



Samhällsbyggnadsbolaget



Sveafastigheter

Investor Presentation

Sveafastigheter Sr. Unsecured Bond offering and SBB Exchange Offer

June 2024



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Solely for the purposes of the manufacturers' (as used herein, "Manufacturers" refers to the Managers) product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate.

Any person subsequently offering, selling or recommending the Bonds (a "Distributor") should take into consideration the Manufacturer's target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the Manufacturer's target market assessment) and determining appropriate distribution channels.

For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Bonds.

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The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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AGENDA

1. Transaction overview
2. Sveafastigheter at a glance
3. Current portfolio
4. Market overview
5. Property management
6. New constructions
7. Sustainability
8. Financial overview
9. Appendix

Transaction overview

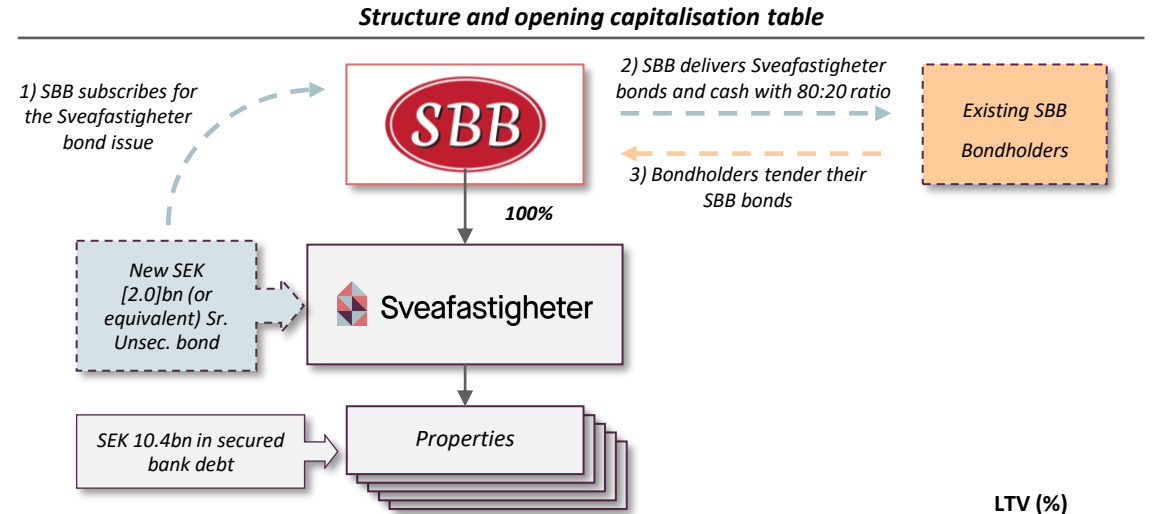


Transaction overview

Background

- Samhällsbyggnadsbolaget ("SBB") has conducted a strategic review during the last year and as part of this, SBB is in the process of consolidating all of its residential assets into Sveafastigheter ("the Company") with ~14,200 apartments across 237 properties consisting of both existing wholly owned properties as well as the dissolution of the Unobo and Hemvist JV structures
- As part of this re-organization, Sveafastigheter is looking to optimize its capital structure through a variety of financing sources with a conservative IG like credit profile
 - The company is in final negotiations with banks regarding a SEK 10,418m secured financing package
 - A parent company loan of minimum SEK 1,786m but not exceeding SEK 2,286m will be provided by the parent company
 - The contemplated Senior Unsecured bond issue ("the new Bonds") with an expected size of SEK[2.0]bn. The combined debt represents an opening LTV of 43% and an ICR of 1.7x, pre-bond
- To issue the bonds in Sveafastigheter, SBB is offering its current Senior Unsecured and Hybrid bondholders the possibility to exchange their bonds in SBB for bonds in Sveafastigheter via an unmodified Dutch auction process:
 - All outstanding EUR, SEK and NOK Senior Unsecured and Hybrid bonds in SBB will be eligible for the exchange in the process
 - Existing EUR bondholders are eligible to exchange into the new EUR tranche or SEK tranche and existing SEK/NOK bondholders are eligible to exchange into the new SEK tranche
 - For existing notes accepted in the Exchange, bondholders will receive their Total Consideration split 80% new bonds and 20% cash payment subject to meeting the New Securities Minimum Denomination
 - The Exchange Offer is being undertaken with an unmodified Dutch auction, with bondholders able to submit prices for their existing notes that they are willing to exchange at
 - When selecting which specific ISINs to exchange, SBB will take into account various parameters. SBB will prioritise exchanging bonds within any relevant ISIN that are tendered at the highest discount
- SBB has publicly announced they are exploring various alternatives for a minority ownership disbursement of its shares in the Company which may or may not occur in the near future

Contemplated structure, cap table and indicative timeline



PnL pro forma stand alone (SEKm)	RTM 2024		Balance sheet		LTV (%)	
	Q1	2024 Q1	2024 Q1	Invest. Prop	incl. Dev & const.	
Rental income	1,290		Investment properties	23,705		
NOI	806		Property development	2,770		
NOI incl. property admin	740		Ongoing construction	1,261		
EBITDA ¹	621		Bank loans & Parent company loan	12,204	50.1%	42.8%

- Sveafastigheter is contemplating a bond issue. If the issue amounts to SEK 2.0bn, ~SEK 1.2bn is expected to increase the cash position and ~SEK 0.8bn is expected to be used to amortize on the parent company loan
- An ownership dispersion is planned during 2024. Prior to, or in connection with it, the company may repay (net-off) the parent company loan by issuing shares to SBB

Summary of key terms

High level Sveafastigheter bond terms

Status:	Senior unsecured
Documentation:	Standalone
Issue size:	Up to SEK 2.5bn or its EUR equivalent (tranche split TBD)
Currency:	SEK / EUR
Denominations:	SEK 1.25mn SEK / EUR100k
Maturity date:	29 January 2027, [approx. 2.5 years]
Coupon:	4.75% fixed (semi-annual)
Issue price:	100%
Maintenance test:	Net LTV < 55%
Incurrence test:	ICR ≥ 1.5x
Call option structure:	Par call from day after First Issue Date to Final Maturity Date
Change of Control:	If any shareholder, or a group of shareholders forming a group, not being SBB, owns ≥50% of the shares, or has majority control of the board of directors. If CoC is triggered, put option at 101%. Carve-out for <i>Eligible Buyer</i> and IPO as defined in the Terms and Conditions.
Joint Bookrunners	Danske Bank, DNB Markets and SEB

Summary Unmodified Dutch Auction - Exchange Offer Terms

Structure:	Exchange Offer for notes issued by SBB for new notes issued by Sveafastigheter
Target Securities:	SEK ~53bn across SEK, NOK and EUR denominated Senior Unsecured and Hybrid Notes issued by SBB
Maximum Acceptance Amount:	SEK 2,500,000,000 in New Securities issued
Exchange Price:	To be determined by way of an unmodified Dutch auction
New Notes:	<ul style="list-style-type: none"> EUR holders can exchange for EUR or SEK notes issued by Sveafastigheter SEK/NOK holders can exchange for SEK notes issued by Sveafastigheter
Total Consideration	Investors who are accepted in the Exchange Offer will receive 80% of the Total Consideration in New Notes and 20% as a Cash Payment subject to meeting the New Securities Minimum Denomination
Documentation:	Exchange Offer Memorandum
Dealer Managers	Danske Bank, DNB Markets and SEB
Exchange agent:	Kroll Issuer Services
Timeline	<ul style="list-style-type: none"> Commencement of Offers: 13th June 2024 Expiration Deadline: 25th June 2024 Announcement of Results: 26th June 2024 Settlement Date: 2nd July

Please refer to the Exchange Offer Memorandum for Further Details

Sveafastigheter at a glance

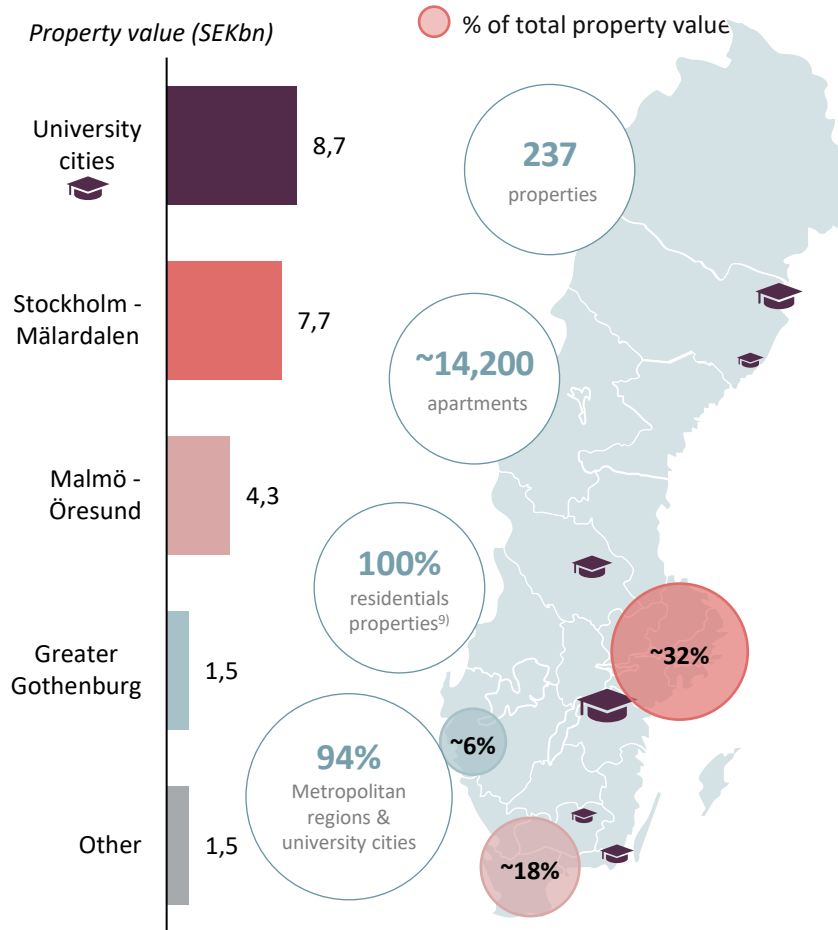


We are creating a pure-play residential company with ~14,200 apartments across 237 properties

The separation is all about focus

- Strategic and operational focus** – Dedicated organisation with in-house property management and development capabilities
 - All subsidiaries are 100% owned
 - Economies of scale as one of the largest actors with an in-house platform
- Financial capabilities** – Operating as a stand-alone entity expected to allow for increased access to long-term financing
 - Strong financing terms support Sveafastigheter's low LTV target Opening LTV 43%¹⁾
- Governance** – Ensuring transparency and accountability
 - Experienced Board of Directors
 - One share class – one vote

Sveafastigheter's properties are strategically located...



...with large development potential

Ongoing development	Project development	Building rights
SEK 1.9bn est. market value at completion 2025 ^{2,3)}	~7,200 new apartments ⁴⁾	~370,000m ² building rights
SEK 104m run-rate rental value at completion ³⁾	89% Stockholm - Mälardalen	76,300m ² new building rights during 2022-2023

Investment portfolio overview

SEK 23.7bn property value	SEK 1,566 EC rental value ⁶⁾	94% economic occupancy ⁷⁾
SEK 1,492 rental value per sq.m. ⁵⁾	SEK 939m EC NOI ⁶⁾	4.3% valuation exit yield ⁸⁾

A sizable project portfolio in prime locations, focused on Stockholm - Mälardalen and University cities

Ongoing development



Jullen / Skellefteå



Näckrosen / Haninge



Sågklingan / Västerås

~1,000 new apartments
in ongoing development

Project development



Amaryllis / Tyresö



Hagsätra Junior / Stockholm



Mälaräng / Stockholm

~7,200 new apartments¹⁾ with 100% optionality



Hedvig / Stockholm



Hanstavägen / Stockholm

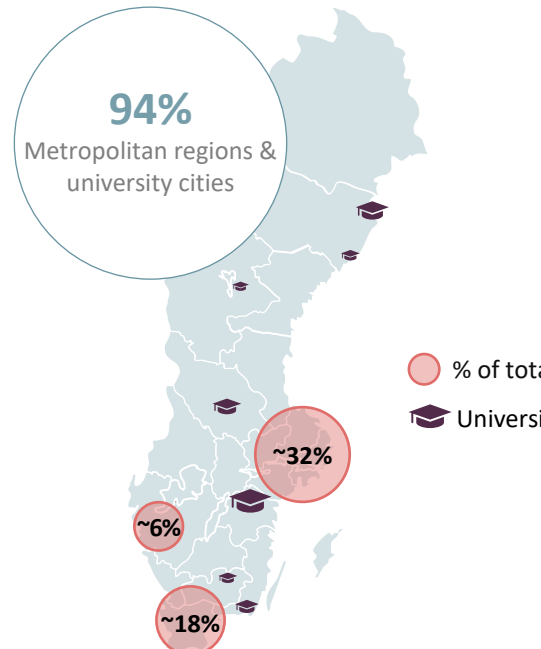


Ulleråker / Uppsala

SEK ~900m²⁾ run-rate rental value at completion

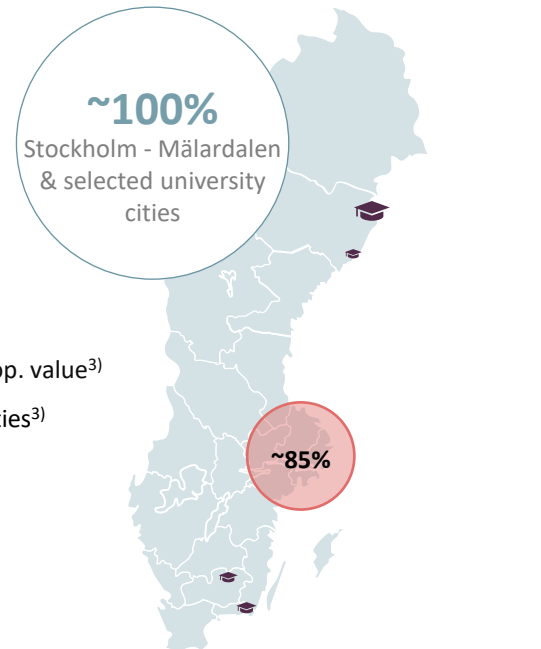
✓ Completed in Q1-2024

Overlap between current portfolio...



