivation, that share our objectives and work on various initiatives to make a positive difference in the communities where we operate.

Active asset management

Promoting tenant satisfaction and local business

We take great pride in our close relationships with our tenants which allow us to better understand their needs and priorities. To ensure we continue to meet their expectations, we conduct an annual survey to measure tenant satisfaction, covering topics such as safety, premises pride, and overall satisfaction. By tracking these metrics, we can identify areas for improvement proactively. We are especially proud of our success in supporting local businesses within our light industrial portfolio, recognising their crucial role in the local community.

Long-term objectives

- Maintain happy tenants and promote wellbeing.
- Create social value in and around our assets.
- Support to organisations working with important social objectives.

Main achievements 2022

- Conducted annual tenant surveys for our assets.
- Developed a structured way of working with social and environmental impact in line with the Five Dimensions of Impact framework.
- Further developed the Joyful Learning initiative to promote health and well-being in our school premises.
- Strengthened our social initiatives around education by continuing our national partnership with Friends and being a long-term sponsor of Mathivation and UNICEF.

Selected activities at the asset-level:

- Actively participated in the Norra Djurgårdsstaden network to engage with local community members and promote our initiatives.
- Installed a new sculpture in Tomteboda to enhance the local art scene.
- Supported tenants' businesses within the Light Industrial platform and organised community events.
- Conducted a "Joulupuu campaign" for at-risk Finnish children and youth, collecting gifts.
- Provided free bicycle maintenance services for Finnish tenants.
- Coordinated a Film Festival with Cinema Queer at Ångtvätten 22, showcasing HBTQIA+ community films.
- Collaborated with Ångtvätten's school tenants on a project that resulted in the creation of trash bins designed as endangered animals, featuring QR codes for information and donations


The DN Building, Trängkåren 7, Sweden

Creating smart and inclusive spaces

We aim to promote positive urban development and support dynamic communities. Each asset's business plan includes specific indicators for annual monitoring and follow-up, and for larger investments, we conduct neighbourhood surveys to identify opportunities for improving accessibility, creating vibrant ground floors, and enhancing outdoor environments. We also prioritise promoting a balance between daytime and night-time activities, encouraging shared mobility solutions, and increasing green spaces to create a sustainable and liveable environment.

Building innovative proptech network for better results

We are using proptech to improve our capabilities and expand our network. We have since 2021 partnered with Taronga, a venture capital fund that invests in real estate technology, to identify and engage with companies that can enhance our effectiveness and simplify our daily operations. We are now focusing on areas such as architectural AI solutions, digital and smart buildings, and AI-driven tools for financial data analysis. Our goal in 2023, is to develop a strategic plan to determine the most optimal approach for leveraging proptech. We are confident that careful planning and execution will help us stay at the forefront of the industry and drive sustainable growth and profitability.

Sustainability value creation

Over the past year, we have taken significant steps towards measuring the impact of our investments from both environmental and social perspectives. After analysing various impact measurement models, we selected the Five Dimensions of Impact framework to evaluate impact across five key dimensions: what, who, how much, additionality, and risk. By tracking these dimensions, we can gain a deeper understanding of our impact and use data-driven insights to make informed investment decisions that align with our values.

Initially, our focus was on social KPIs, but we extended our project to include environmental indicators as well. In 2023, we will prioritise the implementation of this framework and focus on improving public safety and community pride in the areas where we invest.

These issues represent the most significant challenges facing our investments, and we're committed to making a significant contribution to improving the experience of visitors and residents in the areas where we invest. In accordance with the Five Dimensions of Impact framework, we aim to create change that has depth, duration, and that bring additionality for the communities we serve.

By tracking progress in these areas, we can better monitor our impact, identify areas for improvement, and communicate our results to stakeholders. Our ultimate goal is to create positive change while minimising any adverse effects of our investment.

Five dimensions of impact framework

Social initiatives

Areim always aims to find ways to contribute to a society we all want to be part of, working with both accountability and intention in our social partnerships. We contribute to organisations that work with important social objectives. These partnerships are a complement to our social sustainability work as the organisations possess expertise in how to contribute to inclusive and thriving communities.

unicef

We have supported UNICEF for many years. Companies for Malawi is a project where Areim together with other Swedish property companies supports UNICEFs work with the vulnerable children in Malawi, one of the poorest countries in the world. Areim has been supporting the project since 2010. The project supports UNICEF's program on protecting children from violence, abuse, and exploitation.

In 2022, we have been providing additional financial donations to UNICEF to provide humanitarian relief efforts and aid for the Ukrainian people. Further support to Ukraine, including engagement with our partners in Tomteboda to ensure distribution of materials and support items will be sent from Stockholm to Ukraine. Similar initiatives have been carried out in 2023 to ensure continuous support to Ukraine.

friends

Friends is a well-known and well-reputed children's rights organisation that has been working for over 20 years to prevent bullying and to promote safe environments for children. In partnership with Swedish universities and as part of an international network, Friends initiates, and conducts research projects related to bullying, discrimination, sexual harassment, online abuse and other issues. Among other things, Friends provides surveys, education, support, and practices for adults responsible for children's safety and free advice and support to children, parents, and professionals. Since 2021, Areim has proudly been sponsored Friends as part of our Joyful Learning initiative.

MATHIVATION
UTMANAR. INSPIRERAR. ENGAGERAR.

Mathivation is a project in which the business world, schools and academia are working together. The objective of the project is to offer educational programmes to motivate, inspire and challenge students in the field of mathematics and programming. Areim has been Mathivation's proud partner since 2016 and occasionally participates in teaching at different schools to inspire and be inspired but, most importantly, to provide a bridge between school and the business world. Through our partnership with Mathivation, we support 20,000 students annually across 17 schools to improve their chances of meeting the requirements for higher education.

DIVERSITY TALKS REAL ESTATE

Diversity Talks Real Estate (DTRE) started in 2017 and is a non-profit organisation aimed at increasing the visibility of under-represented groups in the European built environment industry, with a particular focus on women and ethnic minority professionals. Areim offers employees to participate in various courses provided by DTRE to empower more colleagues to build confidence in public speaking, such as industry events and panel discussions as well as expand their business network.

STOCKHOLMS STADSMISSION

Stockholms Stadsmission
Stockholms Stadsmission works for a more humane society through social care, work integration and education. Areim has been a speaking partner to the Stockholms Stadsmission for many years with the aim to contribute to helping individuals in vulnerable situations. In 2022, we have engaged in several workshops to discuss how to improve situations for the many homeless in Stockholm area and to find ways to solve a crisis that only continues to grow.


Photo: ©UNICEF Malawi/Thoko Chikondi

Areim and three other Nordic real estate actors support UNICEF's work with vulnerable children in Malawi through the Companies for Malawi project. During a field trip to the city Blantyre in autumn 2022, we visited different initiatives funded by the project, including: One Stop Centre, Community Policing Forums, Case Management, and Children's corners. These initiatives provide services to victims of sexual and physical abuse, crime prevention and response activities at the village level, individual and household support, and safe spaces for children to participate in play and educational activities.

Areim Joyful Learning, creating positive change in education

School lesson by Mathivation

Marika Hilldoff
Sustainability Manager

At Areim, we believe that education is a fundamental right that should be accessible to everyone, and we understand the critical role that education plays in building successful societies and fostering personal and professional growth. While we specialise in real estate, we recognise that the design and maintenance of school premises significantly impact students' academic performance and mental health. We have therefore initiated Joyful Learning, a social innovation initiative focused on contributing to SDG4 and ensuring inclusive and equitable quality education.

As we embark on this journey, we are aware of the growing problems of inequality and bullying in schools leading to increased mental health issues among students.

To accelerate transformative solutions, we have partnered with Friends, a non-profit organisation dedicated to preventing bullying, and Mathivation, which supports students in improving their mathematics skills, strengthening their self-confidence, and bridging the gap between the academic and business worlds. Additionally, our close ties with UNICEF further strengthen our educational focus. Since 2016, we have been supporting UNICEF's efforts to provide opportunities for children's development, play, education, and healthcare in Malawi, one of the world's poorest countries. By developing these strategic partnerships, we are committed to exploring ways to contribute to the education sector and support positive student outcomes.

Through Joyful Learning, we aim to improve education through the lens of real estate. We offer teaching sessions and develop study material that emphasise creative problem-solving and persistence among students. We also provide professional development opportunities for educators to promote inclusive, equitable, and quality education while preventing bullying.

With the initiative, we are expanding our understanding of the intersection between real estate, education and wellbeing, working closely with various experts to ensure continuous improvements and learning together with all involved. In parallel, we are actively tracking our progress on the number of students meeting higher education requirements, enhanced academic outcomes, and student and teacher satisfaction etc.

As we move forward into 2023, we remain committed creating lasting social value through our Joyful Learning initiative.

SDG No 4.
Quality education

Challenges facing education and inequality in Sweden

Inequality: 1/5 of 21–23-year-olds did not complete upper secondary school; 91% of Swedish-born children are eligible for upper secondary compared to 85% of foreign-born students.

Bullying: 8% or 60,000 children in Swedish schools were bullied in the last year.

Mental health: Suicide rates are higher for those aged 15–29 compared to the early 2000s.

Access to higher education: Limits opportunities for personal and professional growth, may have long-term impact on their earning potential and overall quality of life. This may also limit the pool of skilled workers available to the labour market, impacting the economy's productivity and competitiveness.

Sources:
Inequality: Skolverket, "Betydelsen av gymnasieutbildning," and Utbildningsdepartementet, "Fakta om utbildning," 2021.
Bullying: Friends," Bullying in Sweden," 2021.
Mental health: Socialstyrelsen, "Ungas psykiska hälsa," 2021
Access to higher education: Skolverket, "Utbildning på grundnivå och avancerad nivå," 2021.

FOCUS AREA

We deliver sustainable results

We recognise that culture plays an important role in governance, and we work hard to foster a culture of responsibility, accountability, and transparency. We strive to create a work environment that encourages open communication and values diverse perspectives.

Good governance is the foundation of a responsible business, and an important part of this work is to be financially sustainable and responsible for the long term. **We deliver sustainable results** defines our commitment to creating long-term financial results with transparent governance while staying compliant and ahead of regulatory requirements.

Proactive governance

Five

Fund II and Fund III awarded GRESB 5 stars

1st

Funds I & II top performers INREV Non-Core Real Estate Fund Bench-mark, all Europe

Zero

Losses on investments to date

Outlook: increased financial, commercial and regulatory pressure

A constant flow of new regulations is bringing compliance challenges to our sector. The rapid pace of change and new regulations presents both challenges and opportunities. An example of this is the EU Taxonomy, which is part of the European Green Deal initiative aimed at making the EU climate neutral by 2050.

A top tier position for international ESG disclosures

Areim is a licensed Alternative Investment Fund Manager, authorised under Swedish law and subject to supervision by Finansinspektionen. The Board of directors is ultimately responsible for Areim's operations and services, making all significant decisions regarding management agreements, policy documents, budgets, and reports.

As appointed manager of Alternative Investment Funds, the Areim Board ensures that agreed-upon services, including portfolio and risk management, are performed in the best interests of investors. Transparency and sustainability are prioritised, with sustainability-related risks actively assessed and monitored.

The Investment Committees (IC) is responsible for portfolio management and makes significant decisions on investments, divestments, lease agreements, follow-on investments, capital expenditures, financing, business plans, budgets, and reports. The CEO oversees Areim's day-to-day management, making decisions on recruitment and organisational structure and preparing instructions in line with Board policies. The CEO holds significant decision-making authority on behalf of the company.

Proactive governance

We are well-positioned to meet regulatory challenges and we believe that ethical business culture is a fundamental part of our commitment to make a positive social impact as a responsible business. Delivering sustainable results require a greater understanding of ESG issues across the organisation.

With the right resources, priorities, people, and reporting structures in place, supported by reliable data, robust monitoring systems and effective communication, we believe that we are on the right path to becoming a sustainability leader in our industry.

Data-driven approach to monitor and review

The requirements for accurate and reliable ESG data are predicted to increase year by year, both for data quality and for data traceability. This means we need to ensure the quality and traceability of our ESG data to meet the growing requirements for reporting and transparency and to ensure best possible analysis.

Long-term objectives

- Maintain a compliant, transparent, and effective governance structure.
- Maintain top tier ESG reporting.
- Increase level of green, greening and sustainability linked financing.
- Efficient management of climate-related risks and opportunities.

Main achievements 2022

- Successfully implemented SustainLab, a digital platform for reporting and decision-making data to measure progress.
- Ensured compliance with new regulations on period reporting and SFDR.
- Achieved a top result in the annual GRESB benchmark, with Fund III receiving five stars and Fund IV receiving four stars.
- Improved our business plan process by incorporating a greater focus on property level ESG targets.

Selected activities:

- Conducted environmental training for all employees and organised workshops to incorporate ESG targets into business plans for each property.
- Continued our yearly training in AML and CFT while adding an internal e-training for IT security, ensuring compliance and a secure working environment.
- Conducted regular desktop risk assessments on climate risks for each investment and performed a desktop screening in accordance with EU Taxonomy.
- Initiated Code of Conducts for business partners and employees, with plans to launch during the year, promoting responsible business practices and ethical behaviour.