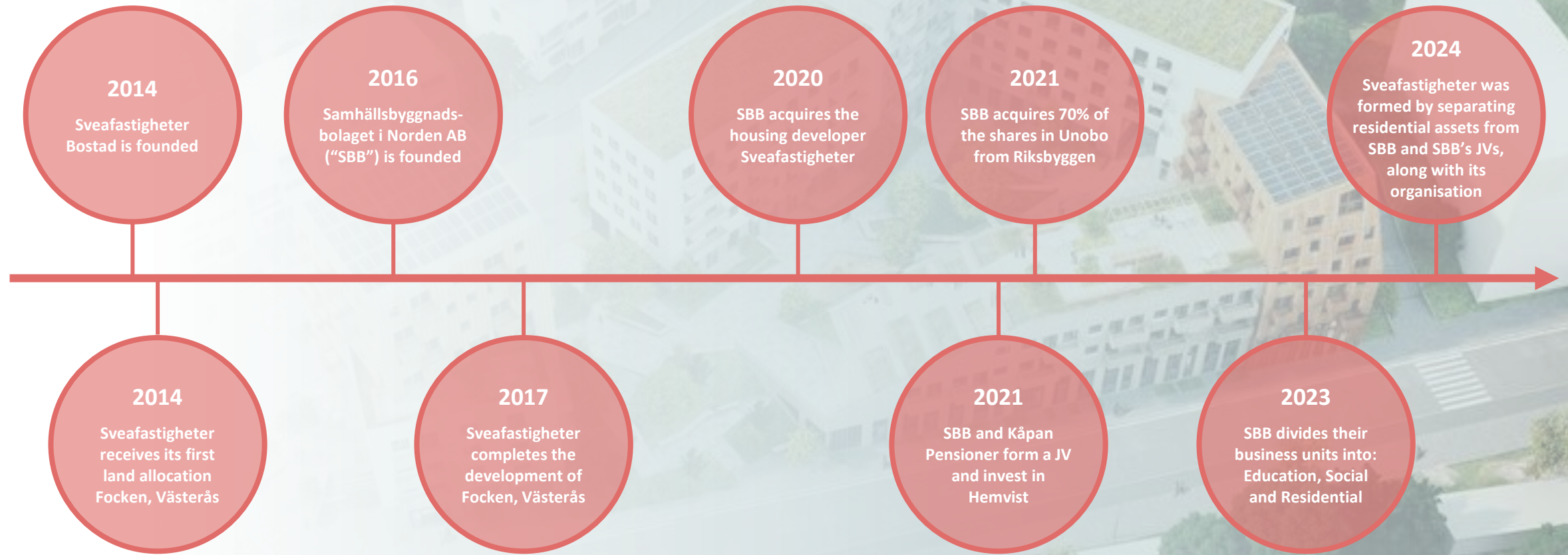
Current portfolio	Property value (SEKbn)	# of apartments
University cities	8.7	5,756
Stockholm - Mälardalen	7.7	3,562
Malmö - Öresund	4.3	2,678
Greater Gothenburg	1.5	882
Other	1.5	1,310
Total	23.7	14,188

...and new constructions



New constructions ¹⁾	Property value (SEKbn) ²⁾	# of apartments
University cities	2.8	1,451
Stockholm - Mälardalen	16.2	6,712
Other	0.1	45
Total	19.1	8,208

Brief history of Sveafastigheter



Our integrated business model enables us to capitalise on market dynamics

Sveafastigheter will be competitive compared to the market due to size, stability and know-how as an appreciated counterpart for municipalities



Property management

- Local in-house property management
 - Ensuring efficient operations and hands-on management with high-cost control
 - Improves tenant satisfaction and occupancy

SEK ~23.7bn of investment properties
with in-house property management of ~120 FTEs¹⁾



Apartment upgrades

- Continuous upgrades based on each property's unique conditions, with the goal to improve NOI, NOI margin, tenant satisfaction and to meet demand
 - Upgrades are done through a standardised and efficient process

~3,800 apts.
are eligible for upgrades or value-in-use tests

~7%
yield on cost²⁾



SEK 19bn in new constructions potential³⁾

- Extensive project portfolio of new, environmentally certified, energy efficient and high-quality properties for a long-term perspective
 - In-house project management team ensuring quality and high ROI

~8,200
new apartments⁴⁾

100%
in Stockholm - Mälardalen & selected university cities

Sustainability at the core of our operations



Property management with a focus on sustainable housing

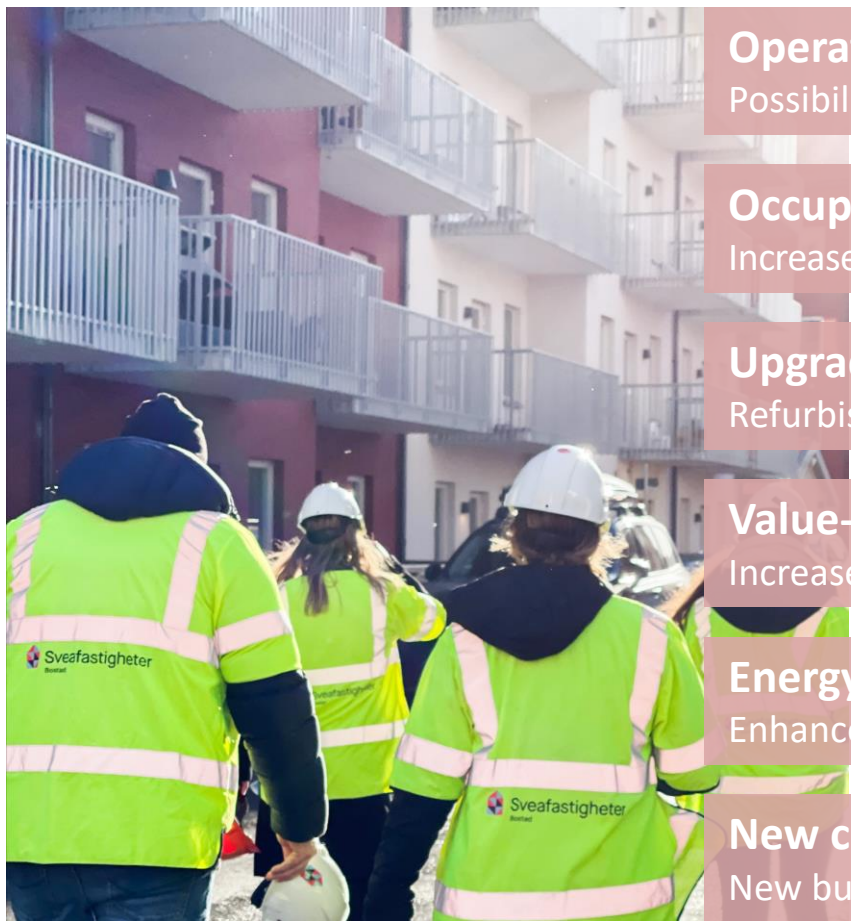


Upgrades leading to improved energy efficiency



All new properties expected to be classified as green certified buildings

Increased focus combined with strategic initiatives will boost profitability...



Operational focus

Possibility to reduce property admin costs through a fully integrated organisation

Occupancy

Increased occupancy from a more focused organisation with systematic processes

Upgrades

Refurbished apartments increases rent and lowers maintenance needs

Value-of-use tests

Increased rents and margins through value-of-use tests without investments

Energy efficiency initiatives

Enhanced focus on sustainability whilst reducing costs and CO₂ levels

New constructions

New builds in attractive locations with higher rental levels and lower costs/sq.m.

...and enable a sound financial profile

Simple structure with strong balance sheet and clear way to deliver on yield targets

<h3>Simple structure</h3> <ul style="list-style-type: none"> • No JVs in the structure, resulting in transparency and easy to understand • Clear and transparent reporting in line with EPRA standards attracting investors 	<h3>Strong balance sheet</h3> <ul style="list-style-type: none"> • Interest easily covered by cash flows, facilitating investments in growth • Limited risk and potential for IG-rating, resulting in attractive interest rates 	<h3>Growth enabled by CF</h3> <ul style="list-style-type: none"> • Standing assets growing from apartment upgrades and increasing rents • Additional upside potential from new builds from the development portfolio 	<h3>Tangible targets</h3> <ul style="list-style-type: none"> • Clear targets indicating the growth direction and management's belief in the company • The expected growth will be combined with a solid balance sheet and strong ESG focus
<h4>Financial targets</h4> <ul style="list-style-type: none"> Over time, LTV shall be within 40 – 50% of property value depending on market conditions Net Debt / EBITDA shall not exceed 15x ICR shall exceed 1.50x over time NOI margin including property administration shall exceed 70% within the next 5 years¹⁾ Average annual growth of at least 12% in net asset value per ordinary share over a business cycle¹⁾ 	<h4>Operational targets</h4> <ul style="list-style-type: none"> Upgrade at least 2,000 apartments during the coming 5 years Commence construction of at least 600 – 800 apartments annually during the coming 5 years Obtain land allocation agreements for new production of at least 800 apartments annually during the coming 5 years 	<h4>Dividend</h4> <p>Profits normally reinvested to support profitable investments, increase economies of scale and to maximise shareholder value. As a result, there will be no dividend for 2024 and the dividend will be low or none in the coming years</p>	<h4>ESG targets</h4> <ul style="list-style-type: none"> Climate neutral by 2030 100% renewable energy by 2030 Promote circular economy²⁾ Zero serious personal injuries All our neighbourhoods should be safe and inclusive

Highly experienced management team



Erik Hävermark

CEO

Experience: 20+ years

Previous employers:



Martina Lous-Christensen

CFO

Experience: 20+ years

Previous employers:



Ola Svensson

Head of Property Mgmt.

Experience: 25+ years

Previous employers:



Görel Hällqvist

Head of Project Dev.

Experience: 20+ years

Previous employers:



Lovisa Sörensson

Head of Transactions

Experience: 5+ years

Previous employers:



Nina Björstrand

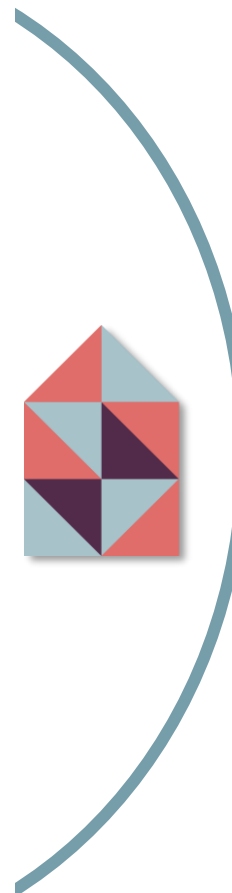
Head of Sustainability

Experience: 20+ years

Previous employers:



Key credit highlights



1.	One of Sweden’s largest residential companies with a high demand driven by nation-wide structural shortage and limited building starts	<p>~80% of Sveafastigheter’s municipalities reported a housing deficit in 2023¹⁾</p>	
2.	Focus on attractive and predictable rent-controlled residentials in favourable micro-locations and growing regions with strong demographics	<p>~40% rent growth above CPI 1991-2023²⁾</p>	
3.	Large upgrade potential in parts of the portfolio will contribute to growing property values and cash-flows with limited capex needs thus offering an attractive deleveraging story	<p>~40% NOI uplift per apartment³⁾</p>	<p>~3,800 eligible apartments</p>
4.	Fully owned subsidiaries coupled with prudent financial targets	<p>~ 43% LTV (total properties)⁴⁾</p>	<p>~ 1.7x ICR^{4,5)}</p>
5.	Highly experienced management team with strong knowledge of the assets from SBB leading to a seamless process and efficient management	<p>+5% increase of NOI margin (2023-LTM Q1’24)⁶⁾</p>	

Source(s): Company information.
Footnote(s): 1) Based on data from the National Board of Housing; 2) Based on data from Statistics Sweden (SCB); 3) Run-rate.; 4) Pre-bond 5) Based on LTM Q1 2024 Pro forma stand alone; 6) To reach the commercial target of 70% NOI-margin from earnings capacity NOI-margin.

Current portfolio



We are one of Sweden’s leading pure-play residential companies with a long-term ownership perspective and aim to outperform the market

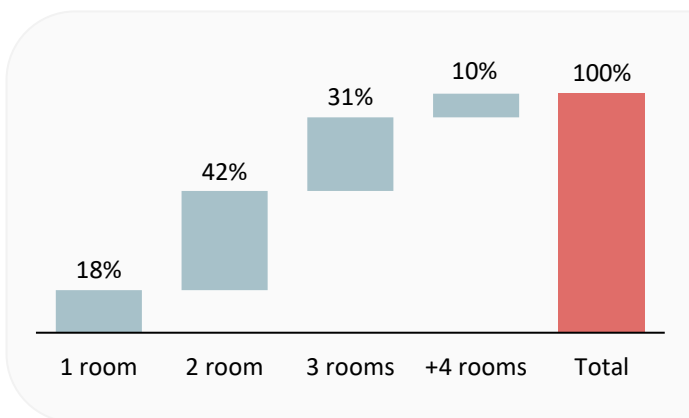
Sizable residential portfolio



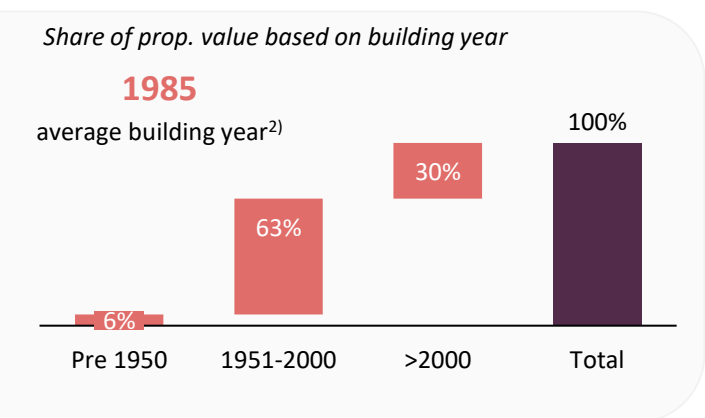
Purely focused on residential properties



Favourable spread of apartment types

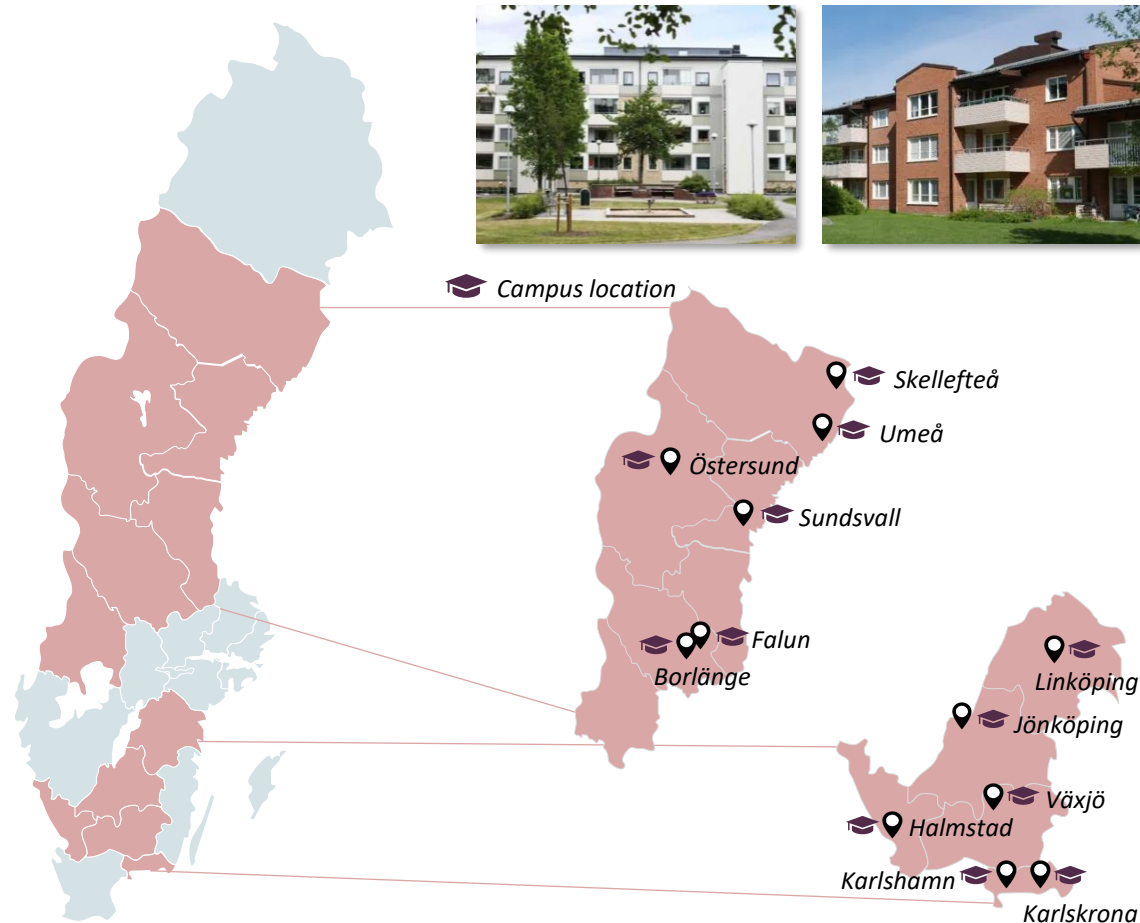


Attractive property split²⁾



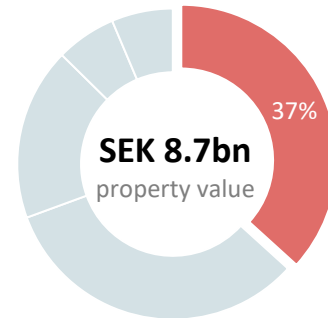
Sveafastigheter has a strong presence in University cities, with strong demographics

Overview of University cities



Key figures

■ University cities
■ Remaining Sveafastigheter

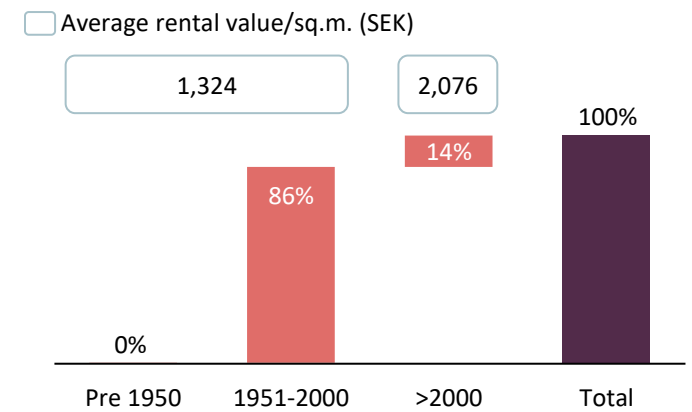


~94%
economic occupancy¹⁾

SEK 1,383
average rental value per sq.m.

Municipalities	Property value (SEKm)	# of apartments
Linköping	2,611	1,535
Skellefteå	1,906	1,362
Falun	824	724
Umeå	678	482
Karlskrona	651	371
Others	2,065	1,282
Total	8,735	5,756

Share of property value based on building year in the region (%)



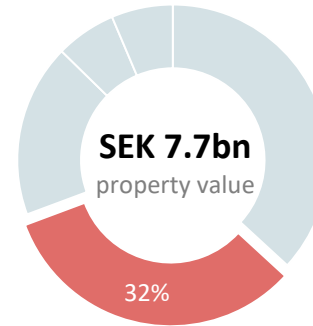
Sizeable Stockholm - Mälardalen portfolio located in proximity to key labour markets with highly attractive underlying macro trends

Overview of Stockholm - Mälardalen region



Key figures

- Stockholm - Mälardalen
- Remaining Sveafastigheter

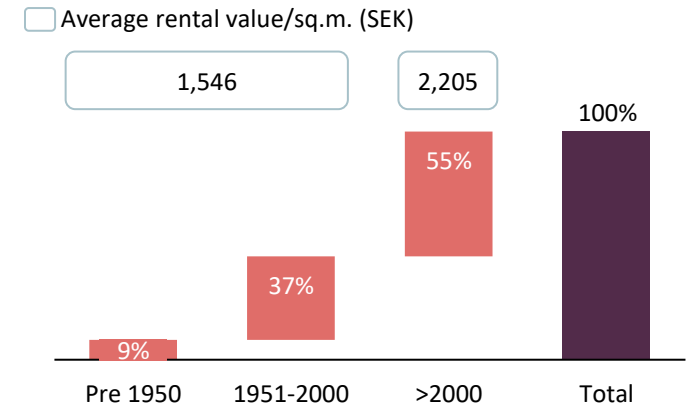


~97%
economic occupancy²⁾

SEK 1,822
average rental value per sq.m.

Municipalities	Property value (SEKm)	# of apartments
1 Västerås	1,758	708
2 Stockholm ¹⁾	1,139	431
3 Södertälje ¹⁾	823	440
4 Sundbyberg ¹⁾	784	199
5 Haninge ¹⁾	575	207
Others	2,620	1,577
Total	7,699	3,562

Share of property value based on building year in the region (%)



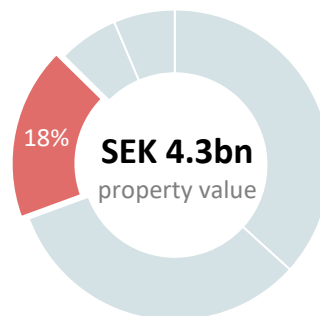
Malmö - Öresund portfolio distributed across municipalities with connections to key labour markets in southern Sweden and Denmark

Overview of Malmö - Öresund region



Key figures

■ Malmö - Öresund
■ Remaining Sveafastigheter



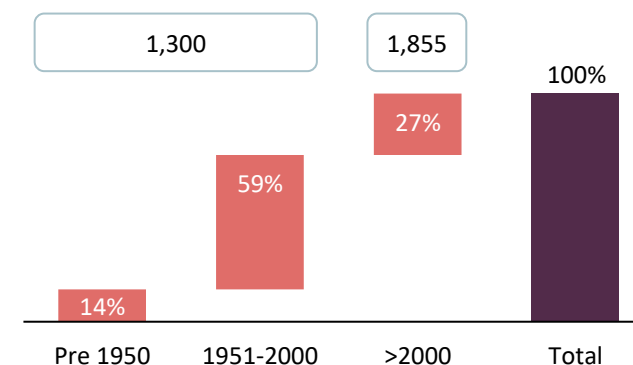
~96%
economic occupancy¹⁾

SEK 1,407
average rental value per sq.m.

Municipalities	Property value (SEKm)	# of apartments
1 Helsingborg	1,464	942
2 Höganäs	1,131	744
3 Kävlinge	657	407
4 Landskrona	514	366
5 Trelleborg	378	167
Others	125	52
Total	4,268	2,678

Share of property value based on building year in the region (%)

□ Average rental value/sq.m. (SEK)



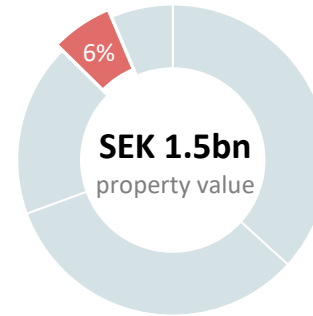
Greater Gothenburg partly connected to key labour markets with prosperous industries and imports

Overview of Greater Gothenburg region



Key figures

Greater Gothenburg
Remaining Sveafastigheter

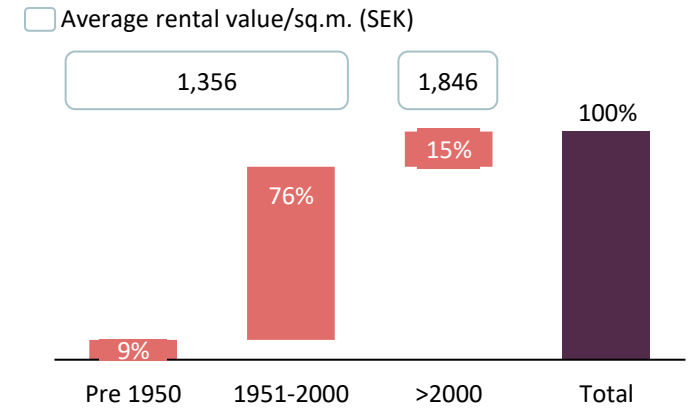


Municipalities	Property value (SEKm)	# of apartments
1 Borås	967	506
2 Trollhättan	275	213
3 Gothenburg	137	95
4 Stenungsund	110	68
Total	1,489	882

~97%
economic occupancy¹⁾

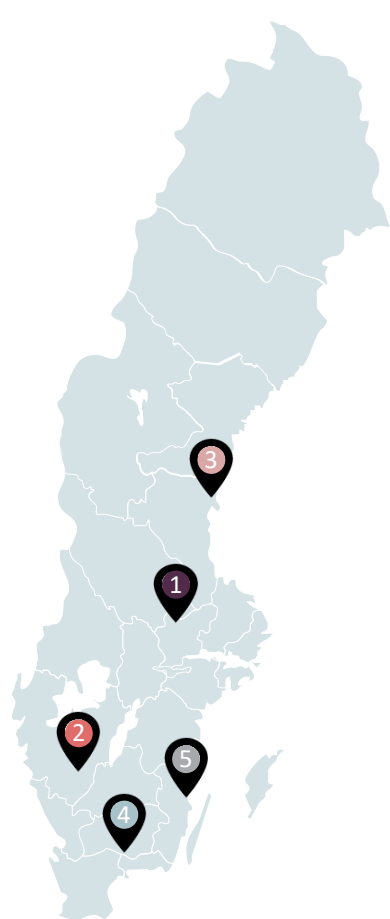
SEK 1,416
average rental value per sq.m.

Share of property value based on building year in the region (%)



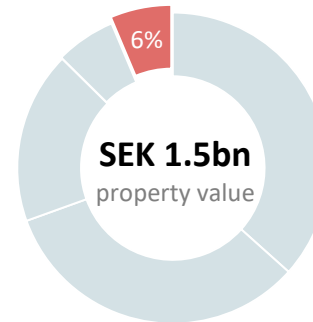
Overview of properties located in other regions

Geographical overview of other properties in Sveafastigheter's portfolio



Key figures

Other
Remaining Sveafastigheter



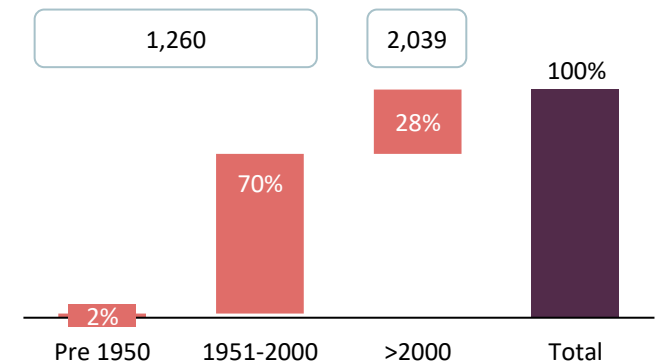
~83%
economic occupancy¹⁾

SEK 1,354
average rental value per sq.m.

Municipalities	Property value (SEKm)	# of apartments
1 Avesta	437	475
2 Ulricehamn	270	142
3 Söderhamn	255	200
4 Olofström	177	210
5 Oskarshamn	136	143
Other	238	140
Total	1,514	1,310

Share of property value based on building year in the region (%)

□ Average rental value/sq.m. (SEK)





Market overview



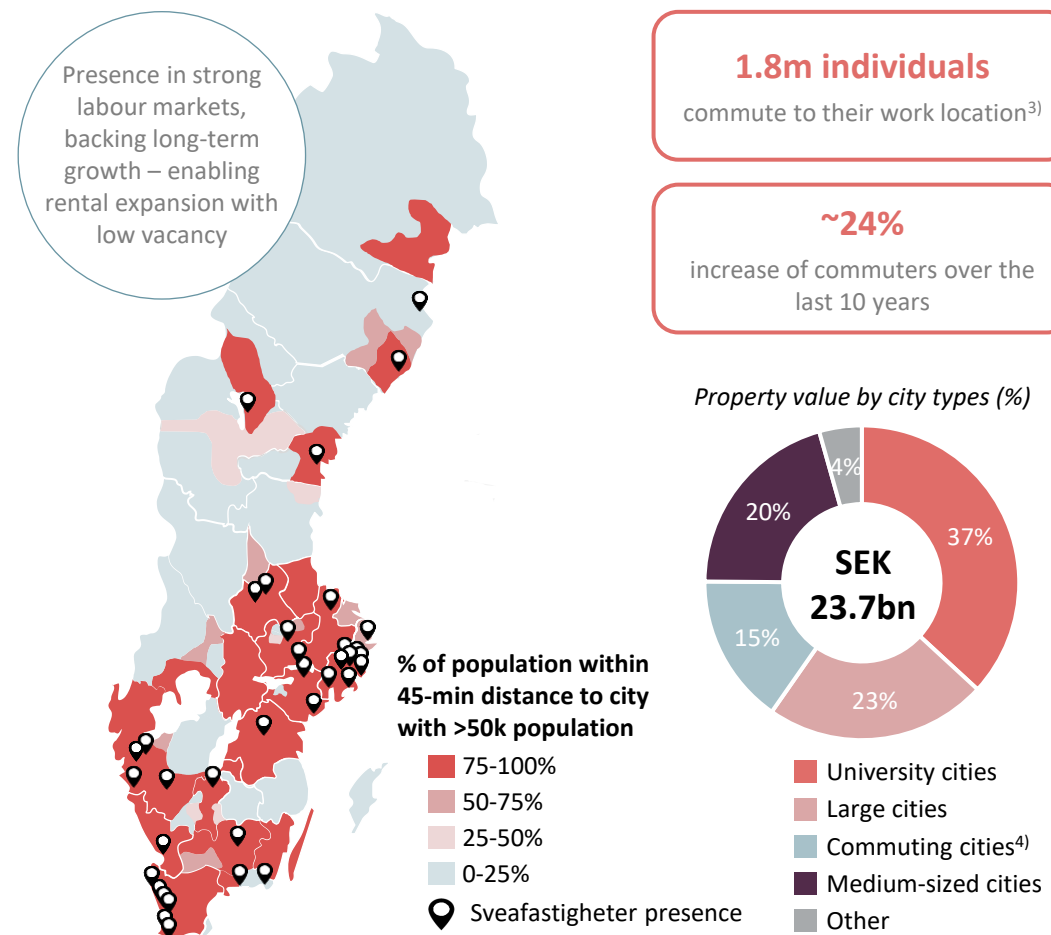
Our geographic presence will benefit from strong fundamentals and existing infrastructure

Geographic presence in growing regions with solid fundamentals

Location (% property value)	Population growth (2013-2023) ¹⁾	Income growth (2012-2022) ¹⁾	Employment growth (2020-2023) ^{1, 2)}
University cities (37%)	8.6%	34.9%	2.3 p.p
Stockholm - Mälardalen (32%)	16.1%	34.6%	1.3 p.p
Malmö - Öresund (18%)	12.1%	35.7%	1.7 p.p
Greater Gothenburg (6%)	8.5%	34.7%	1.4 p.p
Other (6%)	3.7%	32.7%	2.3 p.p
Total Sveafastigheter	11.3%	34.8%	1.8 p.p
Sweden average	9.6%	34.9%	1.6 p.p

■ Outperforming Sweden's average

Our portfolio is located in or close to key labour markets

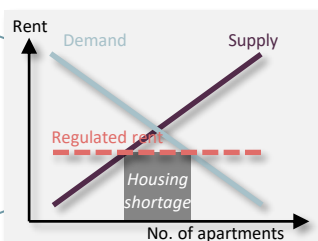


We operate in a rent-controlled market characterised by stability and predictability

Illustrative regulation overview

Tenant association

- Swedish tenant organisation, formally exempt from political involvements, advocating tenants' rights and interest
- Negotiates rental agreements collectively on an annual basis aiming for fair, predictable terms and conditions



Property-owners association

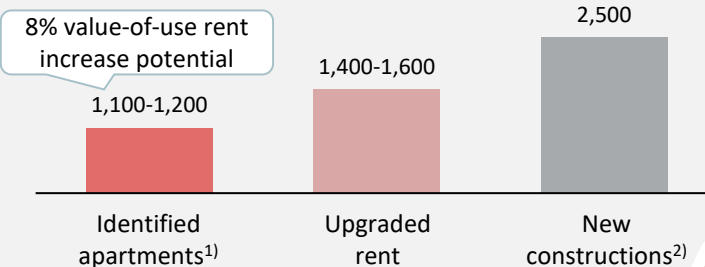
- Swedish property owners' association represents the interest of property owners
- Property owners generally negotiate collectively with the association annually, though some interact directly with tenant associations
- Goal is to create a helpful environment and higher, but also predictable rents

Key market characteristics

Rent increase potential to match broader market

Increase rents through upgrades and value-of-use tests

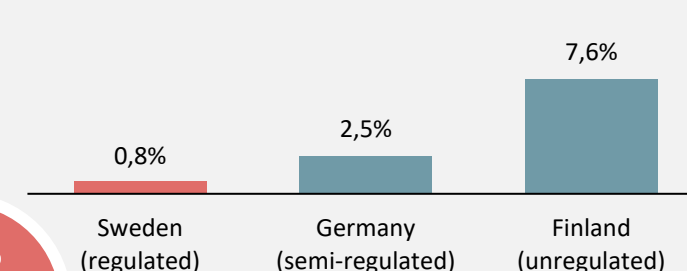
Average rental income per sq.m. (SEK)



Low risk with limited vacancy and churn

High demand creates cash-flow stability

Market vacancy (%)³⁾



Predictable returns on investments

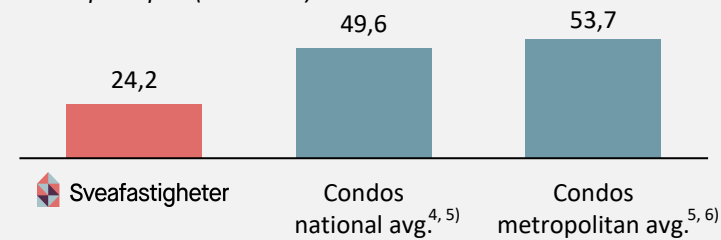
Largely predetermined rent system with all savings retained

$$\frac{\text{Normative Rent} * (\text{Area} * \text{Points}) * 77}{121}$$

Low valuations compared to alternatives

Key region with an opportunity to convert to condos if deemed value accretive

Value per sq.m. (SEK 000's)

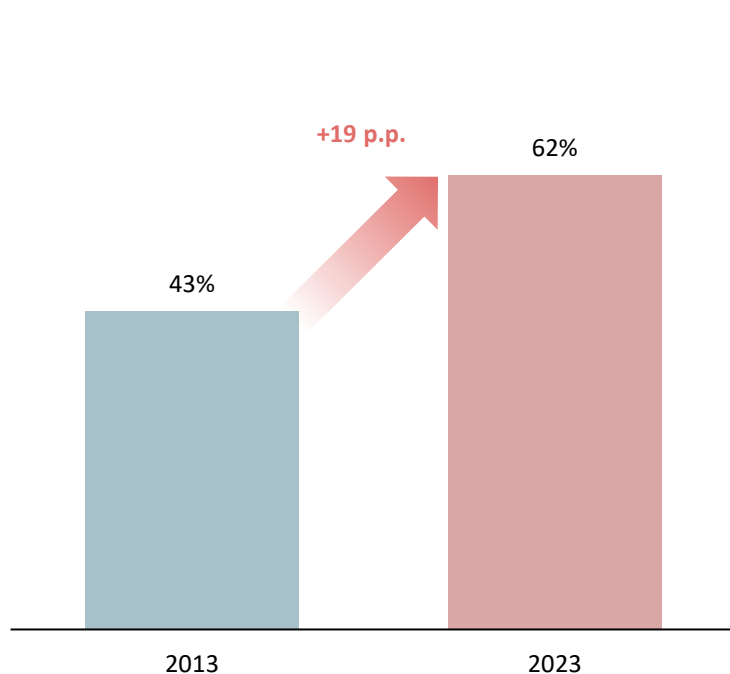


100% Sveafastigheter's properties are rent-controlled

A structural demand with strong underlying fundamentals...