GRESB has become the global benchmark and reporting framework for ESG assessments in the real estate industry. By participating in GRESB, we are able to leverage the leading industry standards to continuously improve our sustainability practices and contribute to advancing our industry towards a more sustainable future.

Our score has improved significantly since we started GRESB reporting in 2011, demonstrating our consistent efforts. In 2022[1], Areim reported for Fund III and Fund IV, both performing well above their peer group average clearly showing that our efforts across all teams are showing and being validated. This is a great achievement for both funds and in particular for Fund IV which reported only for the second time. Fund III reached the four-star status and increased its scores from the previous year.

Areim Fund III ★★★★★

- Standing investments
- Gained an additional green star and reached **five-star status**
- **Ranked 6 in the peer group** (6 out of 20) compared to 6 of 14 previous year
- **Increased score by 3 points to 88/100** (peer group average 73)

Areim Fund IV ★★★★

- Standing investments
- Gained an additional green star and reached **four-star status**
- **Ranked 4 in the peer group** (4 of 27) compared to 6 of 14 previous year
- **Increased score by 10 points to 86/100** (peer group average 72)

1) Areim Fund II, is also approaching the end of fund-life with only one remaining investment and was excluded from the reporting. Fund II reached a five star status in the most recent GRESB reporting in 2021.

In 2022, a process to digitalise the ESG data collection to a ESG platform was initiated. The aim is to improve data quality and streamline internal processes to ensure we meet future reporting requirements, which we see more of each year. The new platform[1], SustainLab, will provide better conditions for analysis and comparison between assets and will help reduce the risk of inaccuracies, enable better data-tracking as well as increase visibility of selected indicators and KPIs. The platform includes energy and water consumption data, EPC levels, waste measures, certification levels, data on renovations, refrigerants etc. In addition, the data from the Mestro platform will be automatically sent into the ESG platform. In the near future we plan to automate other data flows as well such as waste data etc. Implementation has begun and will continue during 2023.

Most of our systematic environmental work is data-driven and done in our daily operations. Since 2020, we use the data portal Mestro to follow up on the energy and water consumption data of our properties. The energy consumption is measured and followed up on property level and aggregated to fund end entity level. Mestro collects data automatically from the energy and water providers on property level.

Risk management

We analyse and mitigate sustainability risks and opportunities as a key part of our sustainability strategy. Risk management is integrated into our process to identify significant risks across our funds and value chain. Our governance ensures proactive measures are taken to manage risk exposure. The Areim Risk policy governs risk management internally. Identified essential sustainability risks are documented and presented to the IC that base their decisions on Areim's communicated sustainability goals. If the risk exposure in an investment is significant, the investment may be excluded.

Sustainability risks assessment

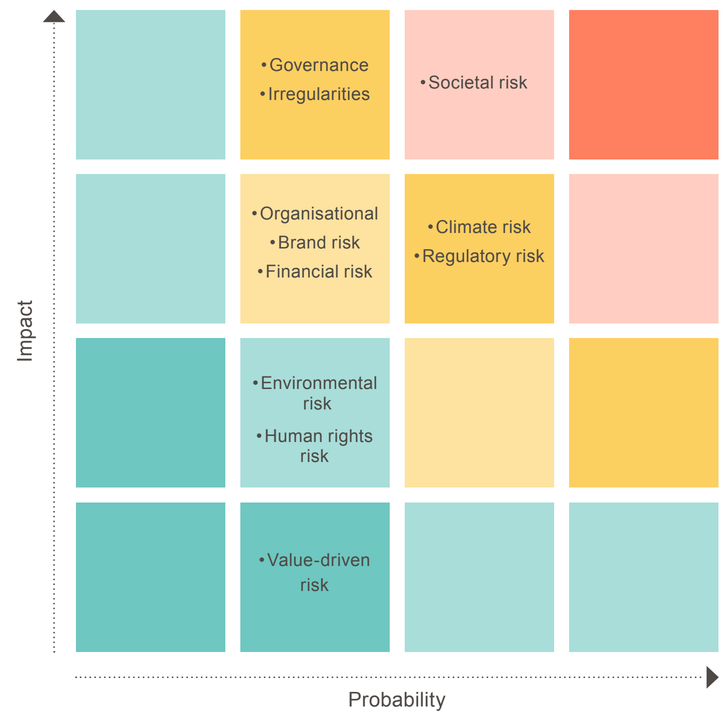
We identify various categories of sustainability risks, such as societal, climate change, regulatory, governance, irregularities, organisational, brand, financing, environmental, and human right risk as described below.

We assess these risks while making investment decisions and take measures to mitigate them if significant risks are identified. This ensures that our risk exposure is kept within given limits for both our company and managed funds.

To safeguard our business from environmental impacts and minimise our impact on the environment, we apply the precautionary principle, specifically with reference to the environment. We view all risks as opportunities to become more proactive, responsible, and solution-oriented. Our primary opportunities are to proactively integrating sustainability into our business decisions and operations, making it a natural part of our everyday work.

1) The platform will collect data on asset level for directly-owned properties and for reporting companies and co-investments.

Result of risk assessment



→ Risk category, description and management are explained on page 39.

European Green Deal

The EU's Sustainable Finance Action Plan, launched in March 2018, sets ambitious targets for financing sustainable growth. Its three key goals are to redirect capital towards sustainable investment, integrate sustainability into risk management, and promote a long-term investment and economic approach. To achieve these goals, several important regulations have been introduced. Among these the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation (SFDR).

SFDR Classification

The SFDR sets out strict criteria for the classification of funds that are defined as sustainable. SFDR has three levels of disclosure, which determine the amount of information that needs to be disclosed. These are Article 6, Article 8 or Article 9, sometimes referred to as brown, light green and dark green financial products. All Areim fund funds are classified as Article 8, which means they shall "promote environmental and social characteristics but do not have as overarching objective". This can be compared to Article 9 funds that "have a sustainable investment objective".

EU Taxonomy Regulation

The taxonomy framework provides a harmonised classification system and criteria for sustainable economic activities. Its purpose is to steer companies and capital flows towards more sustainable activities. Areim and our peers use the taxonomy framework to enhance transparency and proactively identify areas for sustainable improvement.

During 2023, we look forward to the adoption of the technical screening criteria to the remaining environmental objectives.

Enhancing taxonomy alignment

As our overall value-add investment strategy is to retrofit assets and turn them greener, most properties will not be taxonomy aligned by the time of acquisition. However, broad retrofit programmes and environmental certifications during the hold period will bring the investments closer to fulfilling the screening criteria for taxonomy alignment, this means the taxonomy alignment will increase over time.

How Areim is impacted?

All Areim funds are subject to the taxonomy regulation due to the SFDR article 8 classification. The funds are 100 per cent taxonomy eligible.

This means we shall report the proportion of turnover, operating expenses (OpEx), and capital expenditures (CapEx) in our funds that is aligned with the EU Taxonomy. That includes making a significant contribution to one of EU's six environmental objectives throughout our economic activities. The objectives are:

i) climate mitigation,
ii) climate change adaptation
iii) sustainable use and protection of water and marine resources,
iv) transition to a circular economy
v) pollution prevention and control
vi) protection and restoration of biodiversity and ecosystems.

Besides the significant contribution, we also must ensure the economic activity complies with all of the DNSH "Do No Significant Harm" criteria connected to the environmental objectives as well as complying with Minimum Safeguard requirements.

Our assessment and approach to the EU Taxonomy

The EU Taxonomy specifies thresholds for each economic activity to be considered environmentally sustainable. The following economic activities could be relevant in our funds:

- Acquisition and ownership of buildings;
- Renovation of existing buildings;
- Construction of new buildings;
- Installation, maintenance, and repairs for energy efficient equipment, charging infrastructure for electric vehicles; and
- Measuring, control and monitoring of energy use in buildings and renewable energy technologies.

This is the second year that the taxonomy applies to our financial disclosures according to the SFDR. We expect to incorporate further guidelines and instructions as they become available. Previous year's screening showed that the greatest impact in the taxonomy calculation came from the objective climate change mitigation concerning economic activity in the category Acquisition and ownership of buildings. Minor economic activities concerning the economic activity described in the other chapters only had a limited effect.

Screening criteria and current thresholds

Our screening follow the taxonomy framework which provides technical screening criteria for determining whether our activities can be considered environmentally sustainable. Current thresholds declare that a building built before 2020 must have an energy performance certificate

Increased regulatory regulations

Regulations and laws have never been implemented at this pace.

2017	2018	2019	2020	2021	2022	2023
ÅRL	European Green Deal	SFDR Disclosure	EU Taxonomy		SFDR First reference period	RTS Regulatory Technical Standards/ periodic reporting

(EPC) with a rating of A. Alternately, the building must be among the top 15 per cent of the most energy efficient building stock in its segment in the country. In addition, larger non-residential buildings shall have a building management system. Besides the significant contribution, the property shall have a climate risk analysis to fulfil the DNSH criteria.

Compliance with minimum safeguards

Areim follows the precautionary principle and complies with applicable laws and regulations as a bare minimum. We have signed the Global Compact and follow the UN's guiding principles for businesses and human rights, as well as the OECD's guidelines for multinational enterprises, including the International Labour Organisation's (ILO) declaration on fundamental rights and principles at work, ILO's eight core conventions, and the International Convention on Human Rights.

We assess potential and actual risks to human rights in the activities of business partners and investments as part of our due diligence process before entering new business relationships or investing in companies. In 2023, we will introduce a code of conduct for business partners and aim to enhance our supply chain management practices. Anti-bribery, taxation and fair competition are integrated in our internal processes[1]. We will also establish a third-party whistleblowing system to address any safety and human rights concerns during 2023.

Construction work, including new productions and renovations, carries in general the highest risk for human rights and workplace safety violations. Measures to mitigates these risks includes that our contractors must have a certified person covering the working environment responsibility and close monitoring of safety and environmental risks at formal meetings with the contractor.

To reduce risk of unfair working conditions and undeclared work, we require new contractors to comply with UE 2021 conditions.[2] Additionally, for new construction projects, we limit subcontractors to two levels to ensure greater accountability for working conditions and fair labour practices.

Sustainable Finance Disclosures Regulation

The SFDR is a set of EU rules for increased comparability and reduced greenwashing among financial products. The regulation will increase the information available for investors about both the potential positive and negative impact of their investments and the related ESG risk. Currently, two levels of SFDR have been launched:

- Level 1, effective since March 2021, classifies financial products into different categories based on their sustainability claims, investments and level of reporting requirements.
- Level 2, effective since January 2023, further strengthens reporting requirements for sustainable and ESG-labelled financial products. From 2023, Article 8 and 9 products must include information on proportion of "sustainable investments" and/or be aligned with the technical screening in the EU Taxonomy.

1) Included in our Risk Management Policy and will also be considered when developing a Code of Conduct.
2) Issued by the Swedish Construction Federation "Byggföretagen".

Taxonomy considerations for Areim

The requirements for reporting in line with the EU Taxonomy have been expanded for 2022 compared with the preceding year. How has your approach changed and what is the next step?

Our taxonomy-aligned properties are in compliance with the requirement of being in the top 15% of the most energy-efficient building stock in the country. However, it's important to note that the limit values for this requirement decreased from 2021 to 2022, which has impacted our taxonomy alignment for 2022. We are committed to continually monitoring and improving the energy efficiency of our properties to meet and exceed regulatory requirements.

We are currently investigating the opportunity to add asset-level targets on how to increase taxonomy alignment over the hold period. Another priority is to push the stranding year per asset as we investigate each asset's net-zero pathways.

Josefine Andreasson, Sustainability Manager

Our screening process

→

The six environmental objectives of the EU Taxonomy

1. Climate change mitigation
2. Climate change adaption
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiveristy and ecosystems

1

Contribute to at least one of six environmental objectives listed in the EU Taxonomy

Fulfilling any of the defined substantial contribution criteria (linked to Climate change mitigation).

→

2

Do No Significant Harm (DNSH) to any of the other objectives

Conducting a climate risk analysis.

→

3

Comply with minimum safegaurds on human rights

Ensuring economic activity is aligned with the OECD and the UN's fundamental principles for human rights.

→

Turnover %
CapEx %
OpEx %

Three lines of defence and internal control functions

Areim's operations and internal controls are organised under the three lines of defence model, with risk management, compliance and internal audit functions all outsourced to an independent third party.

- The first line of defence consists of all employees. They are all responsible for overall day-to-day risk management and investment restrictions compliance, i.e., closely monitoring the business plan of an investment through asset management meetings and quarterly reporting of key risk indicators to the Investment Committee and the Board. All material deviations from the business plan are approved by the Investment Committee.
- The second line of defence comprises the risk control function and the compliance function, which provide advice and monitor risk management and compliance on a regular basis, reporting directly to the Areim Board.
- The third line of defence, the internal audit function, ensures that internal controls, risk management and compliance are appropriate and effective. Both the second and third lines of defence are required by law to be independent from the firm's operations, and to ensure this independence they have been delegated to third parties specialising in monitoring and controls.