Structural and growing housing deficit...

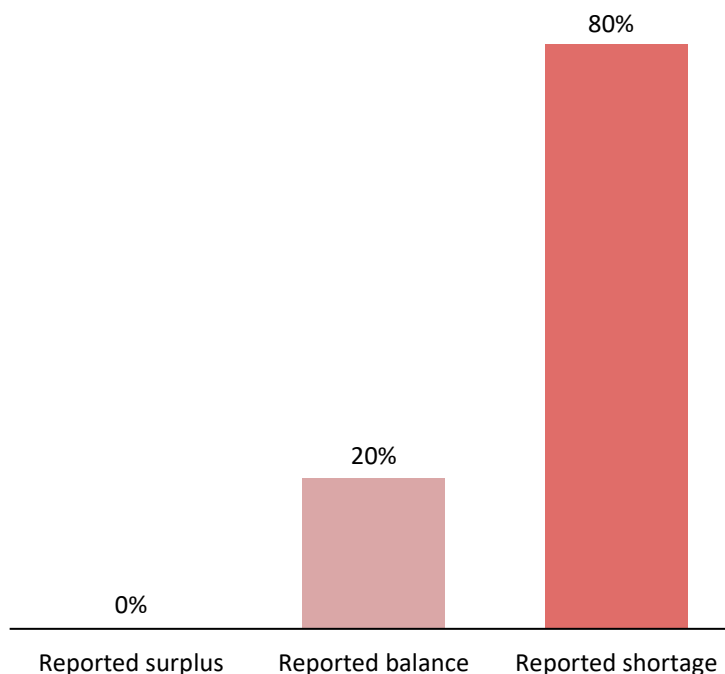
% of municipalities with a housing deficit¹⁾



- Municipalities with a reported shortage increased with 19 p.p. from 2013-2023

...and in our regions, there is no surplus...

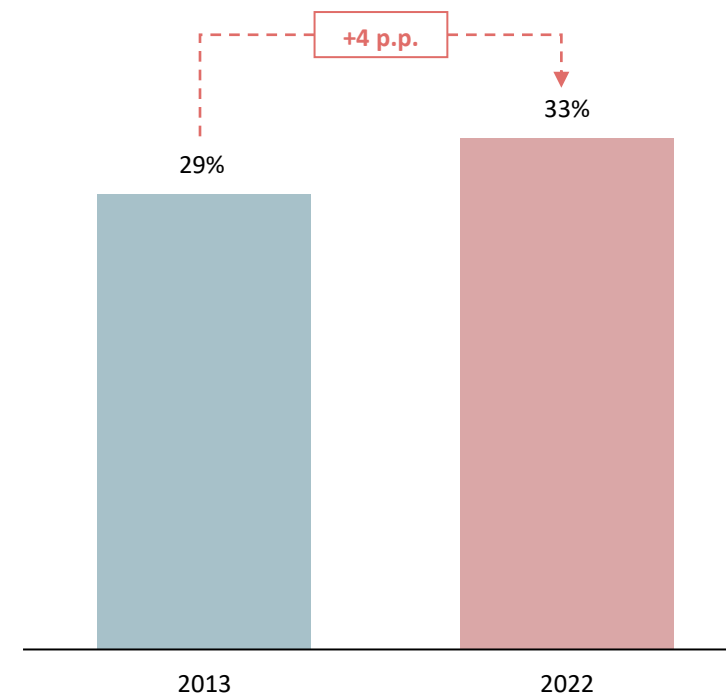
Housing deficit in Sveafastigheter's municipalities during 2023 (%)²⁾



- Sveafastigheter's properties are located in municipalities with strong demand for housing – 19 p.p. above national avg. 2023
 - Evidenced by a high reported deficit of housing and no reported surplus

...and there is a market shift towards rentals

Rental apartments of total stock (%)³⁾



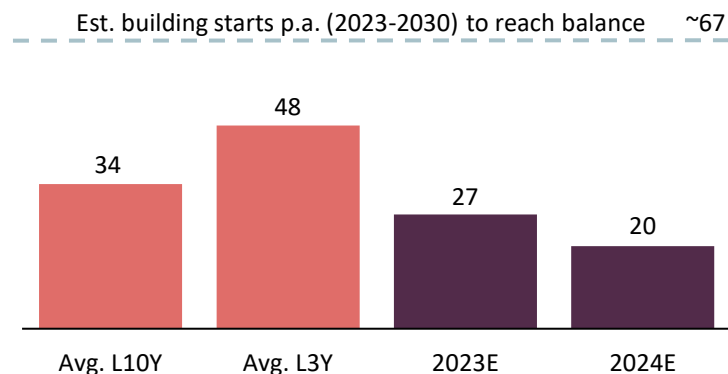
- Recent economic development and housing shortage have led to an increased share of individuals shifting to rentals

...further fuelled by a lack of building starts combined with a growing population

Accumulated housing deficit...

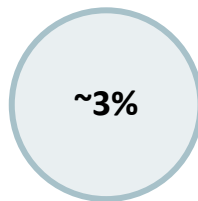
Residential building starts (thousands)¹⁾

- Residential building starts
- Estimated starts



+538k
new apartments needed to reach a balance in 2030²⁾

...that is expected to continue...



of Swedish municipalities believe the housing deficit experienced today will reach a balance in three years



of expected building starts are initiated (avg. 2013-2021)³⁾



Municipalities tend to overestimate building starts

...creates structural demand for rentals

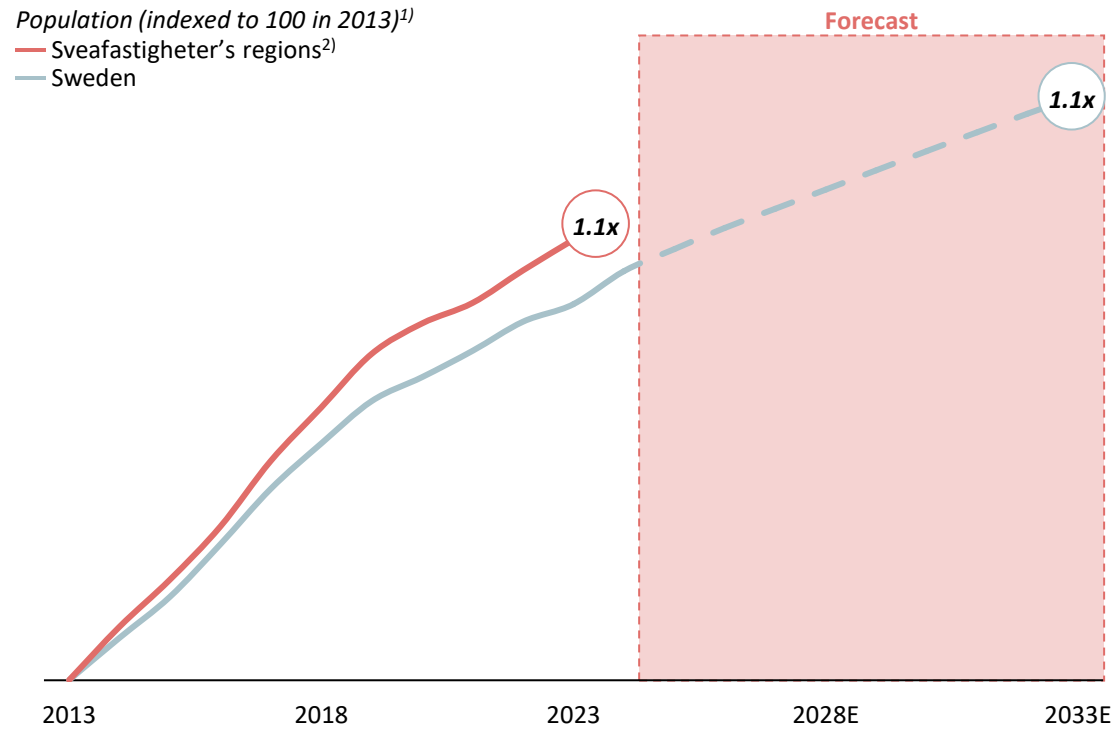
+526%
index price increase of condos over the last two decades⁴⁾

+9 years
average waiting time for a rental apartment in the Stockholm region⁵⁾

~820,000 individuals
in the queue for rental apartments in the Stockholm region^{5, 6)}

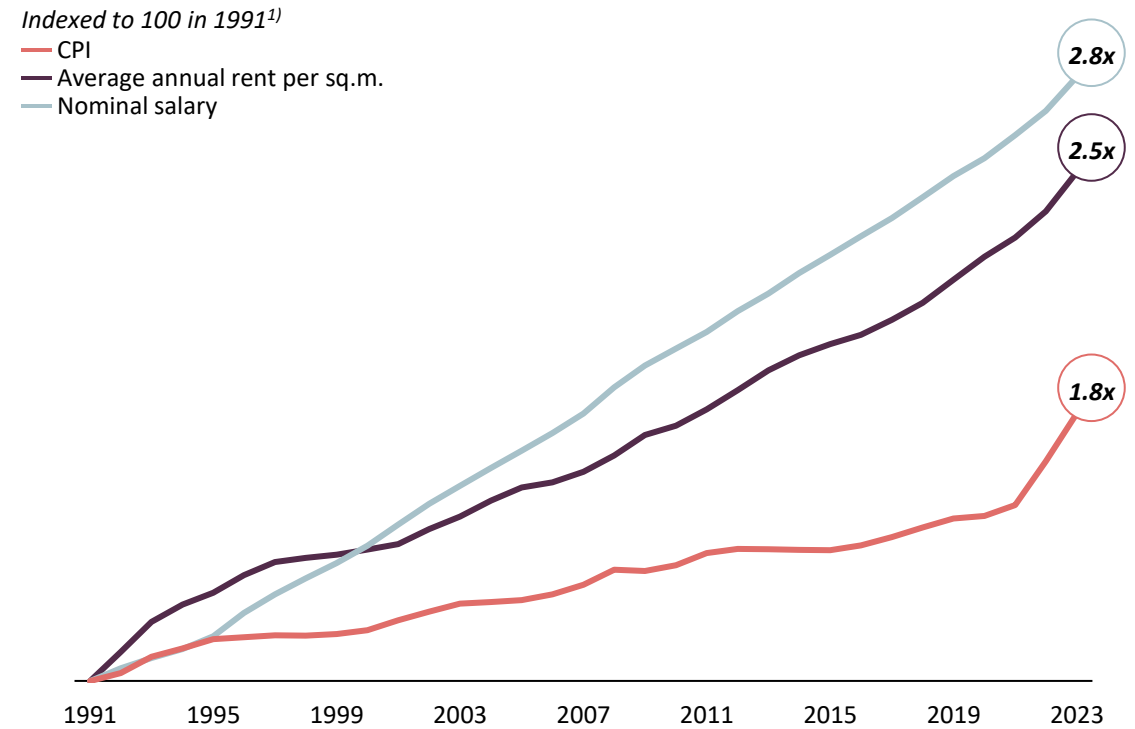
With a structural deficit, rent increases have outpaced CPI

Stable national population growth during the last 10 years



- Sveafastigheter's regions have outgrown the national population growth during the last 10 years
- Going forward, Sweden's population is expected to continue growing
 - Leading to increased demand for housing given a continued forecasted deficit

Rents have outgrown inflation and never decreased³⁾



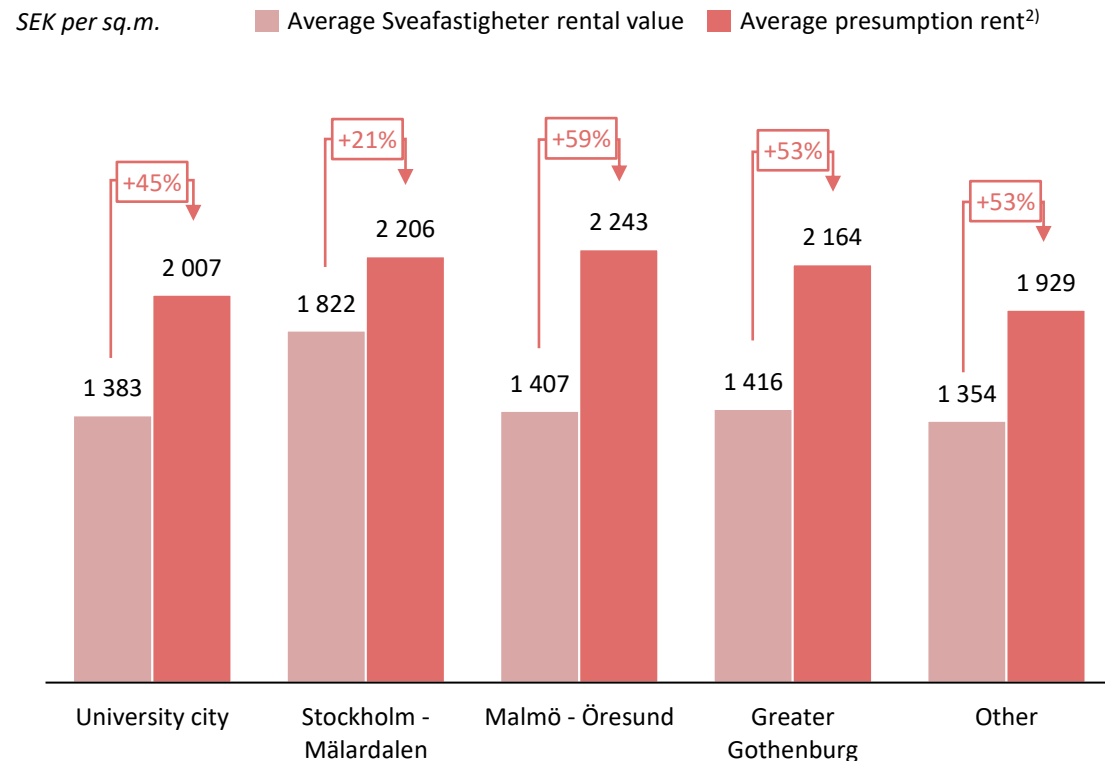
- Strong historical salary increase showcases the ability to pay higher rents
- Despite being a regulated market, average rents has significantly outgrown inflation
 - Rent levels are lagging inflation in the last few years although they are expected to outgrow inflation going forward

Sveafastigheter operates in regions where tenants are able to pay higher rents

Three main alternatives to determine rent levels

- 1 **The value-of-use method (~81% of Sveafastigheter's negotiations¹⁾)**
 Rent level negotiated based on the apartments "value-of-use"
 - The "value of use" of an apartment is determined based on e.g. size, layout, apartment standard, and location within the property
 - Rent level is considered reasonable if it does not exceed other apartments with a similar "value-of-use"
- 2 **Individual agreement (~5% of Sveafastigheter's negotiations¹⁾)**
 Rent level is directly negotiated with the tenant
 - Rent level can in most cases be challenged by the Rent Tribunal within 6 months if it is evaluated based on the value-of-use method
- 3 **Presumptive rents (~14% of Sveafastigheter's negotiations¹⁾)**
 Rent level is set based on the developer's construction cost
 - Construction cost is a proxy for market rent
 - The presumptive rent may only be used for the first 15 years after completion of the project. Then the value-of-use principle will apply