In addition to the three lines of defense described above, Areim receives external assurance from the external auditor and the Financial Supervising Authority (Finansinspektionen). The external parties audit the financial reporting and supervise Areim's compliance with regulatory requirements and have an important role when evaluating the overall governance and control structure at the company.

Combating anti-money laundering and corruption

The risk of being exposed to money laundering and the financing of terrorism varies across different risk factors such as customers, geographic areas, delivery channels, products, services and over time. The guiding principle is that resources shall be directed in accordance with priorities, so that the greatest risks receive the highest attention.

Areim has implemented anti-money laundering and counter terrorism financing procedures. We are committed to ensuring effective mitigation of the risks associated with money laundering, terrorist financing activities, bribery, and corruption. We comply with governing regulations, recommendations and general guidelines, including the Act on measures against money laundering and terrorist financing, and SFSA regulations.

Areim conducts annual training as part of our regulatory requirement for all employees in relation to anti-money laundering and counter-terrorism financing compliance. In 2022, 98% (95% in 2021) of all employees and consultants completed this training. We had no confirmed incidents of corruption during 2022 (no incidents 2021).

Greening loan facility

It is important that our real estate solutions, projects, and funds are efficient and viable from an environmental, social and long-term financial perspective. Therefore, we always try to identify green financing solutions when possible and continuously have a dialogue with our suppliers of green/greening or sustainability linked facilities.

Already in 2020, our first greening loan facility was signed for part of our light industrial platform. The facility includes requirements of improving the assets from an environmental perspective with third-party annual audits and green business plans on asset level, including among others energy efficiency, reduced carbon footprint, and circularity. The loan is one of several measures to support turning brown assets into green and to work towards certification of all properties.

Increased focus of asset level ESG targets

To further implement our ESG targets across our asset portfolios and streamline our initiatives, we updated our business plan process during the year. This was the result of discussions across team on how to improve and encourage cross team collaboration.

Organisation and steering group for business plan updates

To ensure effective execution, a steering group is formed for each investment, comprising dedicated resources from Asset Management, Investments, Finance, ESG, and Fund Management teams. The asset manager is responsible for each investment and is involved throughout the entire investment cycle, including due diligence and business plan strategy at acquisition. The fund manager is responsible for reviewing any proposed changes to the business plan to ensure they are in line with the fund portfolio and overall fund strategy.

The steering group updates the business plan and strategy for an investment at least once a year or more frequently, if needed. If any key targets within a business plan will not be achieved, the asset manager raises the concern to the steering group, which is reviewed by to the Investment Committee for a formal decision.

Monitoring ESG targets for each asset

The business plan includes value add initiatives, key ESG targets and a clear exit strategy or plan for long-term management. In 2022, we successfully implemented "ESG sessions," where we determined specific ESG targets per asset and included them in the Business Plan update. Our focus for 2023 is to initiate detailed asset level carbon reduction plans (CRREM pathways) and adaptation plans to ensure alignment with the EU Taxonomy.

Jerker Victor,
Head of Asset Management Sweden

Policies and manuals

Compliance policy
The policy states and clarifies Areim's obligation to establish, implement and maintain an independent compliance function, as well as compliance policies and procedures designed to detect any risk or failure by Areim to comply with its obligations under the AIFM Act (Alternative Investment Fund Manager Act) and to manage its risks associated with non-compliance.

ESG policy
The policy addresses topics such as respecting human rights and freedom of association, as well as describing how we work with constant improvements in our focus areas.

Ethical policy
The policy sets Areim's internal rules for how the company will deal with ethical issues in its business including anti-bribery related issues. It guides employees on how to act in situations where the appropriate action may seem unclear from an ethical perspective, or where the regulatory rules in the area may not provide adequate guidance.

Policy on inducements
The policy stipulates the internal rules on inducements. Inducements refer to payments, fees, commissions, or non-monetary benefits paid or received in relation to activities performed, for example portfolio management and other services.

Remuneration policy
The purpose of the policy is to describe the requirements of a remuneration system that is sound, effective and prevents risk taking, including sustainability risks that are not in line with the risk profile and investment objectives of the managed funds, to protect the interests of the manager, the managed fund, and the investors.

Risk management policy
The policy states the obligation of Areim to implement and maintain an adequate and documented risk management framework. The aim of the framework is to identify all the relevant risks to which the funds are or may be exposed to. It further sets out the rules and basic principles of our risk management system, as well as how risks are identified, monitored, mitigated and disclosed. The policy also outlines key aspects of the risk management process employed by the Board to evaluate the effectiveness of Areim's risk management systems.

Policy on anti-money laundering (AML) and countering the financing of terrorism (CFT)
Areim is obliged to prevent money laundering and financing of terrorism by complying with governing regulations, recommendations, and general guidelines on AML and CFT. It is of high importance to us to combat money laundering and the financing of terrorism both to meet regulatory obligations but also to maintain our good reputation. The policy sets out the requirements and internal rules and instructions for Areim in relation to such, including Areim's whistleblowing process. Areim has had no reported cases of corruption, or any complaints that led to an investigation.

IT and information security policy
Areim must have internal rules on information security. Information security refers to ensuring confidentiality, availability, correctness and traceability of information and data, and to reduce the risk of damage to the business regardless of cause or attacker. The rules require Areim to identify, analyse, classify, prevent, manage, and report on information security. Areim's IT and Information Security Policy is based on ISO/IEC 27001 and it is GDPR compliant.

Business continuity plan (BCP)
Areim is obliged to have a BCP in place. The BCP includes roles and responsibilities as well as an Incidents Response Team (CEO, CFO, COO and Risk Officer) that will lead the handling of any significant incident. Significant incidents are incidents that could cause serious damage to Areim's business, and they are assessed based on how critical they are to our operations or employees.

Personnel handbook
Our Personnel handbook sets out the basic terms of employment for all Areim staff, stating both the legal and ethical requirements. We understand the importance of training our employees to enhance their understanding of our values and policies.

Liquidity management policy
Areim must keep an appropriate liquidity management system and effective procedures to maintain the investment strategy, the liquidity profile and the redemption terms of each alternative investment fund it manages. The policy sets out the rules and basic principles for liquidity management at Areim. It also defines the organisation for liquidity management, including roles and responsibilities.

Accounting & valuation policy
Areim is required to have an accounting policy and a valuation policy to ensure that the net asset value ("NAV") of each AIF (Alternative Investment Fund) is accurately calculated based on applicable accounting rules and standards. The valuation rules determined in the policy are a vital part of fulfilling the accounting requirements.

Inducements policy
Areim is obliged to have internal rules on inducements. Inducements refer to payments, fees, commissions, or non-monetary benefits ("Payments or Benefits") paid or received in relation to the activities performed when carrying out AIF management. The policy requires Areim to identify, classify and inform investors on Payments or Benefits in scope of the rules.

Conflicts of interests policy
The policy describes and establishes the process within Areim preventing conflicts of interest from adversely affecting the interests of Areim's investors and the alternative investment funds managed by Areim.

Policy on investment decisions and procedures for real estate funds
Areim is obliged to have internal rules to ensure that the investment process is conducted in accordance with laws and regulations. The purpose of the policy is to ensure that investments are in line with objectives, strategy, and risk limits.

Strategic memberships

Areim acknowledges the importance and strategic value of maintaining memberships of industry associations, national and international organisations and other bodies.

INREV – European Association for Investors in Non-Listed Real Estate Vehicles

We have been a proud and active member of INREV, Europe's leading platform for sharing knowledge on the non-listed real estate industry, since 2003. As one of the earliest members, we have experienced firsthand the benefits of the INREV membership, which includes access to market research, networking opportunities, and industry events. Areim is committed to INREV's goal of improving transparency, professionalism, and best practices across the sector to make the asset class more accessible and attractive to investors. We follow the INREV definitions and guidelines on fund reporting and actively participate in several seminars and training sessions each year to continuously develop our best practices and reporting methods.

GRESB – Global ESG Benchmark for Real Assets

GRESB is a global ESG benchmark for the real estate and infrastructure industry. Its assessments are guided by what investors and the industry consider to be material issues in the sustainability performance of real asset investments and are aligned with international reporting frameworks such as GRI, PRI, SASB, DJSI, TCFD recommendations, the Paris Climate Agreement, UN SDGs, and region and country specific disclosure guidelines and regulations. Areim has been reporting to GRESB since 2011.

SGBC – Sweden Green Building Council

SGBC is Sweden's leading non-profit member organisation that aims to transform the building and construction sector across three areas – climate action, health and wellbeing, and resources and circularity. Through certification, education and opinion forming, SGBC works for clear and quality assured information on the environmental performance of buildings. SGBC is part of the World Green Building Council, a global action network comprised of around 70 Green Building Councils around the globe. Our CEO, Therese Rattik, has been a member of the SGBC Board since 2019.

GBC Finland – Green Building Council Finland

Green Building Council Finland is a non-profit association that gathers and refines the know-how of sustainable development in the building and construction industry. GBC Finland brings together knowledge and expertise in sustainable development as well as represents its members in the field both domestically and internationally.

Fastighetsägarna

The Swedish Property Federation, Fastighetsägarna, is an industry organisation that works for a sustainable and functioning property market. Its mission is to improve the conditions for the real estate industry in Sweden, so that the housing and premises market can be developed. Its ambition is to create good conditions for growth.

The Stockholm Chamber of Commerce

The Stockholm Chamber of Commerce works with regional growth and development issues and conducts extensive networking and meeting activities.

Klimatpakten i Stockholm

Klimatpakten is a climate network for the City of Stockholm, organisations and companies, where we work together to reduce climate impact. Today, Klimatpakten has over 350 members from the entire Stockholm region. The city's goal is a fossil-free Stockholm by 2040. In that work, Klimatpakten is an arena for the exchange of knowledge and experience between the city, politicians and the network's members. The aim is to together create a climate network and a meeting place for discussions, new ideas and collaborations.

UN PRI – UN Principles for Responsible Investment

The six Principles for Responsible Investment is a voluntary and aspirational set of investment principles that outline possible actions for incorporating ESG issues into investment practices. Areim joined as a signatory in February 2021.

UN Global Compact

The UN Global Compact is a voluntary initiative and network-based initiative where CEOs commit to implement universal sustainability principles and to take steps to support UN goals. Its, and our ambition through joining, is to align our strategies and operations to the universal principles on human rights, labour, environment and anti-corruption as well as taking actions that advance societal goals. Areim joined as a signatory in February 2021.

SDG No 17.
Partnerhips for the goals

Sustainability information

In close dialogue with our stake-holders

At Areim, we recognise the importance of integrating sustainability into our business strategy, values, and culture. Although our last materiality assessment was conducted in 2019, we remain committed to staying close to our stakeholders and engaging in ongoing dialogues with them. We believe that by actively participating in ongoing dialogues, forums, networks and round table discussions, we can stay up-to-date with the evolving expectations and concerns of our stakeholders. In addition, we are planning to conduct an updated materiality analysis in 2023 to ensure that our sustainability efforts remain aligned with our stakeholders' expectations.

Through collaborative efforts with our stakeholders, we are committed to addressing the challenges facing our industry and creating a more sustainable future for all. We ensure that we deliver on requirements and meet various reporting standards based on the insights from our materiality assessment and stakeholder engagement. We are committed to working proactively in response to the rapidly changing ESG trends and remain dedicated to our ongoing stakeholder engagement efforts.

Result from stakeholder dialogues

STAKEHOLDER	Investors	Employees	Municipalities	Tenants	Suppliers
MOST MATERIAL TOPICS	• Climate change • Energy and resource efficiency • Governance	• Climate change • Energy and resource efficiency • Attractive workplace • Attracting and retaining talent • Health and wellbeing • Equality and diversity • Governance	• Climate change • Energy and resource efficiency • Environmental certifications • Sustainable urban planning	• Climate change • Energy and resource efficiency • Attractive workplace • Health and wellbeing	• Climate change • Diversity, equality, and inclusion
DIALOGUE FORMAT	• Interviews • Personal meetings	• Annual performance reviews • Workshops • Seminars • Trainings	• Close cooperation in zoning planning processes • Active membership in several organisations	• Individual meetings	• Individual meetings

TCFD and risk assessment

The following section is Areim's second disclosure of climate change issues management in line with the recommendations of the Task Force on Climate related Financial Disclosures (TCFD) on governance, strategy, risk management and targets and metrics. Climate change is considered a principal risk and as such is governed and managed in line with our risk management process as described on page 28. This reporting is a key component of understanding the impact of climate change is strategic planning how to manage the potential risks while also taking advantage of the opportunities.

In 2021, we analysed all properties through desktop analysis to determine the level of risk and to initiate mitigating activities. Throughout 2022, we have taken more steps towards addressing these risks and carried out internal workshops to further analyse the scenarios. We are currently undertaking asset level analysis of our climate risks and specify activities for climate adaptation to meet and aim to incorporate these actions into our financial statements.

Mitigation and strategy

Assessment of climate risks is an integral part as part of our investment screening and due diligence processes. A desktop screening according to taxonomy criteria for the Do No Significant Harm (DNSH) objective Climate adaptation was conducted in 2021. Climate risk aspects are also considered in zoning processes including storm-water assessments, changed wind and heat patterns. Climate adaptation measures should be a natural part of our investment process in the future.

Climate-related scenarios

The scenario analysis is based on two different climate scenarios developed by the UN International Panel on Climate Change (IPCC): RCP 2.6 and RCP 8.5 as described below[1]. We have assessed physical and transitional risks for our business against the below scenarios.

THE WORLD IN RCP 8.5 – RISING EMISSIONS

This scenario remains useful as a worst-case, catastrophic scenario model. In this scenario it is likely we will experience an increase in flash flooding, river floods, coastal flooding and storm surges.

- GHG emissions continue to increase at the current rate.
- Temperature rise in Europe is around 2–5° in 2100.
- The world is still significantly dependent on fossil fuel.
- Energy intensity remains high.
- Rising sea levels of up to around 0.5 m (reference point Malmö, considering land uplift).
- More days of extreme weather: rainfall, storms, heat and drought.
- Increased risk of forest fires, floods, erosion etc.
- Unchanged behaviours and demands from customers and investors.
- Political climate initiatives and collaborations fail.
- Poor indoor climate affects people's health.
- Increased immigration.
- Severe impact of forest fires on ecosystems, biodiversity, and air quality.

THE WORLD IN RCP 2.6 – STRONGLY DECLINING EMISSIONS

Very ambitious action measures. This is the only scenario where the Paris agreement aspirational goal to limit global warming than twice as many species lose half habitat instead of range, compared to delete at 1.5°C.

- GHG emissions halved by 2050.
- Temperature rise in Europe is around 1.8–2° in 2100.
- Significant transformations of society, infrastructure, and buildings have been implemented, such as changes in transportation systems or the use of green spaces for recreation and food production.
- Low energy intensity.
- New large-scale renewable energy technologies introduced, potential economic benefit such as job creation and reduced energy costs.
- Countries around the world successfully collaborate on joint initiatives.
- Increased regulations with sustainability requirements.

1) RCP= Representative greenhouse gas Concentration Pathways, by the Intergovernmental Panel on Climate Change (IPCC) most recent assessment report (AR6). Climate impact to year 2100 as shown in AR6.

Assessment of physical and transitional risks to climate-related scenarios

RCP 8.5: 4˚C temperature increase

Physical risks

- Extreme weather events such as heat waves, cold waves/frost, wildfires, and heavy precipitation (rain, hail, snow/ice).
- Drought and flood risks, including coastal and groundwater impacts.
- Significant damage to properties, infrastructure, and environment from heavy rain, flooding, and rising sea levels.
- Supply chain disruptions from shortages of natural resources, materials, energy, and raw materials needed for operations, construction and renovation.
- Possible damage to power stations from extreme weather events, leading to electricity shortages for properties.

Transitions risks

The transition risks in the two scenarios are quite similar. In addition to the risks already included in the RCP 2.6 scenario the following risks may also arise in a worst-case scenario:

- Need to relocate cities, properties and infrastructure due to the impact of climate change such as rising sea levels, which could make existing properties obsolete.
- Unchanged behaviour among tenants and investors may makes attempts at transformation more difficult.
- Changing tenant expectations regarding premises as more companies set science-based targets, which could increase the demand for sustainable properties and potentially impact the value of non-compliant properties.
- Strategies and business models become more complex and are constantly evaluated.

Opportunities

- Acquiring, developing and offering climate-resilient and resource-efficient public properties in areas at lower risk of climate-change impacts.
- Energy and resource-efficient construction reduces costs.

Financial impact

- Long-term reduction in value due to lower demand for properties that are not climate-adapted.
- Significant CapEx plans and increased investments to ensure alignment with new regulations.
- Returns may be impacted by higher requirements in retrofitting programs to meet SBTi targets.
- Extreme weather could result in economic costs, such as increased insurance premiums.

RCP 2.6: 1.5˚C temperature increase

Physical risks

- Heavy rain, flooding, and rising sea levels causing damage to properties and the surrounding environment and infrastructure.
- overheating risk in buildings.
- Damage from intense rainfall and drainage system failures.
- Changing precipitation patterns and types, increased sea level, and water stress.

Transitions risks

- Regulatory and policy changes related to climate change adaptation and mitigation efforts, including increased regulations, taxes, and fees for carbon emissions, land use, and building standards.
- Business model changes required for zero emissions and circular economy.
- Price increases for building materials, transportation, and energy due to political restrictions and extreme weather.
- Increased investment needs in technology and construction.
- Some properties risk not meeting new demands from tenants and society, or of being too expensive to transform.
- Increased and volatile costs for materials and energy when coping with extreme weather.
- Costs of reducing emissions and transitioning to lower emissions technology.
- Increased maintenance costs.
- Failure to manage and report on climate risks could result in reputational damage, financial losses, and legal liabilities.

Opportunities

- Proactively adopting climate change adaptation measures to gain a competitive advantage.
- Increased demand for sustainable properties from tenants and renters.
- Accessing green financing opportunities.
- Growth in solar and renewable energy production.
- Increased innovation and technology development.
- Urbanisation and densification driving demand for sustainable buildings.
- Energy demand reduction through increased efficiency in resource utilisation.

Financial impact

- Extensive investment in new technology, fossil-free energy, more efficient use of water and energy, better ventilation etc. is needed throughout the property portfolio.
- Reduced property values for properties that are not attractive or are too expense to reconstruct.

TCFD index

Governance

Recommended disclosures	Page
A. Board's oversight of climate-related risks and opportunities	27–28
B. Management's role in assessing and managing climate-related risks and opportunities	27–28, 31

Strategy

Recommended disclosures	Page
A. Climate-related risks and oportunities that the organisation has identified	28, 36–37
B. Impact of risks and oportunities on the organisa-tion´s business, strategy and financial planning	28, 31, 36–37
C. Resilience of the organisation's strategy taking into consideration different climate-related scenarios	28, 36–37

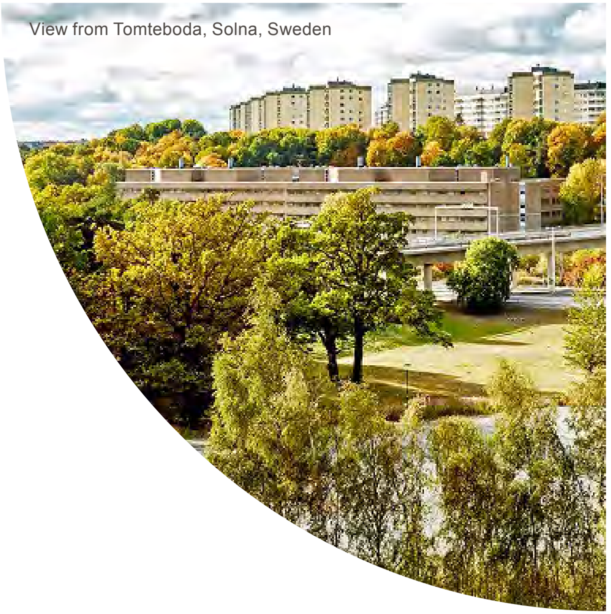
Risk Management

Recommended disclosures	Page
A. The organisation's processes for identifying climate-related risks	4, 31
B. The organisation's processes for managing climate-related risks.	4, 31
C. Integration of the above processes into the organisation's overall risk management	31–33

Metrics and targets

Recommended disclosures	Page
A. The metrics used by the organisation to assess climate-related risk and opportunities	13–14
B. Scope 1,2 and 3 GHG emissions	15, 61–66
C. Targets for managing climate-related risks and opportunities	10


Kista Parkstad, Sweden


View from Tomteboda, Solna, Sweden

Risk assessment

Risk category	Risk description	Risk management	Probability	Impact
Societal risks	Risks beyond our control, but with a major impact on society such as social unrest, violent conflicts, and pandemics that may trigger social, political, and economic changes.	• Monitoring of potential threats and take preventive measures when needed and possible. • Monitoring of economic, geopolitical, and societal events to make prompt business decisions when necessary. • Annual review of BCP, business continuity plan (BCP), to ensure continued operations during unforeseen events.	Medium	High
Climate risks	Extreme weather events, higher temperatures, floods, fires, and loss of biodiversity among other risks may result in lack of natural resource, property damage, and higher material and energy costs.	• Climate risk assessment included in investment screening and due diligence processes. • Measures to reduce energy and water consumption and to lower GHG emissions. • Increase use of renewable energy.	High	Medium
Regulatory risks	Changes to national and international sustainability frameworks, legislation, and regulations pose risks such as increased costs or a weakened reputation and brand.	• Ensure compliance with relevant legislation, including the EU Taxonomy and SDFR, through internal controls and continuous monitoring of proposed changes. • Establish a Code of Conduct for employees and business partners. • Sustainability aspects integrated in investment process and risk assessments presented to the Board.	Low	Medium
Governance	Corporate governance deficiencies, particularly in funds and investment management, pose risks that can result in financial losses and reduced confidence in the company, ultimately impacting profitability long-term.	• Communicate governance and sustainability expectations to funds and investments. • Implement robust risk management systems at fund or investment level to identify, assess, and manage sustainability-related risks and opportunities. • Maintaining a corporate culture that prioritises sustainability to foster transparency and accountability.	Low	High
Irregularites	Corruption, money laundering, wage dumping/illegal work, and other business ethics irregularities pose risks that can result in financial losses, fines, and damage to credibility and brand due to fraud.	• Internal controls organised under the three lines of defence model and the "four eyes principle". • Maintain a strict decision-making process that involves disciplined control of all investments throughout the entire investment process. • Secure sufficient due diligence and authorisation guidelines and routines. • Whistleblower system and process for incident follow-up to be implemented in 2023.	Low	High
Organisational risks	Organisational risks, such as employee wellbeing concerns arising from factors like workload, working hours, and abusive discrimination, can have negative consequences for both individual employees and overall productivity and quality.	• Conduct regular employee engagement surveys and provide opportunities for competence development. • Implement preventive healthcare and wellbeing initiatives for employees. • Develop a gender equality plan and provide education on diversity and bias in recruitment. • Maintain a Personnel Handbook and develop a Code of Conduct for employees during the year.	Low	Medium
Reputational risks	Reputational risks may arise when there are discrepancies between sustainability vision and practices, incorrect or insufficient ESG disclosures, leading to a lack of credibility and trust, lack of i.e "greenwashing".	• Maintain quantitative ESG targets and report on a yearly basis. • Provide transparent reporting on challenges and progress in our sustainability journey. • Ensure that marketing efforts communicate concrete and measurable results achieved through sustainability initiatives.	Low	High
Financial risks	Financial risks connected to the sustainability of investments, asset development and operations. E.g., negative financial impact of the new EU disclosure regulations and EU Taxonomy.	• Sustainability mapping and evaluation of existing and new properties, aligned with new regulations. • Regular assessments to mitigate stranded assets. • Moderate leverage to limit operational and development risk. • Sustainability aspects integrated in investment process and risk assessments presented to the Board • Counter-party risk consideration.	Medium	Medium
Environmental risks	Risks linked to the physical surroundings of properties, e.g., pollution, waste management and noise levels.	• Environmental certifications. • ESG Policy and ESG targets in Asset Business Plan for regular follow up.	Low	Medium
Human rights	Human rights risks refer to potential negative impacts on people's human rights, such as changes in sustainability trends or risks in the supply chain. This may also imply a reputational risk.	• Code of conduct and follow-up process for employees and suppliers to be implemented in 2023. • Whistleblower system and process for incident follow-up to be implemented in 2023.	Low	High

Low risk · Medium risk · High risk

→ Read more about our risk management on page 28

Sustainability data

Objectives and achievements

Our sustainability efforts are strategic and focused on the areas where we, as a value-add fund manager, can make the biggest difference and contribute to improving sustainability values by investing in retrofitting and improvement journeys for the built environment. In this section, we summarise our collective goals for our three focus areas and highlight our main achievement for 2022.


Sjöstadsbo, The Village, Stockholm

We turn brown to green

Material topic	Long-term objective	2022 achievements
Climate change	Net-zero emissions by 2030	• Improved the methodology for GHG calculation, which provides a solid foundation for our journey towards net-zero emissions.
Energy	100% renewable electricity	• -21% reduced energy consumption in Fund II since 2021. • Provided information to tenants on the strained electricity market and worked towards using energy-efficient lighting and adjusted operating hours. • On-site production of 893 MWh from solar panels from directly-owned and financial investments.
Green lease	100% green leases by time of divestment	• In total, 155 green leases across our portfolios, representing 42% of rent and 26% of area. Fund III has the highest share of green leases, with over 81% of rent derived from a green lease, demonstrating our active management and environmental commitment over the hold period.
Building certification[1]	100% certified properties no later than three years after acquisition	• 100% certified letting area in Fund II and III (directly-owned). • 38% certified letting area in Fund IV (directly-owned) and several certification projects ongoing.
Circularity	Promoting circular models, sharing economy, and maximising reused, recycled, or renewable material	• Re-use of furniture and building material in and between properties existing buildings, in preference to the higher costs of demolition and construction.