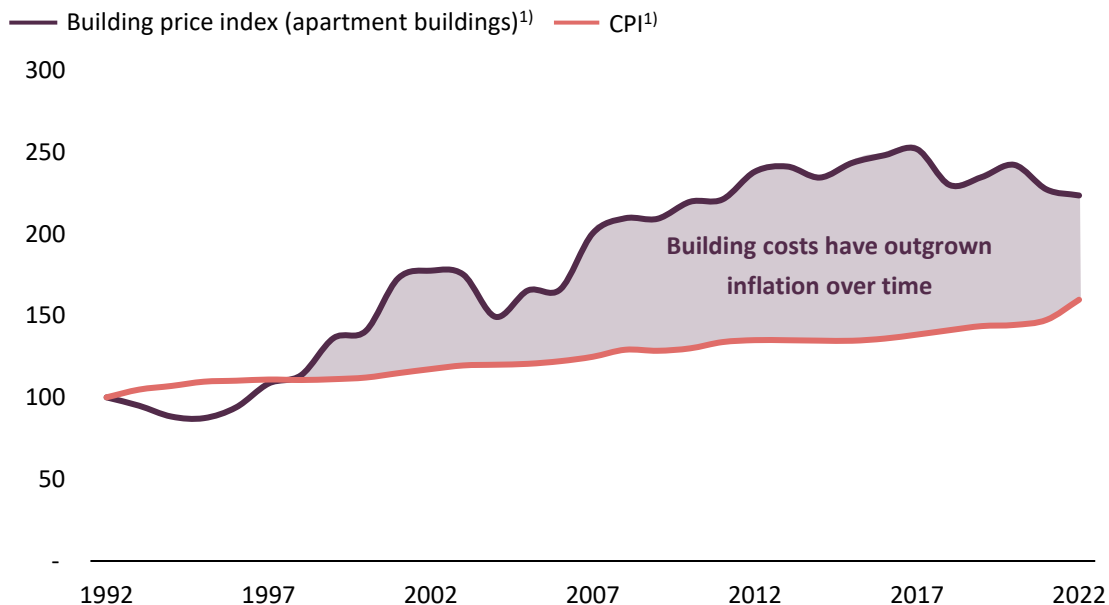
Presumption rents showcases tenant's ability to pay higher rents



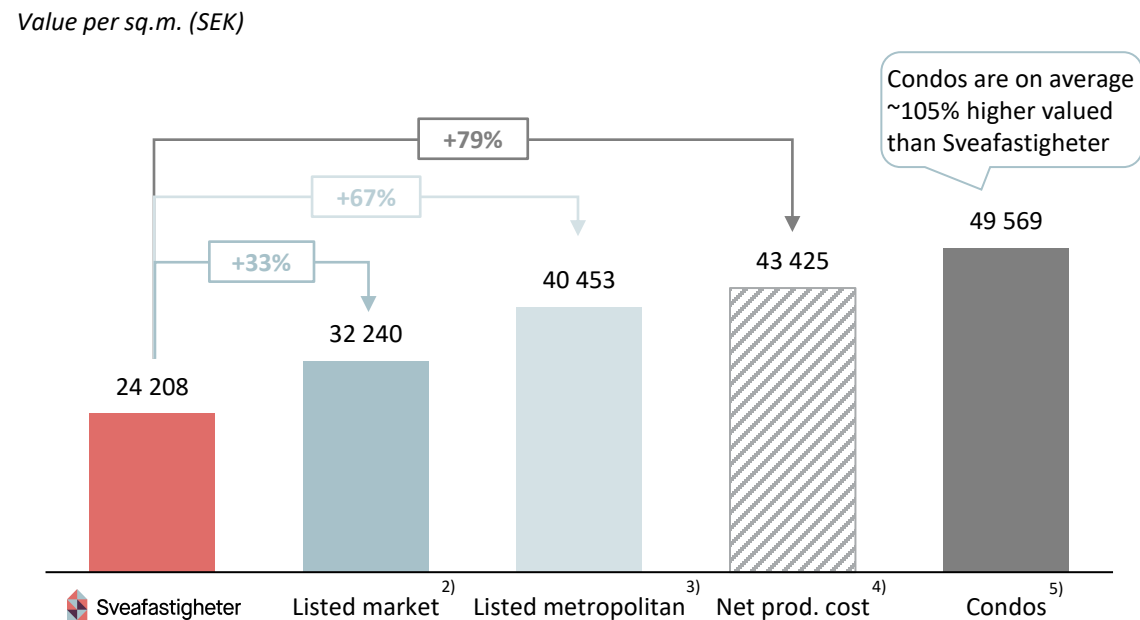
- Presumption rent levels in Sveafastigheter's regions illustrate that tenants have the ability to pay a higher rent level for new apartments
 - Indicating rent lift potential for Sveafastigheter's existing properties from either value-of-use tests or upgrades

Valuations are far below the cost of new constructions – creating an opportunity for higher rents and value uplift on existing properties

Building costs outpacing inflation by ~40%



Low valuation compared to market and new builds

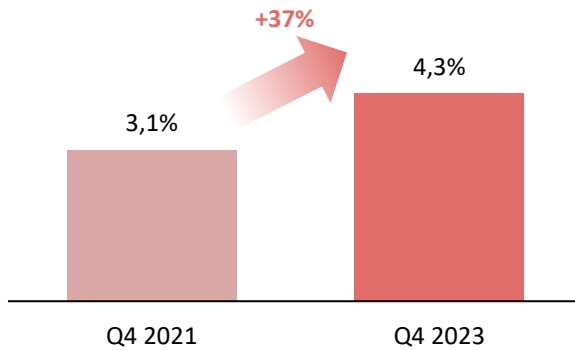


- Sveafastigheter’s properties are on average valued below listed market per sq.m.
 - Building costs exceeding Sveafastigheter’s property valuation by 79%
- Sveafastigheter’s enhanced focus on cost reduction and income improvements aims to eliminate the cap to market levels
 - Both in terms of lower valuation exit yield and valuation per sq.m.

High correlation between yields and 3 months STIBOR implying that we will benefit from the shift in underlying interest rates

Commentary

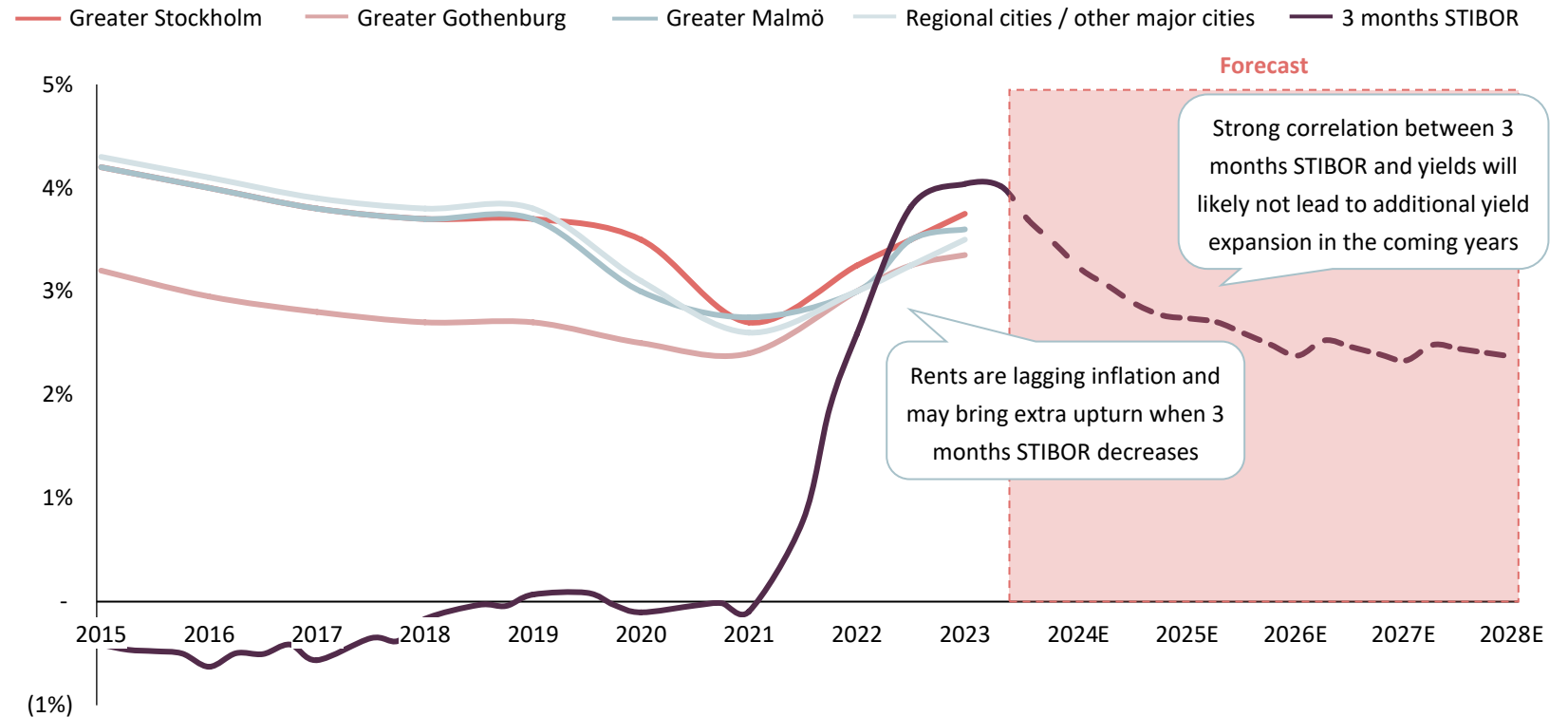
Sveafastigheter's valuation exit yield (%)



- Sveafastigheter's valuation exit yield has since Q4 2021 increased by approximately 37% due to changed market conditions
- The expected normalisation in the credit market implies stronger profitability and cash flow going forward

Historical yield and 3 months STIBOR correlation implies positive outlook for valuation exit yields

Prime yield¹⁾ and 3 months STIBOR²⁾ (%)





Property management



Decentralised in-house property management at the core of our operations

Property management overview

- 

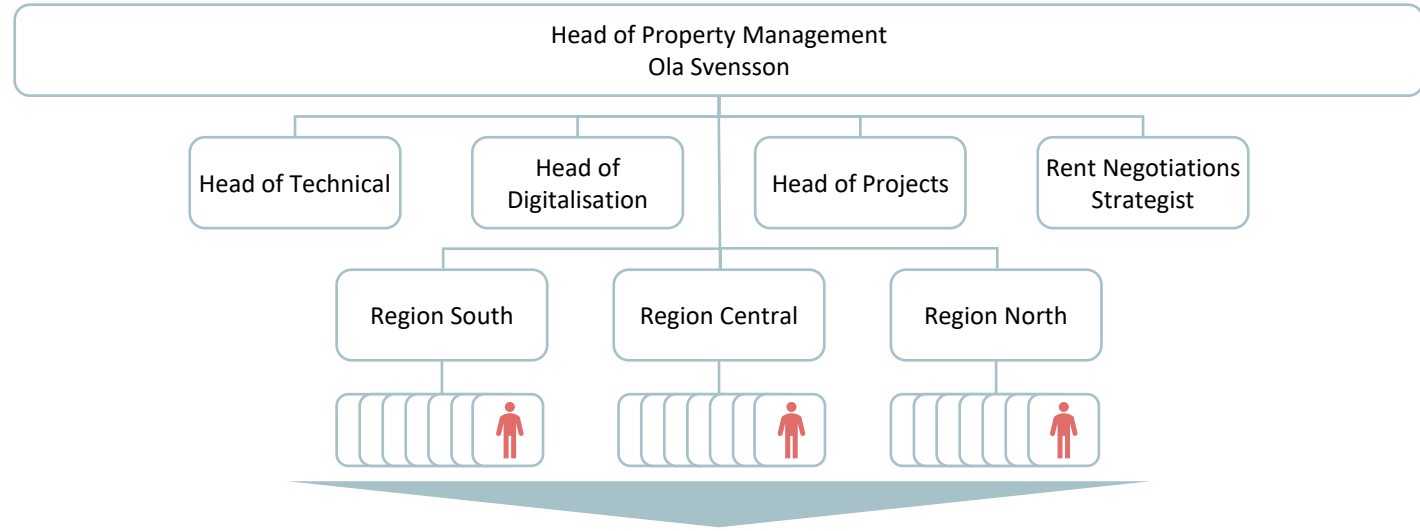
21
local offices
- 

Experienced
property mgmt. team
- 

Fully in-house
management down to
maintenance technician
- 

Operational focus
for all positions in the team

Organisational structure



- The regional manager is in general responsible for technical property managers, project leaders, property management administrators and area managers
- Each area manager is responsible for several property managers who each has a team of letting managers and maintenance technicians
 - Also responsible for the economic development, sustainability improvement and value growth

~3,000
apartments per
technical property manager

~1,000
apartments per
property manager

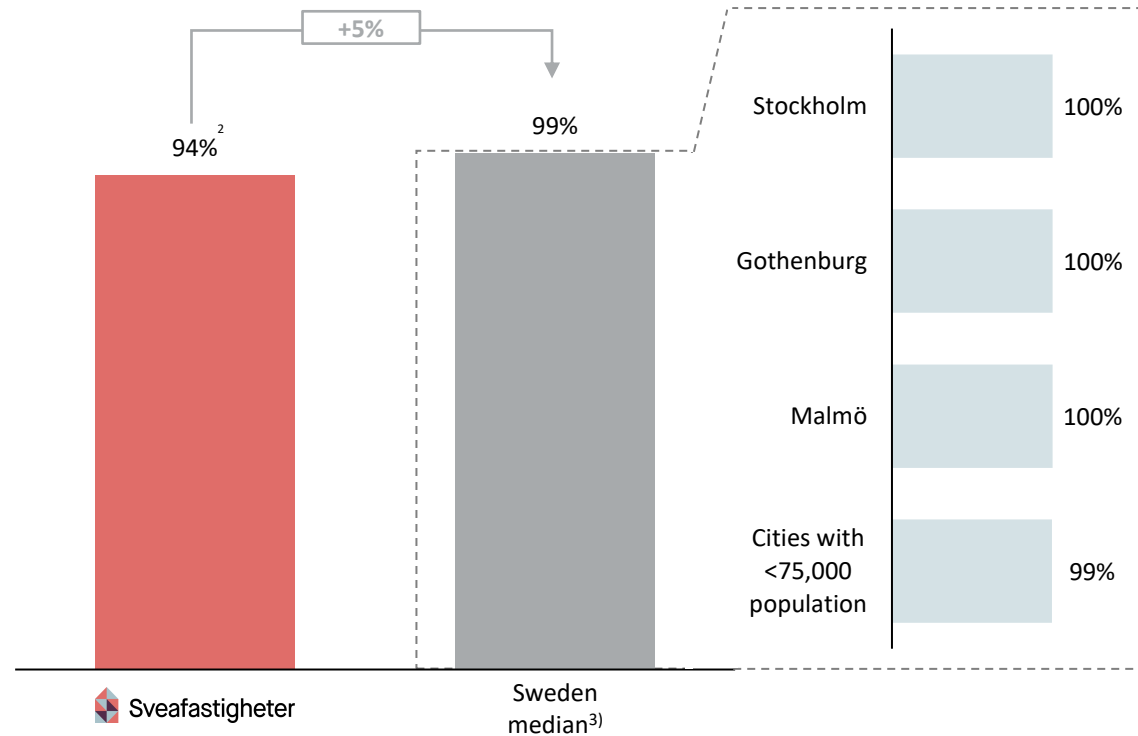
~1,000
apartments per
letting manager

~250-350
apartments per
property technician

Clear focus on increasing economic occupancy

Potential for increased occupancy

Economic vacancy (%)¹⁾



Focus areas and key drivers for improved occupancy rate

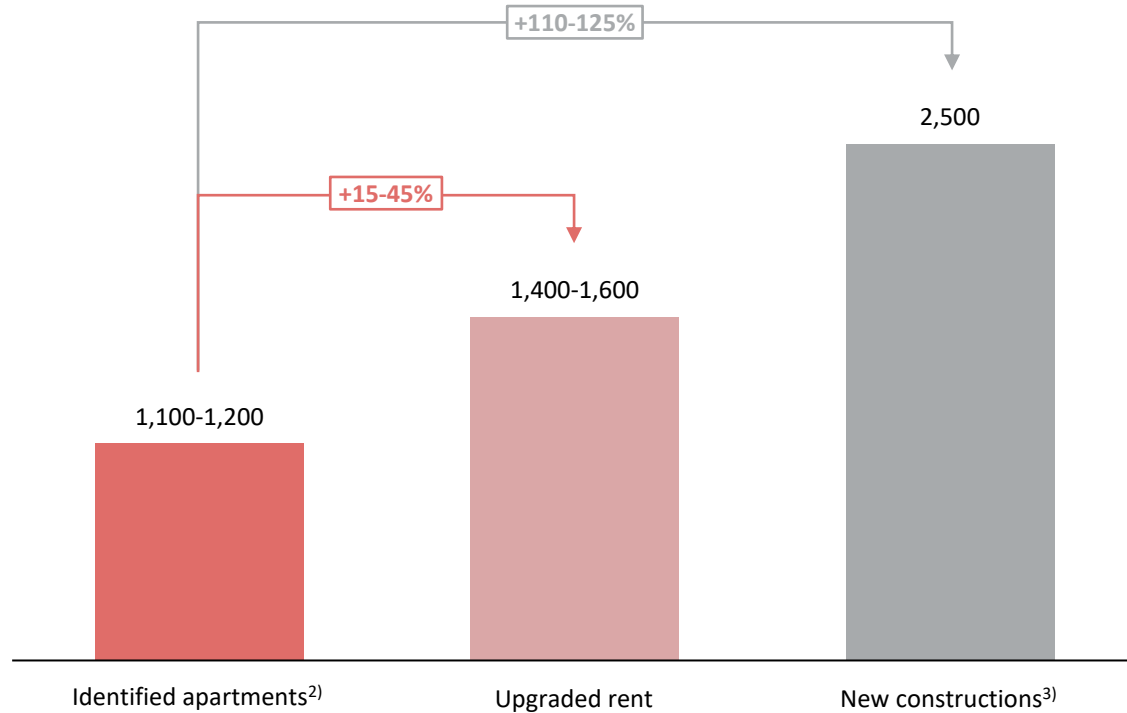
Increased focus	Active property management
<ul style="list-style-type: none"> Enhanced focus as a pure-play residential company 	<ul style="list-style-type: none"> Active property management organisation to create safe and living areas
Marketing	Upgrades
<ul style="list-style-type: none"> Improved ways of finding new tenants more quickly 	<ul style="list-style-type: none"> Improved upgrade analysis and processes to meet market demand with higher apartment standard

- Clear local presence
- Central guidance combined with delegated and local decision-making
- Be active on digital marketplaces for housing and social media platforms⁴⁾
- Analysis of the vacancy situation based on data and local knowledge
- Upgrade to increase attractiveness

Upgrades expected to contribute to growing property values and cash flows

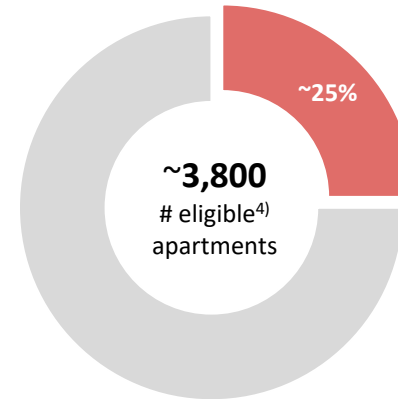
Potential to increase the average rent per sq.m.

Average rent¹⁾ per sq.m. (SEK)



~3,800 of the apartments are eligible⁴⁾ for upgrade

■ Eligible⁴⁾
■ Not eligible



Our organisation has managed to upgrade 900 apartments during one year

>1,800 apartments
upgraded 2017-2023

SEK 5,000-6,000 per sq.m.
upgrade related investments⁵⁾

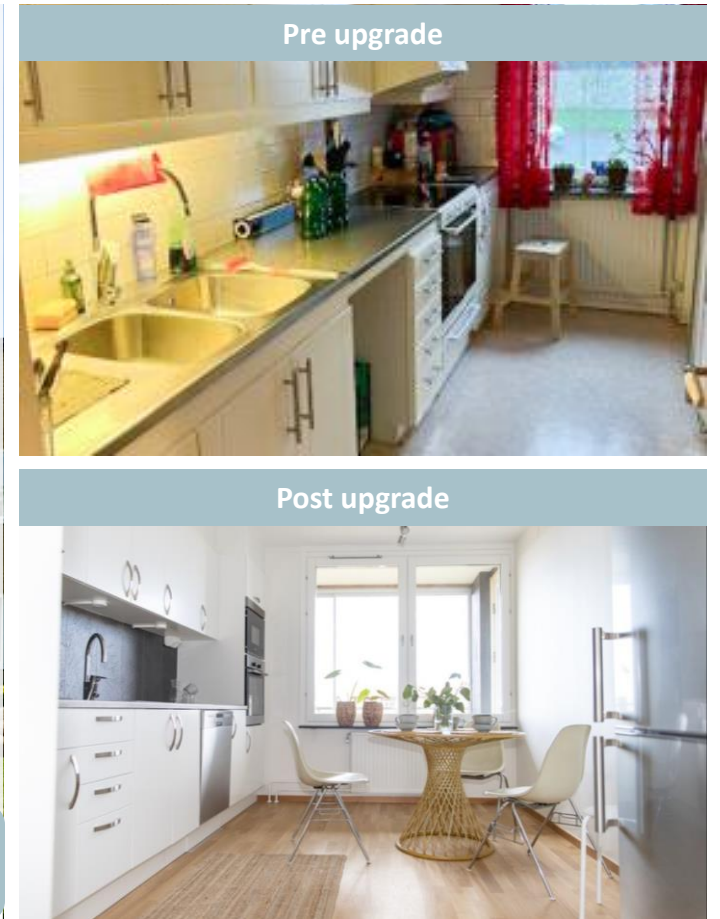
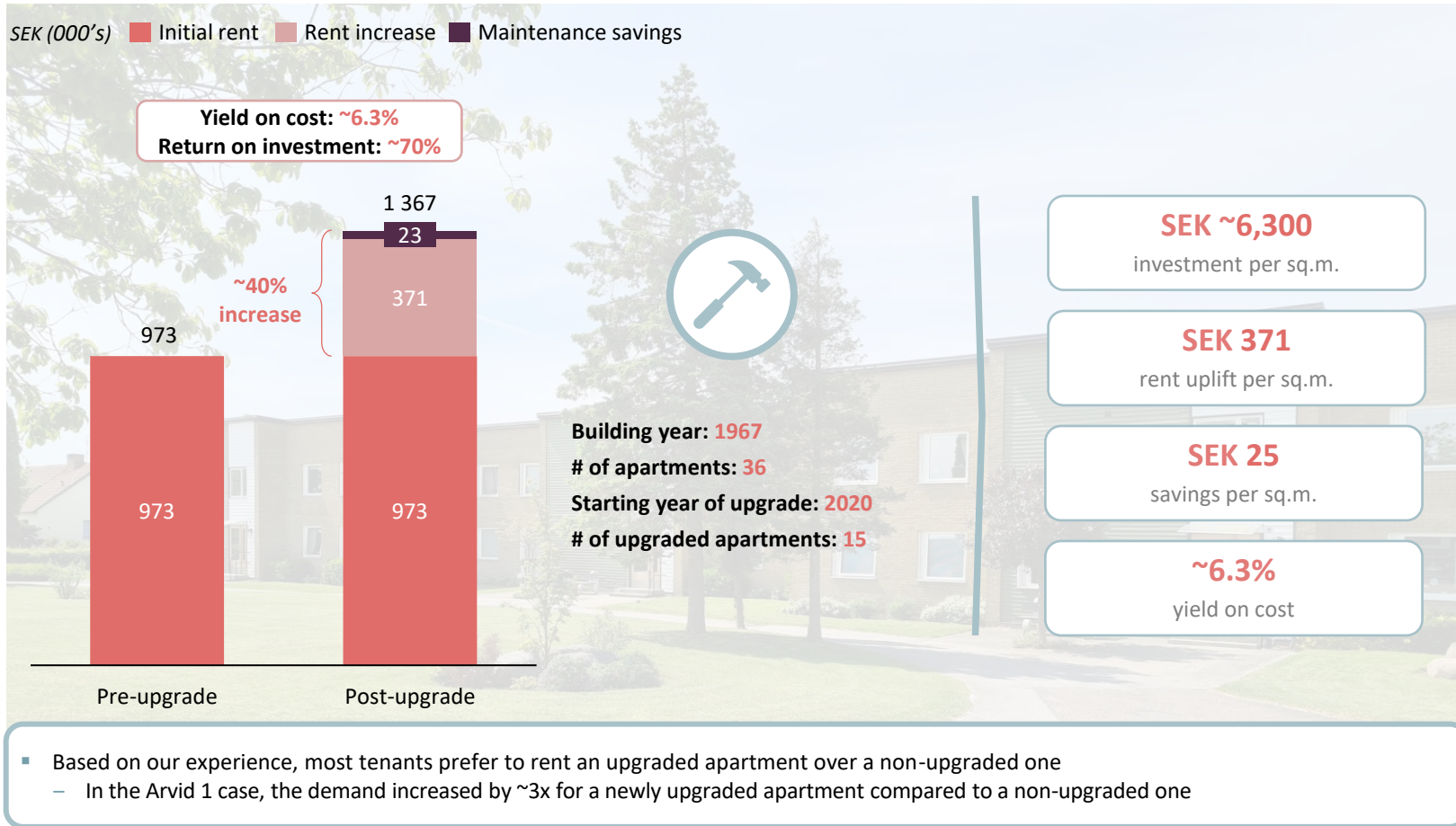
SEK 350-500 per sq.m.
average potential rental uplift⁵⁾

SEK 25-30 per sq.m.
estimated lower maintenance cost⁵⁾

- Sveafastigheter completes upgrades after tenants move out and if there is a demand for it
 - Ensuring that we only conduct upgrades where it is deemed value accretive
- Apartments are upgraded to a high standard in line with new builds including new finishes, renovated bathrooms and kitchens – all with a focus on sustainability

Sveafastigheter successfully upgraded the property Arvid 1 in Kävlinge

Arvid 1 case study overview



Rents can be increased without investments through value-of-use tests

Value-of-use tests to increase rents...



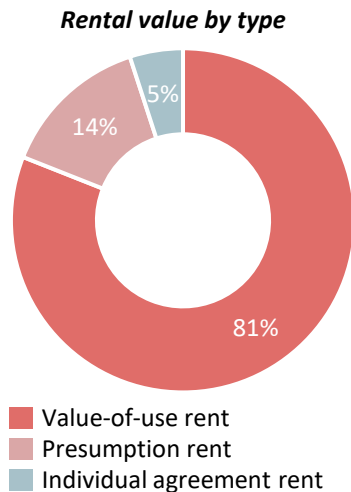
Value-of-use testing

Purpose

Rents are structured to align with prevailing market rates while simultaneously acting as a safeguard against unjustifiably high rental costs

Process

- 1 Application
- 2 Inspection
- 3 Comparison
- 4 Assessment



...with opportunities in a wide range of municipalities

Process (parallel workstreams)	# of months per workstream
Desktop evaluation	0-1
Internal inventory and compare to similar objects	0-4
HGF ¹ including confirmation	0-8
DD of area, apartments, public spaces and comparable apartments	0-6
Negotiations	0-6
Total	≤12

~3,800
apartments with rent below SEK 1,200 per sq.m. built before 1990

~8%
average rent increases from value-of-use tests during 2024-2025

Overview of value-of-use tests in selected municipalities

Municipality	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Skellefteå	[Progress bar]						
Linköping		[Progress bar]					
Helsingborg			[Progress bar]				
Umeå		[Progress bar]					
Sundsvall			[Progress bar]				
Landskrona		[Progress bar]					

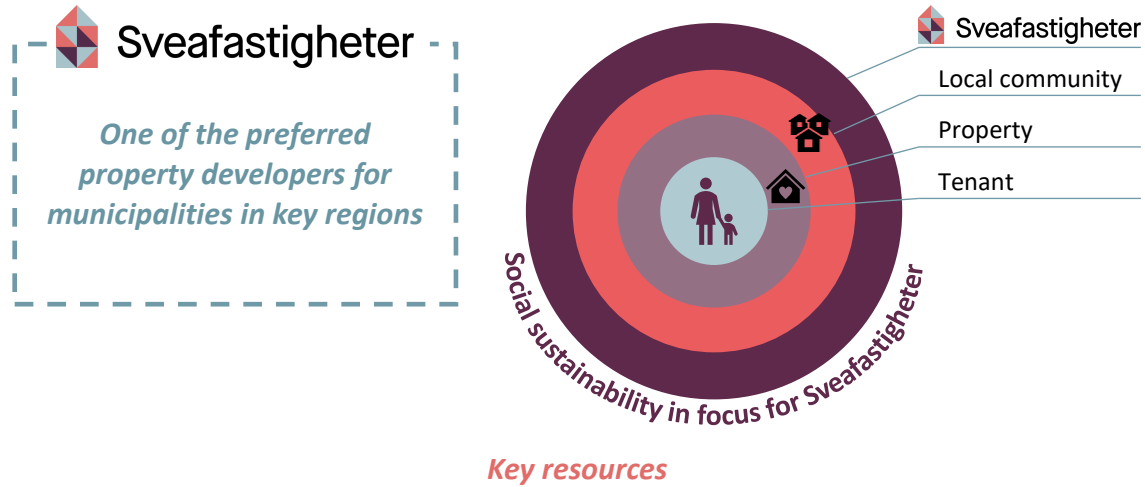


New constructions



Scalable in-house project development team and organisation already in place

Key enablers in place to build in attractive micro-locations



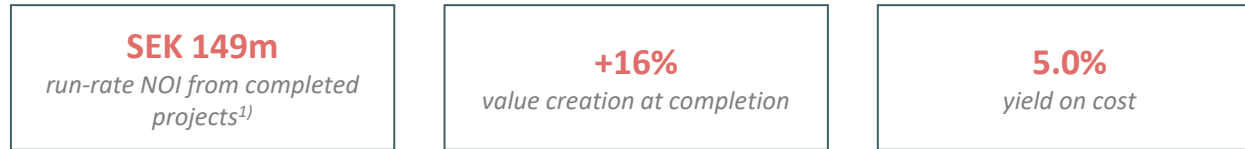
- Experienced in-house project development organisation
- Strong local presence and understanding of micro locations and local needs
- Data-driven approach to analyse demand
- Long-term relationship with key municipalities and stakeholders
- Ability to handle different types of projects

Structured processes and platform for new constructions

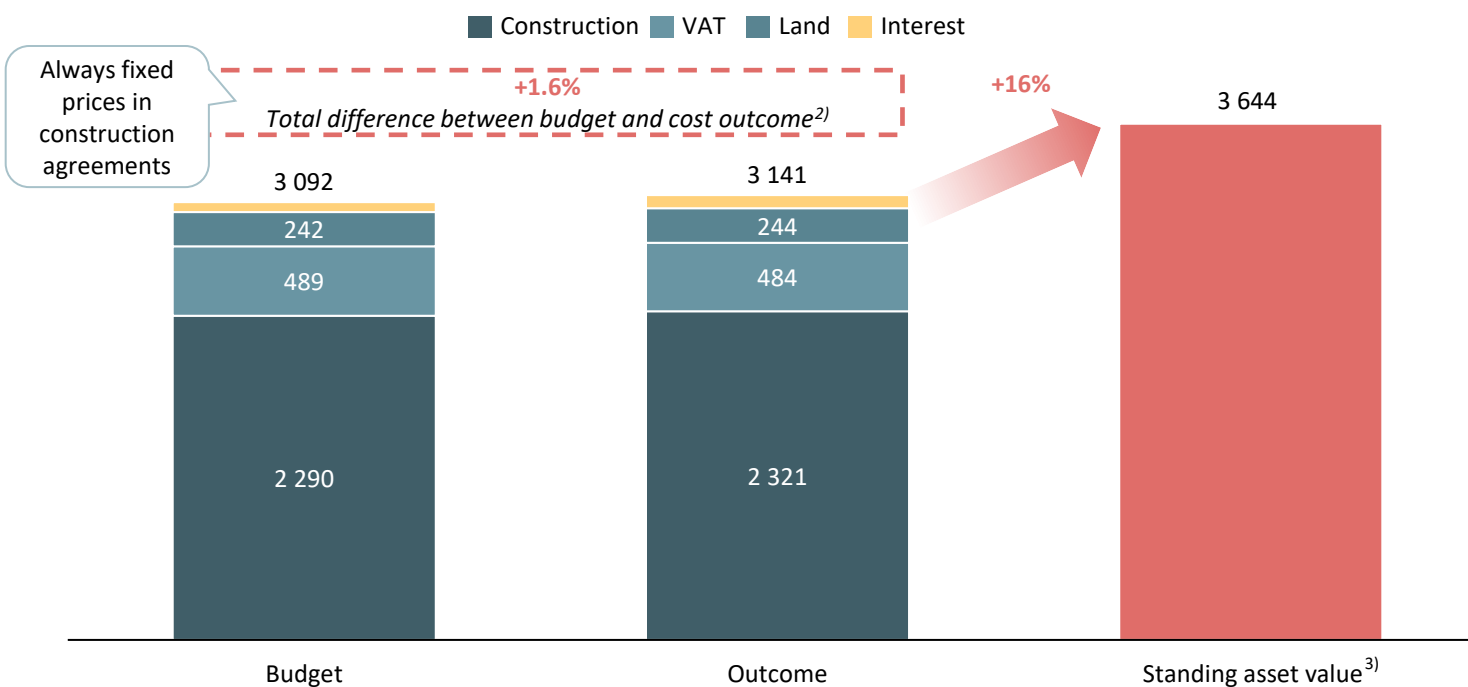
<p>1</p>	<p>Acquisitions & land allocations</p> <ul style="list-style-type: none"> Sveafastigheter acquires land in attractive micro-locations with good connections to key labour markets 	<p>In-house capabilities</p> <p></p> <p>Fully in-house</p>
<p>2</p>	<p>Project development</p> <ul style="list-style-type: none"> Actively work to improve the quality of housing to create homes that are attractive in the long-term 	<p></p> <p>Fully in-house</p>
<p>3</p>	<p>Construction</p> <ul style="list-style-type: none"> Extensive experience in urban development projects <ul style="list-style-type: none"> Cost efficient and sustainable buildings with good quality architecture and tenant-customised apartment layouts that are produced by external contractors 	<p></p> <p>In-house project management</p>

Strong track-record of project development with costs historically in line with budget

We have over time delivered high accuracy¹⁾...