1) Certifications included in our statistics are BREEAM, LEED, Svanen, EU Green Building, Miljöbyggnad and Miljöbyggnad iDrift.

We care for people

Material topic	Long-term objective	2022 achievements
Attractive workplace	• Ensure an inclusive and diverse workspace. • Promote wellbeing and happy employees. • Focus on leadership and development.	• Maintained a low average turnover rate of 8% over the past three years, demonstrating strong team cohesion and consistency. • Successfully implemented Winningtemp, an engagement tool, with a participation rate of 93%, enabling the acknowledgment of both positive and negative trends and maintaining stable metrics throughout the year. • Continued to prioritise the ongoing digitalisation project with regular updates and e-learning sessions, resulting in improved efficiency, collaboration, and communication. • Implemented our first eNPS (Employee Net Promoter Score) assessment in 2022, which measures the level to which our employees serve as advocates for our organization. With a score of 44 we surpassed the industry average of 14, indicating that our employees appreciate working together and are more likely to recommend our organisation to others.
Social value creation	• Maintain happy tenants and promote wellbeing. • Create social value in and around our assets. • Support to organisations working with important social objectives.	• Conducted annual tenant surveys for our assets. • Developed a structured way of working with social and environmental impact in line with the Five Dimensions of Impact framework. • Further developed the Joyful Learning initiative to promote health and well-being in our school premises. • Strengthened our social initiatives around education by continuing our national partnership with Friends and being a long-term sponsor of Mathivation and UNICEF. • Conducted annual tenant surveys for our assets.

We deliver sustainable results

Material topic	Long-term objective	2022 achievements
Reporting and governance	• Maintain a compliant, transparent, and effective governance structure. • Increase level of green, greening and sustainability linked financing. • Efficient management of mitigate climate-related risks and opportunities.	• Successfully implemented SustainLab, a digital platform for reporting and decision-making data to measure progress. • Ensured compliance with new regulations on period reporting and SFDR. • Improved our business plan process by incorporating a greater focus on property level ESG targets. • Efficient management of climate-related risks and opportunities.
Benchmark	• Maintain top tier ESG reporting.	• Achieved a top result in the annual GRESB benchmark, with Fund III receiving five stars and Fund IV receiving four stars.

SFDR and EU Taxonomy

The information on the taxonomy provided in this section represents an overview of the taxonomy reporting for Areim's funds. More detailed information is provided in each of our funds respective annual report.

Calculation method

For each investment, we identify turnover, CapEx and OpEx consistent with activities that are environmentally sustainable according to the taxonomy. We estimate the proportion of aligned activities based on the currently available technical screening criteria for climate mitigation. The market value of each property was used for real estate investments and the market value of equities was used where relevant for other investments to calculate the percentage of taxonomy-alignment on a fund level. This led to a conclusion on the aggregated Taxonomy-alignment per turnover, CapEx and OpEx on a fund level to be included in the relevant fund disclosures.

Kista Parkstad, Sweden

Areim's funds for Turnover, CapEx and OpEx KPI's are 100 per cent eligible.

The tables below set out the provisionally assessed taxonomy alignment at the portfolio level for the Areim funds.

Fund II

Taxonomy alignment on fund level	2022
% taxonomy alignment Turnover	0
% taxonomy alignment OpEx	0
% taxonomy alignment CapEx	0

Portfolio information	2022
Number of investments	2
- of which properties	2
- of which financial investments	-
Investments aligned with the EU Taxonomy	-
- of which properties	-
- of which financial investments	-

Fund III

Taxonomy alignment on fund level	2022
% taxonomy alignment Turnover	41
% taxonomy alignment OpEx	41
% taxonomy alignment CapEx	41

Portfolio information	2022
Number of investments	12
- of which properties	8
- of which financial investments	4
Investments aligned with the EU Taxonomy	1
- of which properties	1
- of which financial investments	-

Fund IV

Taxonomy alignment on fund level	2022
% taxonomy alignment Turnover	6
% taxonomy alignment OpEx	6
% taxonomy alignment CapEx	6

Portfolio information	2022
Number of investments	59
- of which properties	56
- of which financial investments	3
Investments aligned with the EU Taxonomy	3
- of which properties	3
- of which financial investments	-

Fund V

Taxonomy alignment on fund level	2022
% taxonomy alignment Turnover	69
% taxonomy alignment OpEx	69
% taxonomy alignment CapEx	69

Portfolio information	2022
Number of investments	22
- of which properties	21
- of which financial investments	1
Investments aligned with the EU Taxonomy	4
- of which properties	3
- of which financial investments	1

Investment list

Including directly-owned properties and financial investments as of 2022-12-31

Type of investment	Investment name	Property name	Lettable area (sqm)	Location	Country	Certification and level	Segment
Fund II							
Property	Hansa	Stadt Hamburg 14	11,000	Malmö	Sweden	BREEAM In-Use, Very Good	Mixed
Property	Hansa	Lybeck 10	23,600	Malmö	Sweden	BREEAM In-Use, Excellent	Mixed
Fund III							
Property	Monopoly	Lemuntie 3–5	4,905	Helsinki	Finland	BREEAM In-Use, Very Good	Office
Property	Monopoly	Ruoholahdenkatu	2,850	Helsinki	Finland	BREEAM In-Use, Very Good	Office
Property	Monopoly	Tekniikantie/Allonharja	19,715	Helsinki	Finland	BREEAM In-Use, Very Good	Office/Education
Property	Monopoly	Vaasa	6,030	Vaasa	Finland	BREEAM In-Use, Very Good	Office
Property	Monopoly	Lemuntie 7	3,230	Helsinki	Finland	BREEAM In-Use, Very Good	Office
Property	Ellie/Kravattitehdas	Elimäenkatu 9A–B, 15	25,224	Helsinki	Finland	BREEAM In-Use, Very Good	Office
Property	Trängkåren 6	Trängkåren 6	40,000	Stockholm	Sweden	Miljöbyggnad, Gold	Office
Property	Erottajankatu	Erottajankatu 15	4,167	Helsinki	Finland	BREEAM In-Use/LEED, Very Good	Office
Financial	Sponda	104 properties	872,700	Finland	Finland	BREEAM In-Use/LEED, Good/Very Good/Gold	Mixed
Financial	Obligo	Posten 1/Tomteboda	85,000	Stockholm	Sweden	BREEAM In-Use, Excellent	Office
Financial	Odde	Odde	26,800	Stockholm	Sweden		Residential development
Fund IV							
Property	Vallila Corner	Elimäenkatu 22/ Kuortaneenkatu 2	16,359	Helsinki	Finland	BREEAM In-Use, Very Good	Office
Property	Trängkåren 7	Trängkåren 7	58,321	Stockholm	Sweden	BREEAM In-Use, Very Good	Office
Property	Ångtvätten 22	Ångtvätten 22	34,150	Stockholm	Sweden	BREEAM In-Use, Good	Office/Education
Property	Opera Portfolio	16 residential assets	51,693	Greater Helsinki	Finland		Residential

Type of investment	Investment name	Property name	Lettable area (sqm)	Location	Country	Certification and level	Segment
Fund IV cont.							
Property	Helene	Helene/Pieni Roobertinkatu 12–14	7,150	Helsinki	Finland		Office
Property	Haiku	Kaikukatu 3a	6,050	Helsinki	Finland		Office
Property	Hartford	Hämeentie 31	7,049	Helsinki	Finland		Office
Property	Frederiksberggade 24	Frederiksberggade 24	5,818	Brøndby	Denmark		Mixed
Property	Trädgården	Trädgården	8,545	Stockholm	Sweden		Residential development
Property	LI Platform Sweden	29 assets	128,825	Sweden, Finland	Sweden, Finland	Miljöbyggnad iDrift, Silver	Light industrial
Property	LI Platform Finland	4 assets	11,089	Helsinki	Finland		Light industrial
Financial	Ankarhagen	Portfolio of 40 properties	115,700	Pan-Sweden	Sweden		Light industrial
Fund V							
Property	Lybeck	T31, Lybeck 2, Ladugårdsgärdet 1:51	29,218	Stockholm	Sweden	-	Office
Property	Light Industrial Platform	23 assets	82,681	Pan-Nordic	Sweden, Finland, Denmark	-	Light industrial
Financial	Magnolia Bostad	Magnolia Bostad, portfolio	330,000	Stockholm	Sweden	-	Residential
EcoDC							
Financial	Data centre	Falun Syrafabriken 5–6, Hortlax 18:102	8,800	Falun, Piteå	Sweden	-	Data centre

Divested investments

Type of investment	Investment name	Property name	Lettable area (sqm)	Location	Country	Certification	Segment
Fund IV							
Financial	Data centre	Falun Syrafabriken 5–6, Hortlax 18:102	8,800	Falun, Piteå	Sweden	-	Data centre
Fund III							
Financial	Obligo	Midtåsen	8,083	Oslo	Norway	-	Office
Financial	Obligo	Gullbergsvass 703:57	62,664	Gothenburg	Sweden	-	Office
Financial	Data centre	Falun Syrafabriken 5–6, Hortlax 18:102	8,800	Falun, Piteå	Sweden	-	Data centre
Financial	Sponda	Veika	-	St Petersburg	Russia	-	Retail

Social

Fredriksdal, Hammarby Sjöstad, Stockholm

GRI 2-7 Employees

2022	Sweden		Finland		Norway		Denmark		All countries
Head count employees	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Permanent	33	34	5	6	-	1	-	1	38
Temporary	1	1	1	-	-	-	-	-	2
Total	**34**	**35**	**6**	**6**	**-**	**1**	**-**	**1**	**40**
Permanent full-time	33	33	5	6	-	1	-	1	-
Permanent part-time	0	1	-	-	-	-	-	-	-
Total	**33**	**34**	**5**	**6**	**-**	**1**	**-**	**1**	**-**

GRI 405-1 Diversity of governance bodies and employees

2022	Board of Directors		Management Group		Managers		Employees	
Split by gender	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Female	1	33	9	50	7	58	31	46
Male	2	67	9	50	5	42	37	54
Total	**3**	**100**	**18**	**100**	**12**	**100**	**68**	**1**

2022	Board of Directors		Management Group		Managers		Employees	
Age	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
<30	-		-	0	-	-	22	32
30–50	-		15	83	10	83	35	51
>50	3	100	3	17	2	17	11	16
Total	**3**	**100**	**18**	**100**	**12**	**100**	**46**	**1**

Comment:
- Data based on the head-count method.
- Management Group include: Managers, CEO, Head of Div., Head of Comm., Head of Areim Norway, Head of Areim Denmark, Director Internal Dev. and Operations and Sustainability Manager.
- Managers with employee responsibility.
- Employees include full time employees without staff responsibility based on the head-count method.

GRI 203-1 Infrastructure investments and services supported

Support and donations

Organisation	2022	2021	2020	2019
Friends	700	-	-	-
Mathivation	625	625	625	625
Stadsmissionen[1]	-	-	111	-
Helsinki Mission[1]		-	38	-
UNICEF	750	250	250	250
Diversity talks real estate	90	75	75	75
Total	**2,165**	**950**	**1,099**	**950**

1) Additional support include hygiene products, food and clothing.

The DN Building, Trangkåren 7, Sweden

GRI 401-1 New employee hires

Split by gender	Sweden	Norway	Denmark	Finland	2022	2021	2020
Female	5	-	-	1	6	9	13
Male	7	-	1	3	11	12	3
Total	**12**	**-**	**1**	**4**	**17**	**21**	**16**
Split by age							
<30	8	-	-	3	11	9	3
30-50	2	-	-	1	3	11	13
>50	2	-	1	-	**3**	**1**	0
Total	**12**	**-**	**1**	**4**	**17**	**21**	**16**

GRI 401-1 Employee turnover

	2022	2021	2020
Split by gender (%)			
Female	10.8	2.9	8,2
Male	10.1	15.6	3,7
Total	**10.5**	**9.1**	**5,8**
Split by age			
<30	3	2	-
30-50	3	4	3
>50	2	-	-
Total	**8**	**6**	**3**

Comment:
- Data is based on permanent employees.

GRI 401-3 Parental leave

	2022			2021			2020		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Employees who took parental leave	7	2	9	10	7	17	4	5	9
Share of employees who took parental leave	18%	5%	12%	26%	20%	23%	7%	9%	16%
Number of employees returned to work in the reporting period after parental leave ended	3	2	5	7	7	14			
Number of employees returned to work after parental leave and still employed 12 months later	6	7	13	1	1	2			

Comment:
- Data is based on permanent employees.
- All employees are entitled to parental leave.