Historical development projects within Sveafastigheter's project development organisation (SEKm)



...due to our established and cost-efficient process

- Sveafastigheter has over time limited the impact of price fluctuations
 - Enabling us to be agile to market volatility
- Working with medium-sized contractors to estimate costs early in the project process
 - Results in lower costs combined with strong relationships
- In-house project team ensuring cost efficient decisions and operations
- In-house construction competence improving our decision-making

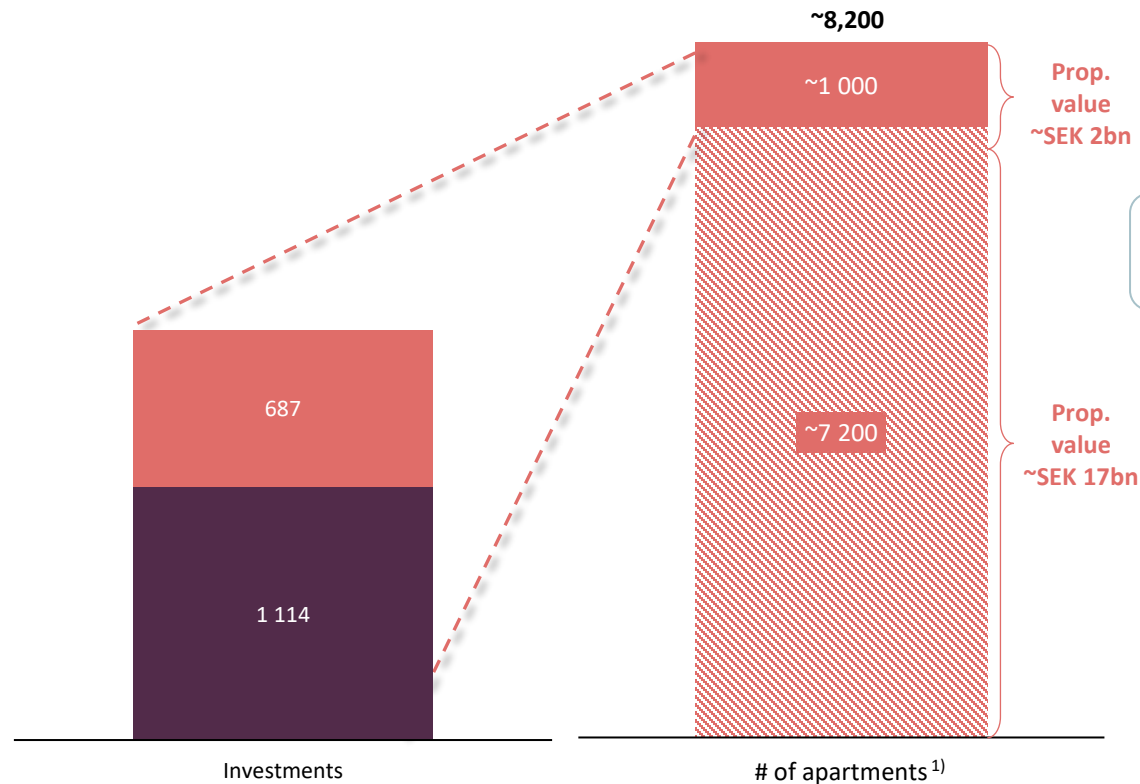
Ongoing development is estimated to contribute with ~SEK 2bn in property value and ~SEK 104m in additional run-rate rental value at completion

We have a substantial project portfolio...

Projects to be completed in 2024 - 2025 (SEKm)

- Remaining investments
- Completed investments

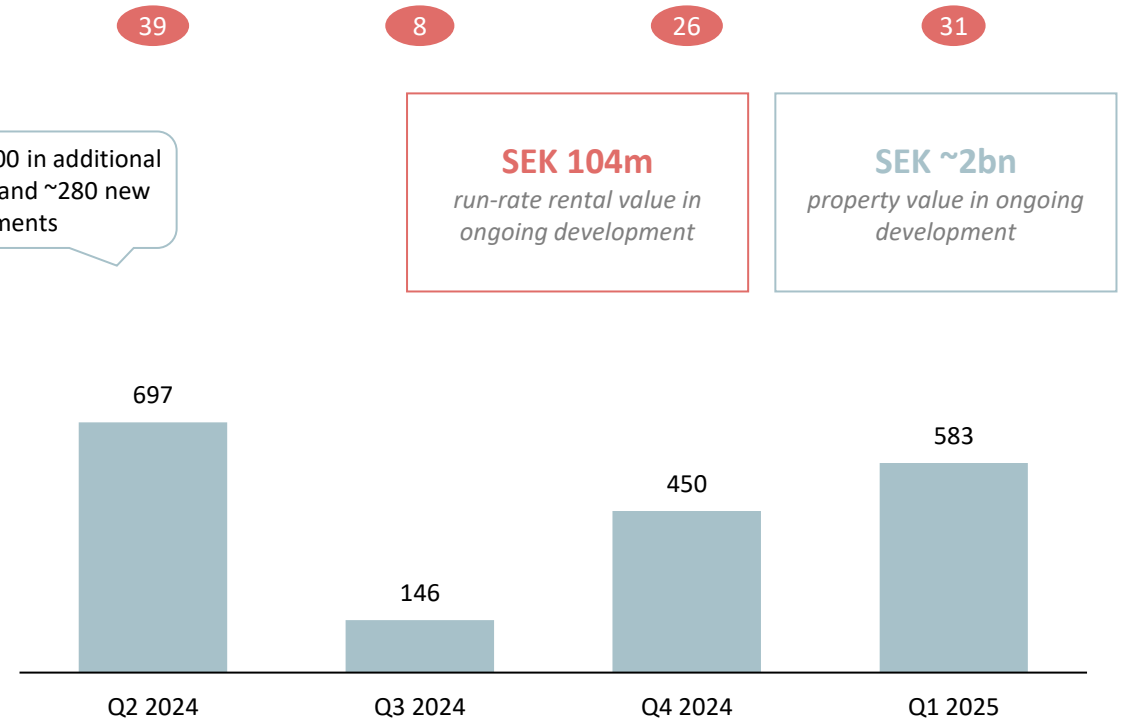
- Ongoing development
- Project development (not yet started)



...with significant near-term potential

(SEKm)

- Property value
- Run-rate rental value



Ongoing projects finalised 2024 - 2025

Project	Region	Acquired/developed	Estimated construction phase		Size	Estimated rental value ¹⁾		Investments (incl. land)		
			Start	Completion		# of apartments	Residential area, sq.m.	SEKm	SEK/sq.m.	Total, SEKm
Kasernhöjden 1, etapp 2	University cities	Acquired	n.a.	May 2024	120	~5,250	12	2,371	223	n.a.
Jordbro 1	Stockholm - Mälardalen	Developed	2022	June 2024	161	~10,200	26	2,567	457	390
Kasernhöjden 1, etapp 3	University cities	Acquired	n.a.	July 2024	80	~3,400	8	2,430	151	n.a.
Årby Norra I och II - Eskilstuna/fd Notarien 19	Stockholm - Mälardalen	Acquired	2022	October 2024	206	~11,600	26	2,247	441	366
Kv Julen	University cities	Developed	2022	March 2025	180	~8,350	14	1,727	236	211
Barnmorskan	University cities	Developed	2023	March 2025	223	~5,750	17	2,940	295	147

Estimated property value of SEK 1.9bn¹⁾

Sustainability



Driving sustainability across our business and value chain

Our sustainability work is an integrated part of our business model and is captured by 6 wide-ranging focus areas

Environmental

Social

Governance



First large climate positive house in Sweden

We were among the first residential companies to report social KPI:s

We are a founding member of HS30 and will continue to set industry standards

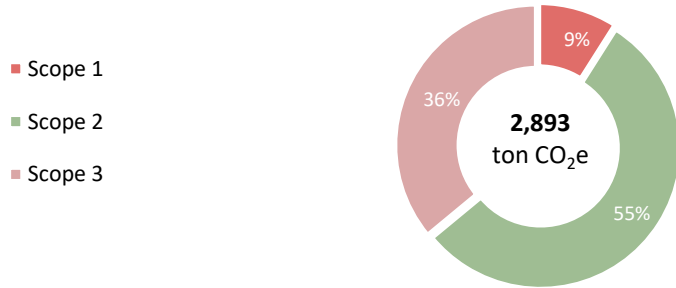
Sustainability targets

- Climate neutral by 2030
- 100% renewable energy by 2030
- Promote circular economy
- Zero serious personal injuries
- All our neighborhoods should be safe and inclusive

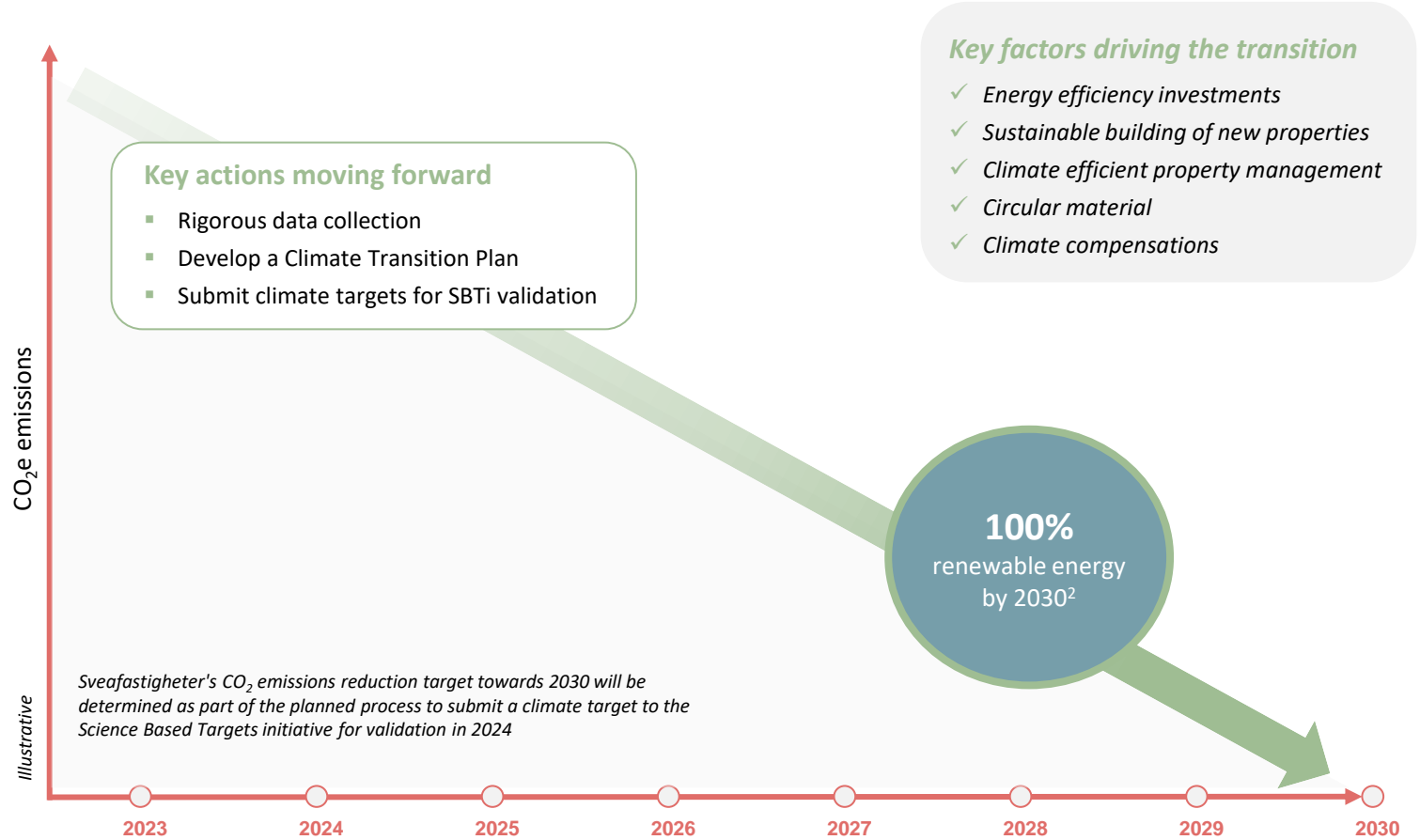
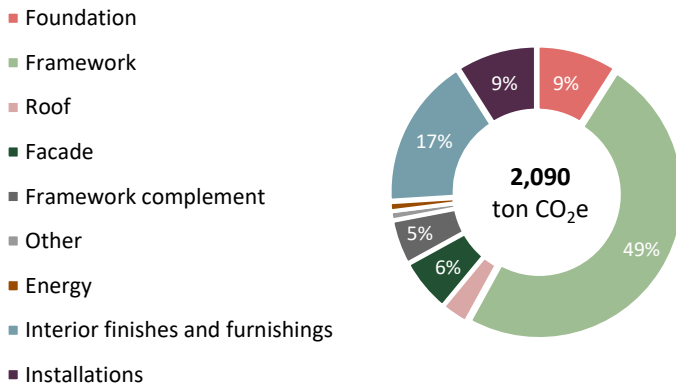
Climate Transition Plan – to reach zero emissions in 2030

A climate neutral company by 2030

Emissions, property management 2023¹



Emissions, new construction (case Najaden, 2023)



We work to reduce environmental impact in everything we do

Key initiatives to realise our climate target and minimise the risks involved

1 Energy efficiency ensured by Technical Management Experts

Examples in place



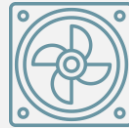
Heat pumps



Solar cells



Insulation



Ventilation

2 We work with resource management and circular material flows

We conduct research on the reuse of heavy building components together with an experienced architectural firm, a sustainability platform and researchers at KTH



Reused materials



Material waste is minimised



Decrease of transportation



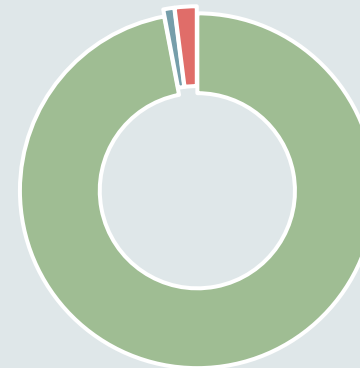
Choice of materials with low climate impact

3 All properties will go through annual climate risk analysis

The analysis provide the foundation for assessing climate-related risks regarding physical and transition risks which forms the basis for risk management work¹⁾

Physical risks (% of value)²⁾

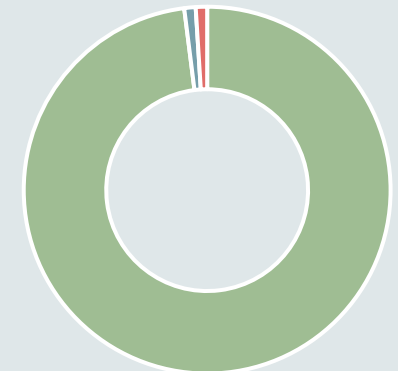
Remaining 2% High or very high risk 1%



Very low risk 97%

Transition risks (% of value)²⁾

Remaining 1% High or very high risk 1%



Very low risk 98%

Social value creation is prioritised in all our neighbourhoods and communities

We create safe and attractive communities and promote an inclusive environment

Our social sustainability work builds on two pillars...