Kravattitehdas, "Ellie", Helsinki, Finland

GRI 404-3 Proportion of employees who received PDP Personal Development Plan

	2022			2021			2020		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Management Group	100%	100%	**100%**	100%	71%	**86%**	75%	100%	**75%**
Managers	100%	100%	**100%**	100%	80%	**92%**	100%	100%	**100%**
Employees	86%	97%	**92%**	87%	97%	**92%**	52%	63%	**70%**


EcoDataCenter

Environmental

302-1 Actual energy consumption within the organisation (MWh)

	Total			*Total directly-owned*							*Areim office*		
	2022	2021	Change %	2022		2021	Change %	LfL 2022	LFl 2021	Change %	2022	2021	Change %
Total lettable area (sqm)	**888,717**			**579,124**	**579,124**			**440,980**	**440,980**		**1,383**		
Coverage: % of sqm											98%		
	Purchased	*Purchased*	%	*Estimated*	*Purchased*	*Purchased*	%	*Purchased*	*Purchased*	%			%
Cooling	11,668	1,550	653%	5,249	5,211	138	3,676%	5,001	138	3,524%	14	-	
Electricity total	124,508	74,696	67%	59,331	56,383	31,784	77%	53,463	31,784	68%	83	28	198%
Electricity purchased by tenant	43,125	29,824	45%	21,964	20,976	13,895	60%	19,593	13,895	41%	83	28	198%
Electricity landlord	80,805	44,871	80%	37,367	35,407	17,889	114%	33,870	17,889	89%	0	-	
Heating, measured	94,761	76,016	25%	42,056	40,152	30,006	8%	37,478	30,006	25%	32	63	-49%
Heating, normalised	90,587	73,884	23%	-	38,376	28,995	31%	35,571	28,995	23%		63	
Total energy measured	**129,191**	**88,806**	**45%**	**106,636**	**101,746**	**61,928**	**56%**	**95,942**	**61,928**	**55%**	**130**	**91**	**43%**
Total energy normalised	**115,218**	**89,214**	**29%**	**-**	**90,137**	**60,918**	**67%**	**84,201**	**60,918**	**38%**			
Total energy measured, excl tenant electricity	**102,206**	**74,404**	**37%**	**84,673**	**76,364**	**48,033**	**36%**	**72,096**	**48,033**	**50%**	**46**	**91**	**-49%**
Total energy normalised, excl tenant electricity	**95,910**	**73,283**	**31%**	**-**	**71,410**	**47,022**	**68%**	**66,858**	**47,022**	**42%**			

General comments

- The purchased energy figures for Fund II and IV 2021 are comparable (like-for-like) to previous year as no property transactions took place in the "direct owned properties" category for these funds in 2022.
- The method for collecting data on energy consumption has shifted from manual to digital during 2022, which affect results, especially regarding tenant and landlord electricity. The purchased energy figures for 2022 are based on data from the Mestro dataportal for our directly-owned assets, while the figures for 2021 were collected manually. For our reporting companies, the figures have been collected from each reporting entity.
- The square meter (sqm) figures used in the GRI tables are based on the book value of lettable area. Previous years may have used different area types, resulting in different sqm figures and different intensity metrics.
- In cases where data was lacking, estimated energy consumption figures were used to provide realistic GHG emissions calculations. Both the energy consumption figures from purchased electricity (controlled/measured by Areim) and the estimated energy consumption figures used in the GHG emission calculations are disclosed in sections 302-1 and 302-3 for transparency. Estimates have also neen done to reflect 100% coverage.
- The equity-share method was used for calculations.
- Like-for-like (Lfl) comparisons were used to ensure comparability of data across time periods. Lfl disclose the data of the same investments/assets during 2021 and 2022.
- Read more about our Climate disclosure methodology and scope on page 15.
- Areim's ownership in the Ankarhagen and EcoDC investments has been excluded in the calculations in the below tables.

302-1 Actual energy consumption within the organisation (MWh) cont.

	Fund II				Fund IV			
	Directly-owned only				*Directly-owned only*			
	2022		2021	Change %	2022		2021	Change %
Total lettable area (sqm)	**34,600**	**34,600**				**300,259**		
Coverage: % of sqm	100%	100%				96%		
	Estimated	*Purchased*	*Purchased*	%	*Estimated*	*Purchased*	*Purchased*	%
Cooling	-	-	-		2,640	2,654	-	-
Electricity total	3,484	3,484	3,836	-9%	30,014	28,157	16,713	68%
Electricity purchased by tenant	2,380	2,380	2,076	15%	12,217	11,952	6,256	91%
Electrictity landlord	1,103	1,103	1,760	-37%	17,797	16,205	10,457	55%
Heating, measured	2,171	2,171	2,621	-17%	23,783	23,111	15,820	46%
Heating, normalised		2,393	2,652	-10%		23,657	15,153	56%
Total energy measured	**5,655**	**5,655**	**6,457**	**-12%**	**56,437**	**53,923**	**32,533**	**66%**
Total energy normalised		**5,877**	**6,488**	**-9%**		**54,468**	**31,866**	**71%**
Total energy measured, excl tenant electricity	**3,274**	**3,274**	**4,381**	**-25%**	**44,220**	**37,718**	**26,277**	**44%**
Total energy normalised, excl tenant electricity		**3,497**	**4,412**	**-21%**		**42,516**	**25,610**	**66%**

Comments on Fund II and IV
- The purchased energy figures are comparable between the years because no property transactions were included in "direct owned properties" for Fund II and IV in 2022.
- The method for collecting energy consumption data shifted from manual to digital during 2022, which could affect results, particularly for tenant and landlord electricity. "Purchased energy" for 2022 is based on data from the Mestro data portal, while 2021 data was collected manually.
- The sqm figures used in the GRI tables are based on the book value of lettable area, which could differ from previous years where other area types were used.
- Estimated energy consumption figures were used in some cases due to lack of data to improve GHG emissions calculations. Both energy consumption from -purchased electricity (controlled/measured by Areim) and estimated energy consumption used in GHG emission calculations are disclosed in sections 302-1 and 302-3 for transparency.
- Differences in cooling between years are primarily due to the exclusion of cooling from a larger asset in 2021 figures.
- The equity-share method was used for calculations.
- Like-for-like (Lfl) comparisons were used to ensure comparability of data across time periods.

Ownership in the Ankarhagen company
- Areim Fund IV has an ownership in Ankarhagen through an investment in the fund. The investment has been excluded in the calculations in the below tables.

302-1 Actual energy consumption within the organisation (MWh) cont.

	Fund III																
	Total							***Directly-owned***				***Share in Sponda (5%)***			***Share in Obligo (12.6%)***		
	2022		**2021**	**Change %**	**LfL 2022**	**LFl 2021**	**Change %**		**2022**	**2021**	**Change %**	**2022**	**2021**	**Change %**	**2022**	**2021**	**Change %**
Total lettable area (sqm)		**175,125**			**175,125**				**106,121**			**58,881**			**10,123**		
Coverage: % of sqm		100%							100%			100%			0%		
	Estimated	*Purchased*	*Purchased*	%	*Purchased*	*Purchased*	%	*Estimated*	*Purchased*	*Purchased*	%						
Cooling	854	802	779	3%	802	796	0	239	187	138	35%	481	508	-5%	134	134	0%
Electricity total	20,449	19,848	16,824	18%	18,686	15,886	0	14,751	14,149	11 235	26%	5,110	5,022	2%	589	478	23%
Electricity purchased by tenant	3,903	3,673	7,196	-49%	3,534	6,022	-0	3 612	3,010	5 563	-46%	291	301	-3%	372	171	118%
Electrictity landlord	16,547	16,175	9,628	68%	15,152	9,864	1	11,138	11,138	5,672	96%	4,819	4,721	2%	217	307	-29%
Heating, measured	16,176	16,176	19,842	-18%	15,885	18,904	-0	9,175	9,175	11,565	-21%	6,436	6,676	-4%	565	582	-3%
Heating, normalised		16,438	19,463	-16%	16,160	17,963	-0		9,520	11,190	-15%	6,918	6,693	3%	-	-	
Total energy measured	**37,479**	**36,825**	**37,445**	**-2%**	**35,372**	**35,586**	**-0**	**24,164**	**23,511**	**22,938**	**2%**	**12,027**	**12,206**	**-1%**	**1,287**	**1,194**	**8%**
Total energy normalised		**36,364**	**37,067**	**-2%**	**34,924**	**34,034**	**0**		**23,856**	**22,564**	**6%**	**12,509**	**12,223**	**2%**		**-**	
Total energy measured, excl tenant electricity	**33,576**	**33,874**	**30,248**	**12%**	**32,561**	**30,176**	**0**	**20,552**	**20,500**	**17,375**	**18%**	**11,736**	**11,905**	**-1%**	**1,638**	**1,634**	**0%**
Total energy normalised, excl tenant electricity		**33,063**	**29,870**	**11%**	**31,762**	**28,183**	**0**		**20,845**	**17,000**	**23%**	**12,218**	**11,922**	**2%**	**-**	**-**	

Comments on Fund III
- Like-for-like (Lfl) comparisons were used to ensure comparability of data across time periods.
- Purchased energy figures are based on data collected from the Mestro data portal.
- The method for collecting energy consumption data related to purchased energy has shifted from manual to digital during 2022. This change could affect the results, particularly for tenant and landlord electricity. Purchased energy data for both 2021 (collected manually) and 2022 (based on Mestro data) are included.
- The sqm figures used in the GRI tables are based on the book value of lettable area.
- To make the GHG emission calculations more accurate, we estimated energy consumption where necessary due to lack of data. Both energy consumption from purchased electricity (controlled/measured by Areim) and estimated energy consumption used in GHG emission calculations are disclosed in sections 302-1 and 302-3 for transparency.
- The equity-share method was used for calculations.

Investments shares and co-investments in the Sponda and Obligo companies
- Total Sponda, which Areim controls through investments in Areim Fund III (5%) and Co-invest Sponda (5%).
- Total Obligo, which Areim controls through investments in Areim Fund III (12.6%) and Co-invest Obligo (7.4%).

302-1 Actual energy consumption within the organisation (MWh) cont.

	Fund V										
	Total directly-owned and share in Magnolia (27%)				*Directly-owned*				*Share in Magnolia (27%)*		
	2022		2021	Change %	2022		2021	Change %	2022	2021	Change %
Total lettable area (sqm)		**125,090**				**111,899**			**13,191**	-	
Coverage: % of sqm						89%			97%		0%
	Estimated	*Purchased*	*Purchased*	%	*Estimated*	*Purchased*	*Purchased*	%			%
Cooling	229	266	-	-	210	210	-	-	19	55	-78%
Electricity total	4,088	2,928	-	-	3,409	2,920	-	-	679	8	9,418%
Electricity purchased by tenant	1,504	1,383	-	-	1,504	1,383	-	-	-	-	0%
Electrictity landlord	2,584	1,545	-	-	1,905	1,537	-	-	-	8	0%
Heating, measured	4,562	2,805	-	-	3,907	2,674	-	-	656	131	472%
Heating, normalised		2,805	-	-		2,805	-	-	-	-	0%
Total energy measured	**8,880**	**5,999**	**-**	**-**	**7,527**	**5,805**	**-**	**-**	**1,353**	**194**	**701%**
Total energy normalised		**5,999**	**-**	**-**		**5,936**	**-**	**-**	**-**	**64**	**0%**
Total energy measured, excl tenant electricity	**7,375**	**4,462**	**-**	**-**	**6,022**	**4,268**	**-**	**-**	**-**	**194**	**0%**
Total energy normalised, excl tenant electricity		**4,616**	**-**	**-**		**4,552**	**-**	**-**	**-**	**64**	**0%**

Comments on Fund V
- This is the first year of reporting for Fund V.
- Purchased energy figures are based on data collected from the Mestro data portal.
- The method for collecting energy consumption data related to purchased energy has shifted from manual to digital during 2022. This change could affect the results, particularly for tenant and landlord electricity. Purchased energy data for both 2021 (collected manually) and 2022 (based on Mestro data) are included.
- The sqm figures used in the GRI tables are based on the book value of lettable area.
- To make the GHG emission calculations more accurate, we estimated energy consumption where necessary due to lack of data. Both energy consumption from purchased electricity (controlled/measured by Areim) and estimated energy consumption used in GHG emission calculations are disclosed in sections 302-1 and 302-3 for transparency.
- The equity-share method was used for calculations.

Investments shares and co-investments in Magnolia Bostad and Trängkåren 7
- Total Magnolia Bostad, which Areim controls through investments in Areim Fund V (27%) and in Co-invest Magnolia (23%).
- Total Trängkåren 7, of which Areim controls 100 per cent through investments in Areim Fund V (55%) and in Co-invest Trängkåren (45%).

302-1 Actual energy consumption within the organisation (MWh) cont.

	Co-invest Sponda 5%			*Co-invest Obligo 7.4%*			*Co-invest Magnolia 23%*			*Co-invest Trängkåren 7 45%*		
	2022	**2021**	**Change %**	**2022**	**2021**	**Change %**	**2022**	**2021**	**Change %**	**2022**	**2021**	**Change %**
Total lettable area (sqm)	**58,881**			**5,945**			**11,237**			**26,244**		
Coverage: % of sqm	100%			100%			97%			100%		
Cooling	481	508	-5%	79	78	0%	16	47	-66%	2,160		
Electricity total	5,110	5,022	2%	346	510	23%	578	7	8,023%	7,673		
Electricity purchased by tenant	291	301	-3%	218	100	118%		-		2,250		
Electrictity landlord	4,819	4,721	2%	127	409	-29%		7		5,423		
Heating, measured	6,436	6,676	-4%	332	940	-3%	558	111	402%	3,020		
Heating, normalised	6,918	6,693	3%		928			-				
Total energy measured	**12,027**	**12,206**	**-1%**	**756**	**-**		**1,153**	**165**	**597%**	**12,854**		
Total energy normalised	**12,509**	**12,223**	**2%**		**1,516**			**54**				
Total energy measured, excl tenant electricity	**11,736**	**11,905**	**-1%**	**538**	**1,428**	**-32%**		**165**		**10,604**		
Total energy normalised, excl tenant electricity	**12,218**	**11,922**	**2%**		**1,415**			**54**				

302-3 Energy intensity total kWh/m²

	Total			*Total directly-owned*							*Areim office*		
								Like-for-like					
	2022	2021	Change %	2022		2021	Change %	LfL 2022	LFl 2021	Change %	2022	2021	Change %
	Purchased	*Purchased*		*Estimated*	*Purchased*	*Purchased*		*Purchased*	*Purchased*		*Estimated*	*Purchased*	
Total lettable area (sqm)	**-**			**579,124**	**579,124**			**440,980**			**1,383**		
Cooling	13	2	556%	9	9	0	n/a	145	4	3,524%	10	-	
Electricity total	140	65	116%	102	97	55	77%	1,545	919	68%	60	28	
Electricity purchased by tenant	49	39	24%	38	36	24	51%	566	402	41%	60	28	
Electrictity landlord	91	26	250%	65	61	31	98%	979	517	89%	0	-	
Heating, measured	107	71	50%	73	69	52	34%	1,083	867	25%	23	63	
Heating, normalised	102	69	48%	-	66	50	32%	1,028	838	23%	-	63	
Total energy measured	**145**	**138**	**5%**	**184**	**176**	**107**	**64%**	**2,773**	**1,790**	**55%**	**94**	**91**	
Total energy normalised	**130**	**136**	**-5%**	**-**	**156**	**105**	**48%**	**2,434**	**1,761**	**38%**	**-**	**-**	
Total energy measured, excl tenant electricity	**115**	**111**	**4%**	**146**	**132**	**83**	**59%**	**2,084**	**1,388**	**50%**	**34**	**91**	
Total energy normalised, excl tenant electricity	**108**	**110**	**-2%**	**-**	**123**	**81**	**52%**	**1,932**	**1,359**	**42%**	**-**	**-**	

302-3 Energy intensity total kWh/m² cont.

	Fund II				Fund IV			
	Directly-owned only				*Directly-owned only*			
	2022		2021	Change %	2022		2021	Change %
	Estimated	*Purchased*	*Purchased*		*Estimated*	*Purchased*	*Purchased*	
Total lettable area (sqm)	**34,600**	**34,600**	**-**	**-**		**300,259**	**-**	**-**
Cooling	-	-	-	-	9	9	-	-
Electricity total	101	101	111	-9%	100	94	56	68%
Electricity purchased by tenant	69	69	60	15%	41	40	21	91%
Electrictity landlord	32	32	51	-37%	59	54	35	55%
Heating, measured	63	63	76	-17%	79	77	53	46%
Heating, normalised	-	69	77	-10%	-	79	50	56%
Total energy measured	**163**	**163**	**187**	**-12%**	**188**	**180**	**108**	**66%**
Total energy normalised	**-**	**170**	**188**	**-9%**	**-**	**181**	**106**	**71%**
Total energy measured, excl tenant electricity	**95**	**95**	**127**	**-25%**	**147**	**126**	**88**	**44%**
Total energy normalised, excl tenant electricity	**-**	**101**	**128**	**-21%**	**-**	**142**	**85**	**66%**

302-3 Energy intensity total kWh/m² cont.

	Fund III																
	Total directly-owned							*Directly-owned*				*Share in Sponda (5%)*			*Share in Obligo (12.6%)*		
	2022		**2021**	**Change %**	**LfL 2022**	**LFl 2021**	**Change %**	**2022**		**2021**	**Change %**	**2022**	**2021**	**Change %**	**2022**	**2021**	**Change %**
	Estimated	*Purchased*	*Purchased*		*Purchased*	*Purchased*		*Estimated*	*Purchased*	*Purchased*							
Total lettable area (sqm)		**175,125**			**175,125**				**106,121**	**106,121**		**58,881**	**61,972**	**-5%**	**10,123**	**10,123**	**-**
Cooling	8	8	7	3%	5	5	1%	2	2	1	35%	5	5	-5%	1	1	0%
Electricity total	193	187	159	18%	107	91	18%	139	133	106	26%	48	47	2%	6	5	23%
Electricity purchased by tenant	37	35	68	-49%	20	34	-41%	34	28	52	-46%	3	3	-3%	4	2	118%
Electrictity landlord	156	152	91	68%	87	56	54%	105	105	53	96%	45	44	2%	2	3	-29%
Heating, measured	152	152	187	-18%	91	108	-16%	86	86	109	-21%	61	63	-4%	5	5	-3%
Heating, normalised	-	155	183	-16%	92	103	-10%	-	90	105	-15%	65	63	3%	-	-	
Total energy measured	**353**	**347**	**353**	**-2%**	**202**	**203**	**-1%**	**228**	**222**	**216**	**2%**	**113**	**115**	**-1%**	**12**	**11**	**8%**
Total energy normalised	**-**	**343**	**349**	**-2%**	**199**	**194**	**3%**	**-**	**225**	**213**	**6%**	**118**	**115**	**2%**	**-**	**-**	
Total energy measured, excl tenant electricity	**316**	**319**	**285**	**12%**	**186**	**172**	**8%**	**194**	**193**	**164**	**18%**	**111**	**112**	**-1%**	**15**	**15**	**0%**
Total energy normalised, excl tenant electricity	**-**	**312**	**281**	**11%**	**181**	**161**	**13%**	**-**	**196**	**160**	**23%**	**115**	**112**	**2%**	**-**	**-**	

302-3 Energy intensity total kWh/m² cont.

	Fund V										
	Total directly-owned and share in Magnolia (27%)				*Directly-owned*				*Share in Magnolia (27%)*		
	2022		2021	Change %	2022		2021	Change %	2022	2021	Change %
	Estimated	*Purchased*	*Purchased*		*Estimated*	*Purchased*	*Purchased*				
Total lettable area (sqm)		**125,090**				**111,899**			**13,191**		
Cooling	2	2	-	-	2	2	-	-	1	4	-66%
Electricity total	33	23	-	-	30	26	-	-	51	1	n/a
Electricity purchased by tenant	12	11	-	-	13	12	-	-	-	-	
Electricity landlord	21	12	-	-	17	14	-	-	-	1	-100%
Heating, measured	36	22	-	-	35	24	-	-	50	10	402%
Heating, normalised	-	22	-	-	-	25	-	-	-	-	
Total energy measured	**71**	**48**	**-**	**-**	**67**	**52**	**-**	**-**	**103**	**15**	**597%**
Total energy normalised	**-**	**48**	**-**	**-**	**-**	**53**	**-**	**-**	**-**	**5**	**-100%**
Total energy measured, excl tenant electricity	**59**	**36**	**-**	**-**	**54**	**38**	**-**	**-**	**-**	**15**	**-100%**
Total energy normalised, excl tenant electricity	**-**	**37**	**-**	**-**	**-**	**41**	**-**	**-**	**-**	**5**	**-100%**

302-3 Energy intensity total kWh/m² cont.

	Co-invest Sponda 5%			*Co-invest Obligo 7.4%*			*Co-invest Magnolia 23%*			*Co-invest Trängkåren 7 45%*		
	2022	**2021**	**Change %**	**2022**	**2021**	**Change %**	**2022**	**2021**	**Change %**	**2022**	**2021**	**Change %**
	Purchased	*Purchased*		*Purchased*	*Purchased*		*Purchased*	*Purchased*				
Total lettable area (sqm)	**43,635**			**80,340**	**80,340**		**46,088**			**26,244**		
Cooling	8	8	0%	13	13	0%				82		
Electricity total	64	76	-15%	58	47	23%	44			292		
Electricity purchased by tenant				37	17	118%				86		
Electrictity landlord				21	30	-29%				207		
Heating, measured	104	108	-3%	56	58	-3%	39			115		
Heating, normalised	113	108	4%							-		
Total energy measured	**177**	**192**	**-8%**	**127**	**118**	**8%**	**82**			**490**		
Total energy normalised	**185**	**192**	**-4%**							**-**		
Total energy measured, excl tenant electricity	**113**	**116**	**-3%**	**90**	**101**	**-11%**				**404**		
Total energy normalised, excl tenant electricity	**121**	**116**	**4%**							**-**		

303-3 Water withdrawal (m³)

	2022	2021	Change %	2022 Lfl	2021 Lfl	Change %
Areim office (only Stockholm office)	640	496	29%	640	496	29%
Fund II	14,647	13,555	8%	14,647	13,555	8%
Fund III	27,810	39,378	-29%	27,810	39,378	-29%
Fund III, directly-owned assets	12,344	22,548	-45%	12,344	22,548	-45%
Fund III, Sponda 5%	11,612	10,625	9%	11,612	10,625	9%
Fund III, Obligo 12.6%	3,854	6,206	-38%	3,854	2,885	34%
Fund IV	81,444	128,648	-37%	81,444	128,648	-37%
Fund V	11,920					
Fund V, Magnolia 27%	1,198	1,052	14%			
Co-invest Sponda 5%	11,612	10,625	9%	11,612	10,625	9%
Co-invest Obligo 7.4%	2,263	3,645	-38%	2,263	1,694	34%
Co-invest Magnolia 23%	1,021	896	14%			
Total water consumption	**151,356**	**197,243**	**-23%**	**138,415**	**194,396**	**-29%**

Comments
- The method for collecting water consumption data has shifted from manual to digital during 2022, this could affect the data.

305-1 - 305-3 GHG Emissions, tCO_2e (Location/Market-based approach)

	Total																		Areim office					
	Areim AB						*Directly-owned*						*Directly-owned (like-for-like)*											
	2022		2021		Change %		2022		2021		Change %		2022		2021		Change %		2022		2021		Change %	
Total	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**
Scope 1	**194**	**194**	-	-	-	-	**171**	**171**	-	-	-	-	**171**	**171**	-	-			**6**	**6**	-	-	-	-
Scope 2	8,847	10,043	-	-	-	-	5,779	7,854	4,887	4,311	18%	82%	5,469	7,556	4,887	4,311	12%	75%	7	2	4	6	84%	-73%
Scope 3	17,273	17,117	-	-	-	-	3,693	3,593	3,112	2,993	19%	20%	3,500	3,414	3,112	2,993	12%	14%	162	161	50	51	224%	216%
Total emissions	**26,314**	**27,354**	**-**	**-**	**-**	**-**	**9,642**	**11,617**	**7,999**	**7,304**	**21%**	**59%**	**8,855**	**10,809**	**7,999**	**7,304**	**11%**	**48%**	**175**	**168**	**54**	**57**	**224%**	**196%**

305-1 - 305-3 GHG Emissions, CO_2e/sqm (Location/Market-based approach)

	Total																		Areim office					
	Areim AB						*Directly-owned*						*Directly-owned (like-for-like)*											
	2022		2021		Change %		2022		2021		Change %		2022		2021		Change %		2022		2021		Change %	
Total area (sqm)	1,468,751						793,728						493,469						1,383					
Total	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**
Scope 1	**0**	**0**	-	-	-	-	**0**	**0**	-	-	-	-	**0**	**0**	-	-	-	-	**4**	**4**	-	-	-	-
Scope 2	6	7	-	-	-	-	7	10	6	5	18%	82%	11	15	10	9	12%	75%	5	1	3	4	84%	-73%
Scope 3	12	12	-	-	-	-	5	5	4	4	19%	20%	7	7	6	6	12%	14%	117	116	36	37	224%	216%
Total emissions	18	**18**	**-**	**-**	**-**	**-**	**12**	**15**	**10**	**9**			**19**	**23**	**16**	**15**	**0**	**1**	**127**	**122**	**39**	**41**	**224%**	**196%**

305-1 - 305-3 GHG Emissions, tCO_2e – details per Scope

	Areim AB[1]		Directly-owned	
2022	**Location-based**	**Market-based**	**Location-based**	**Market-based**
Scope 1	**tCO_2e (k)**	**tCO_2e (k)**	**tCO_2e (k)**	**tCO_2e (k)**
Own energy - refrigerants	180	180	171	171
Own vehicles	14	14	-	-
Total Scope 1	**194**	**194**	**171**	**171**
Scope 2				
District heating	5,343	5,538	3,555	3,555
District cooling	2	2	0	0
Electricity	3,502	4,503	2,223	4,298
Total Scope 2	**8,847**	**10,043**	**5,779**	**7,854**
Scope 3				
3.1 Purchased goods and services[2]	10,920	10,920	-	-
3.2 Emissions from construction projects[3]	2,819	2,819	861	861
3.3 Energy and fuel related activities	1,183	1,027	1,028	929
3.4 Upstream transports	0	0	-	-
3.5 Waste	1	1	-	-
3.6 Business travel	101	101	-	-
3.13 Waste from tenants	41	41	22	22
3.13 Tenant electricity	2,209	2,209	1,782	1,782
Total Scope 3	**17,273**	**17,117**	**3,693**	**3,593**
Sum total emissions	**26,314**	**27,354**	**9,642**	**11,617**

Comments
Table including GHG emissions according to the GHG protocol, including both the location-based and the market-based methods.

1) Including Areim office, all funds and co-investments.
2) Co-investments have categorised construction and renovation as 3.1 (Purchased goods and services).
3) Including materials, transport, energy and material residues.

305-1 - 305-3 GHG Emissions, tCO_2e (Location/Market-based approach)

	Fund II						Fund IV					
	Directly-owned						*Directly-owned*					
	2022		2021		Change %		2022		2021		Change %	
Total	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**
Scope 1	-	-	-	-	-	-	**171**	**171**	-	-	-	-
Scope 2	359	640	229	205	57%	212%	3,458	3,899	2,329	2,053	48%	90%
Scope 3	332	341	18	39	1,745%	774%	2,377	2,280	1,547	1,477	54%	54%
Total emissions	691	**981**	**247**	**244**	**180%**	**302%**	**6,006**	**6,349**	**3,876**	**3,530**	**55%**	**80%**

305-1 - 305-3 GHG Emissions, CO_2e/sqm (Location/Market-based approach)

	Fund II						Fund IV					
	Directly-owned						*Directly-owned*					
	2022		2021		Change %		2022		2021		Change %	
Total area (sqm)		**34,600**						**326,504**				
Total	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**	**LB**	**MB**
Scope 1	-	-	-	-	-	-	**1**	**1**	-	-	-	-
Scope 2	10	19	7	6	57%	212%	11	12	7	6	48%	90%
Scope 3	10	10	1	1	1.7%	774%	7	7	5	5	54%	54%
Total emissions	20	**28**	**7**	**7**	**18**	**10**	**18**	**19**	**12**	**11**	**1**	**1**

305-1 - 305-3 GHG Emissions, tCO_2e (Location/Market-based approach)

	Fund III																							
	Total incl. shares in Sponda (5%) and Obligo (12.6%)						*Directly-owned*						*Share in Sponda (5%)*						*Share in Obligo (12.6%)*					
	2022		2021		Change %		2022		2021		Change %		2022		2021		Change %		2022		2021		Change %	
Total	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB
Scope 1	-	-	-	-			-	-	-	-			-	-	-	-			-	-				
Scope 2	2,914	4,022	3,971	3,479	-27%	16%	2,914	793	2,329	2,053	25%	-61%	61	899	1,590	1,377	-96%	-35%	41	107	52	49	-21%	118%
Scope 3	6,643	6,648	1,918	1,781	246%	273%	790	3,810	1,547	1,477	-49%	158%	290	5,808	363	294	-20%	1,876%	44	46	8	10	446%	360%
Total emissions	**9,556**	**10,670**	**5,889**	**5,260**	**62%**	**103%**	**3,704**	**4,603**	**3,876**	**3,530**	**-4%**	**30%**	**7,029**	**6,707**	**1,953**	**1,671**	**260%**	**301%**	**85**	**153**	**60**	**59**	**41%**	**159%**

305-1 - 305-3 GHG Emissions, CO_2e/sqm (Location/Market-based approach)

	Fund III																							
	Total incl. shares in Sponda (5%) and Obligo (12.6%)						*Directly-owned*						*Share in Sponda (5%)*						*Share in Obligo (12.6%)*					
	2022		2021		Change %		2022		2021		Change %		2022		2021		Change %		2022		2021		Change %	
Total area (sqm)	**160,466**						**106,121**						**43,635**						**10,710**					
Total	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB
Scope 1	-	-	-	-			-	-	-	-			-	-	-	-			-	-	-	-		
Scope 2	18	25	25	22	-27%	16%	27	7	22	19	25%	-61%	1	21	36	32	-96%	-35%	4	10	5	5	-21%	118%
Scope 3	41	41	12	11	246%	273%	7	36	15	14	-49%	158%	7	133	8	7	-20%	1.876%	4	4	1	1	446%	360%
Total emissions	60	**66**	**37**	**33**	**220%**	**289%**	**35**	**43**	**37**	**33**	**-24%**	**97%**	**8**	**154**	**45**	**38**	**-116%**	**1.841%**	**8**	**14**	**6**	**6**	**426%**	**478%**

305-1 - 305-3 GHG Emissions, tCO_2e (Location/Market-based approach)

	Fund V																	
	Total directly-owned and share in Magnolia						*Directly-owned*						*Share in Magnolia (27%)*					
	2022		2021		Change %		2022		2021		Change %		2022		2021		Change %	
Total	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB
Scope 1	**4**	**4**	-	-	-	-	-	-	-	-	-	-	**4**	**4**	**3**	**3**	**73%**	**73%**
Scope 2	336	347	-	-	-	-	309	298	-	-	-	-	27	49	31	39	-12%	25%
Scope 3	949	935	-	-	-	-	193	179	-	-	-	-	755	755	13	13	5,775%	5,775%
Total emissions			-	-	-	-	**1,289**	**1,286**	-	-	-	-	**787**	**809**	**46**	**55**	**1,600%**	**1,380%**

305-1 - 305-3 GHG Emissions, CO_2e/sqm (Location/Market-based approach)

	Fund V																	
	Total directly-owned and share in Magnolia						*Directly-owned*						*Share in Magnolia (27%)*					
	2022		2021		Change %		2022		2021		Change %		2022		2021		Change %	
Total area (sqm)	389,359						300,259						89,100					
Total	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB
Scope 1	**0**	**0**	-	-	-	-	-	-	-	-	-	-	**0**	**0**	**0**	**0**	**73%**	**73%**
Scope 2	1	1	-	-	-	-	1	1	-	-	-	-	0	1	0	0	-12%	25%
Scope 3	2	2	-	-	-	-	1	1	-	-	-	-	8	8	0	0	5,775%	5,775%
Total emissions	3	**3**	-	-	-	-	**2**	**2**	-	-	-	-	**9**	**9**	**1**	**1**	**58**	**59**

305-1 - 305-3 GHG Emissions, tCO_2e (Location/Market-based approach)

	Co-invest																							
	Magnolia 23%						*Sponda 5%*						*Obligo 7.4%*						*Trängkåren 7 45%*					
	2022		2021		Change %		2022		2021		Change %		2022		2021		Change %		2022		2021		Change %	
Total	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB
Scope 1	**4**	**4**	**2**	**2**	**73%**	**73%**	-	-	-	-	-	-	-	-	-	-	-	-	**9**	**9**	-	-	-	-
Scope 2	23	42	26	33	-12%	25%	1,221	899	1,590	1,377	-23%	-35%	24	63	23	21	5%	199%	504	130	-	-	-	-
Scope 3	643	643	11	11	5.8%	5.8%	5,808	5,808	363	294	1.5%	1.9%	26	27	7	8	267%	238%	848	276	-	-	-	-
Total emissions	670	**689**	**39**	**47**	**1.6%**	**1.4%**	**7,029**	**6,707**	**1,953**	**1,671**	**260%**	**301%**	**50**	**90**	**30**	**29**	**66%**	**209%**	**1,362**	**414**	-	-	-	-

305-1 - 305-3 GHG Emissions, CO_2e/sqm (Location/Market-based approach)

	Co-invest																							
	Magnolia 23%						*Sponda 5%*						*Obligo 7.4%*						*Trängkåren 7 45%*					
	2022		2021		Change %		2022		2021		Change %		2022		2021		Change %		2022		2021		Change %	
Total area (sqm)		**75,900**						**43,635**						**6,290**						**26,244**				
Total	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB	LB	MB
Scope 1	**0**	**0**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**	**0**	-	-	-	-
Scope 2	0	1	-	-	-	-	28	21	36	32	-23%	-35%	4	10	4	3	5%	199%	19	5	-	-	-	-
Scope 3	8	8	-	-	-	-	133	133	8	7	1.5%	1.9%	4	4	1	1	267%	238%	32	11	-	-	-	-
Total emissions	9	**9**	-	-	-	-	**161**	**154**	**45**	**38**	**15**	**18**	**8**	**14**	**5**	**5**	**3**	**4**	**52**	**16**	-	-	-	-

Own indicator: Solar energy produced, kWh	2022	2021	Change %
Directly-owned			
Direct owned: Librobäck 3:2	3,379	0	8.0%
Direct owned: Solkraften 20	734	0	-
Direct owned: Vaksala-Eke 3:2 (Hus B)	8,843	0	-
Other investments			
Property Posten 1, Solna (Tomteboda)	439,322	339,604	29%
Sponda: Kiinteistö Oy Elovainion Kauppakiinteistöt	400,850	637,416	-37%
Sponda: Kiinteistö Oy Helsingin Kaivokatu 8	40,060	2,235	1.7%
Sponda: Mannerheimintie 20	1	0	
Total	**893,189**	**979,255**	**-9%**

Own indicator: Building certifications	Fund II	Fund III	Fund IV[1]	Fund V	Total
Total lettable area (sqm)	34,600	106,121	326,504	111,899	**579,124**
Certified lettable area (sqm)	34,600	106,121	124,342	0	**265,063**
Share certified lettable area (%)	100%	100%	38%	0%	**46%**

1) Including area for Trängkåren 7.

Comments
- The sqm figures used in the GRI tables for 2022 are based on the book value of lettable area, they might differ from the 2021 sqm figures.
- Solar energy produced is a total energy produced, not according to equity share method.
- Including directly-owned properties.
- Including area for Trängkåren 7.

Own indicator: Water withdrawal (m^3/sqm)	2022	2021	Change %
Areim Stockholm office	0.46		
Fund II	0.42	0.23	84%
Fund III, directly-owned	0.12	0.15	-22%
Fund III, Sponda	0.20	0.17	16%
Fund III, Obligo 12.6%	0.38	0.26	46%
Fund IV	0.27	0.45	-40%
Fund V, directly-owned	0.10		
Fund V Magnolia 27%	0.09		
Co-invest Sponda 5%	0.20	0.17	16%
Co-invest Obligo 7.4%	0.04	0.26	-85%
Co-invest Magnolia 23%	0.09		

About the report

This sustainability report covers the period from 1 January to 31 December 2022 and was released in 12 May.

The report has been prepared with reference to GRI standards.

The previous report was published 1 May 2021. The report includes information and data on directly-owned assets and operations and Areim’s share of minority owned investments. Information relating to financial data is found in Areim’s separate annual financial report. The report’s content has been defined by the topics which were deemed material in our materiality assessment conducted in 2019 and served as a basis for our revised sustainability strategy. The sustainability strategy was updated in 2021 and implementation is ongoing. It has additionally taken into consideration the requirements for sustainability reporting as stipulated by the Annual Accounts Act (ÅRL) although this is not a requirement for Areim AB.

The report covers Areim’s performance with reference to sustainability, assessing our wider impacts on society and the areas where we believe we can add wider economical, societal and environmental value, as well as reducing our negative impact.

To assure environmental data quality, our environmental consultancy, delivered a comprehensive environmental report, which is produced in accordance with the World Business Council for Sustainable Development and World Resources Institute’s (WBCSD/WRI) GHG Protocol; the Corporate Accounting and Reporting Standard, including the GHG Protocol Scope2 Guidance. The GHG Protocol is considered current best practice for corporate greenhouse gas emissions reporting. Additionally, GHG emissions have been reported by the three WBCSD/WRI Scopes. The employee data is based on the GRI’s definitions.

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GRI Index

Statement of use	Areim AB has reported the information cited in this GRI content index for the period 1 January 2022 – 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD		DISCLOSURE	LOCATION
Indirect economic impacts			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	48
Anti-corruption			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	31
	205-3	Confirmed incidents of corruption and actions taken	31
Energy			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	50-54
	302-3	Energy intensity	55-59
Water and effluents			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	60
Emissions			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	61-66
	305-2	Energy indirect (Scope 2) GHG emissions	61-66
	305-3	Other indirect (Scope 3) GHG emissions	61-66

GRI STANDARD		DISCLOSURE	LOCATION
Employment			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	48
	401-3	Parental leave	49
Training and education			
GRI 3: Material Topics 2021	3-3	Management of material topics	
	404-3	Percentage of employees receiving regular performance and career development reviews	49
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	47
Non-discrimination			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	21

Auditor's Limited Assurance Report on Areim AB's Sustainability Report

To Areim AB, Corp. id. 556719-4203

Introduction

We have been engaged by the Board of Directors and the Executive Management of Areim AB to undertake a limited assurance engagement of Areim AB's Sustainability Report for the year 2022 for the pages 1–42 and 45–69. Areim AB has defined the scope of the Sustainability Report on page 68.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with applicable criteria, as explained on page 68 in the Sustainability Report, that are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report for reporting with reference, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or mistakes.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

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 of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. A limited assurance engagement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1 which requires that the firm establishes, implements and maintains a system of quality control that includes and procedures and routines addressing compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Areim AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement does not provide the same level of assurance as a conclusion based on an audit.

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 Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusion

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Executive Management.

Stockholm, May 12th, 2023
KPMG AB

Peter Dahllöf	**Torbjörn Westman**
Authorised Public Accountant	Special member of FAR

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