Safe and inclusive communities

We contribute with a strong foundation for our neighbourhoods and local communities

- ✓ **Pleasant and safe environments** – Security and community that makes every tenant feel safe and at home
- ✓ **Belongingness** – Neighbours should be more than a name on a door
- ✓ **Local presence** – Active engagement and interaction in our communities
- ✓ **Confidence and trust** as landlord through both hard and soft values

Diversity and equal opportunity

We contribute with solutions for societal challenges and rising inequalities by collaborating with our local communities



Organisation for safety in Jordbro's community



Organisation for youths in Östberga



Organisation supporting mothers in socio-economic vulnerable areas



Organisation for youth's active lifestyle



Innovation hub

...supported by Social Sustainability Assessments for new constructions

In the early stages of new constructions, Sveafastigheter conducts a thorough social sustainability analysis

...and a social impact assessment to ensure a safe housing environment

We perform own research on...

- ✓ Demography
- ✓ Housing distribution
- ✓ Safety measurements
- ✓ Conversations with local associations
- ✓ Impressions from site visits



"Helt, Rent, Snyggt och Tryggt"

...combined with municipalities' needs and analyses...

Price-winning collective housing aimed at decreasing mental illness and loneliness



Financial overview



Q1 2024 highlights and summary

The quarter in summary

- Overall good quarter showcasing that we deliver on our strategy, despite challenging weather conditions and operating as separated entities rather than the combined Sveafastigheter that will exist post-closing of the Hemvist and Unobo JVs
- Continued focus on the ongoing integration with the Unobo separation now formally completed, and Hemvist soon to be finalised, full operational control to be implemented during the course of 2024

Investment properties – Solid performance with successful rent negotiations and 484 new apartments from new construction

- Most rental negotiations (96%) now finalised, with an average outcome of 5.1% in rent increase. Vacancies in LFL premises stable throughout the quarter, while new constructions having, as expected, a temporary lower occupancy rate
- Several 2-year contracts with rent increases over 4.6%, significantly above inflation
- 13 new apartments were upgraded in Q1, all with a successful outcome and in line with planned timing and cost

Ongoing development – We continued to deliver new construction projects in a cost and time efficient manner

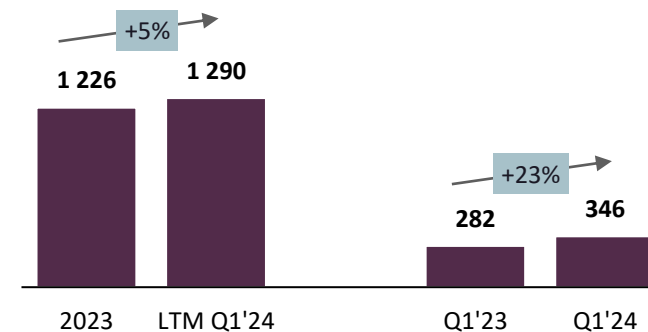
- 5 new projects successfully completed, with a total rental value of SEK 47.1m

Project development & building rights – No new construction initiated in Q1, focus being on completion of ongoing projects

- During the quarter, we have decided to shift 5 development projects to building rights, resulting in a somewhat lower total value and an increased share of Stockholm in our development portfolio

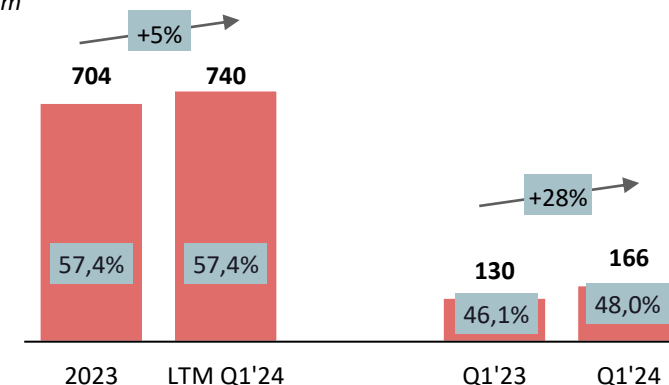
Rental income and rental income growth¹

SEKm



NOI incl. property admin and margin¹

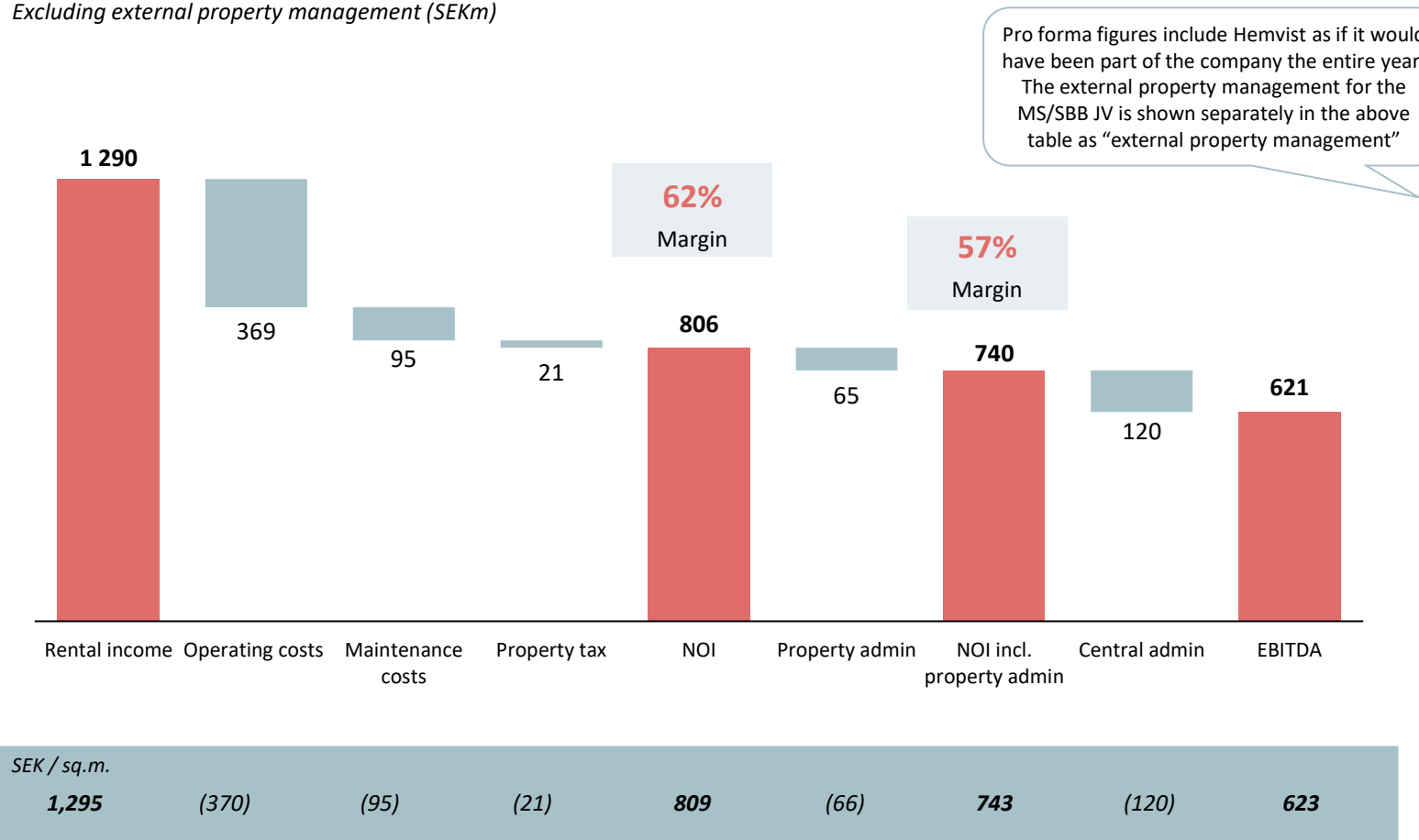
SEKm



Profit and loss overview indicates solid earnings that are expected to improve in 2024

EBITDA break-down, LTM Q1 2024 stand-alone pro forma¹

Excluding external property management (SEKm)



Profit and loss overview – PF stand-alone¹

SEKm	2023	LTM Q1'24
Rental income	1,226	1,290
Other income	-	-
Total income	1,226	1,290
Operating costs	(348)	(369)
Maintenance costs	(88)	(95)
Property tax	(21)	(21)
Property costs	(457)	(485)
Net operating income	770	806
Administration	(185)	(185)
EBITDA	585	621
External property management	9	9
EBITDA incl. external property management	593	629

Alternative performance measure, NOI % incl. property admin		
NOI excl. property administration	770	806
Property administration	(65)	(65)
NOI incl. property administration	704	740
Rental income	1,226	1,290
NOI % incl. property administration	57%	57%

Earnings capacity bridge

Commentary

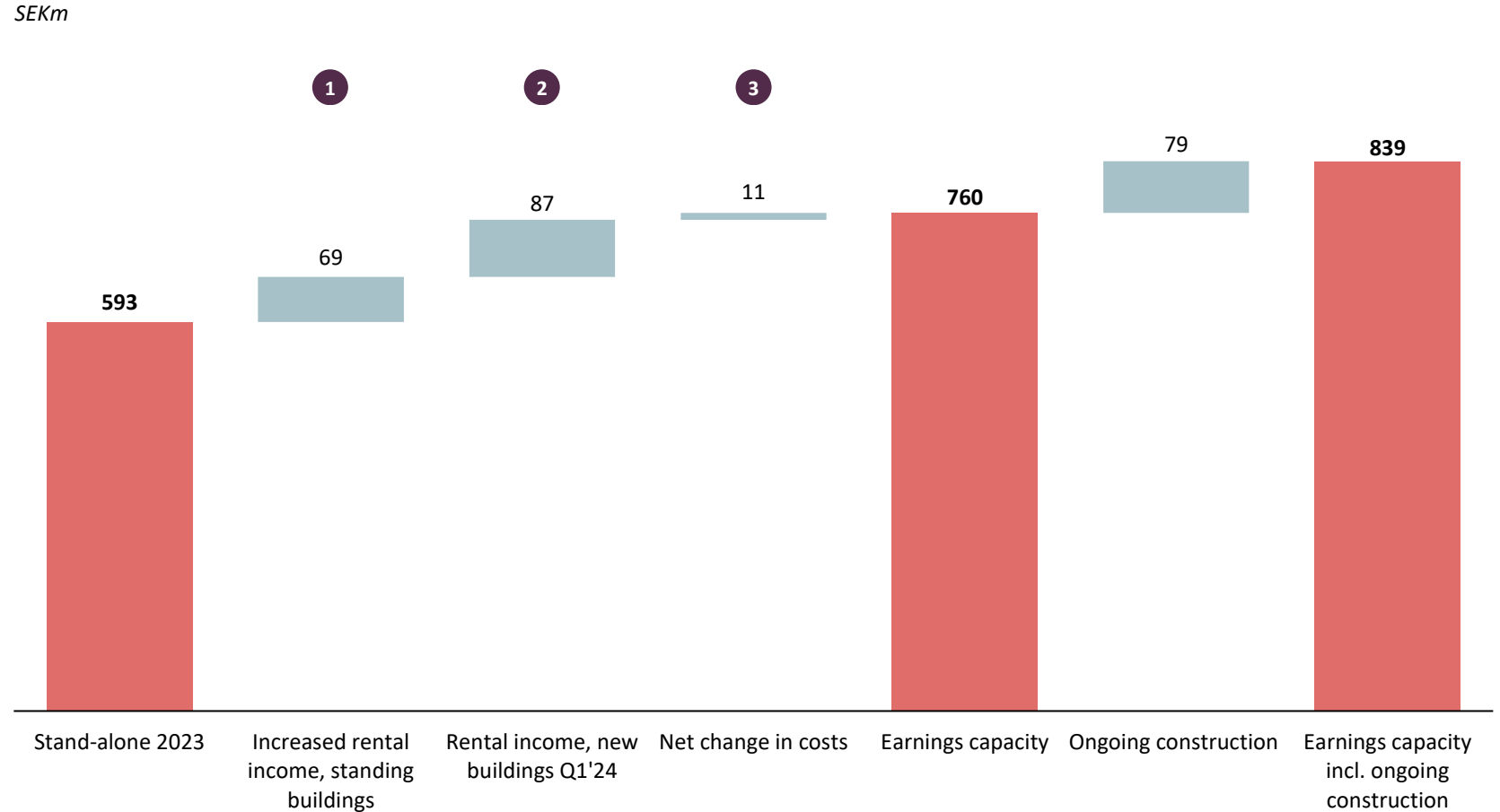
Increased income

- 1 Primarily related to agreed rent increases of 5.0% on standing buildings, in addition:
 - Full-year effect from acquired buildings 2023 amounts to SEK 18m
- 2 Rental income from new buildings that have been completed in March 2024 with most contracts signed and buildings are ready for tenants to move in, or tenants have already moved in

Net change in costs resulting in overall cost decrease

- 3 Overall cost decrease due to the recent shift to a more effective and focused organisation compared to three separate entities (SBB, Unobo and Hemvist), with key drivers being:
 - Lower property management costs for former Riksbyggen/Unobo JV that is taken in-house (further cost decreases expected from January 2025 when current Riksbyggen property management contract has been terminated)
 - Investments in finalising buildings in former Hemvist JV were in 2023 accounted for in the income statement rather than being activated, these costs will not occur going forward

Stand-alone pro forma financials 2023 vs. Earnings capacity Q1 2024 – EBITDA



Preliminary earnings capacity

Commentary

Earnings capacity build-up

- Based on the investment property portfolio and ongoing construction as per 31 March 2024 for the next twelve months
- Ongoing construction includes only projects that are expected to be completed within the next twelve months, why additional earnings from new builds are expected in the future¹
- Sveafastigheter will post closing of JV structures shift to a more effective and focused organisation, resulting in a more cost-effective organisation compared to 2023

Further upside potential

- Currently, Sveafastigheter has a contract with Riksbyggen for management of the properties related to the former Unobo JV
- This contract will terminate at year end 2024, when Sveafastigheter will take over the property management in-house, which is expected to be more cost efficient

Preliminary earnings capacity as per 31 March 2024

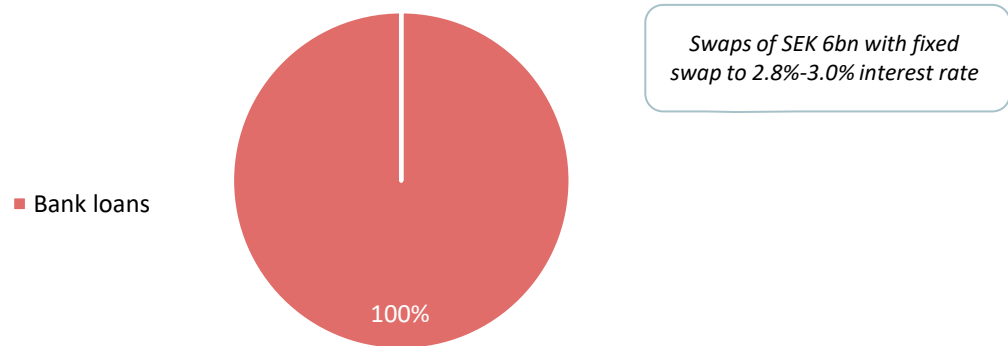
SEKm	Investment properties	Ongoing construction	Total
Rental value	1,461	104	1,566
Vacancy	(79)	(1)	(80)
Rental income	1,382	103	1,485
Property costs	(455)	(17)	(473)
Net operating income	927	86	1,013
Administration	(175)	(7)	(183)
EBITDA	751	79	830
External property management ²	9	–	9
EBITDA incl. external property management	760	79	839

<i>Alternative performance measure, NOI % including property administration</i>			
NOI excluding property administration (SEKm)	927	86	1,013
Property administration (SEKm)	(70)	(3)	(74)
NOI including property administration (SEKm)	856	83	939
Rental income (SEKm)	1,382	103	1,485
NOI margin including property administration	62%	80%	63%

Solid earnings capacity with visible near-term increases from ongoing constructions and cost control

Capitalisation in line with investment grade rated market players

Composition of interest-bearing debt prior to bond exchange offer



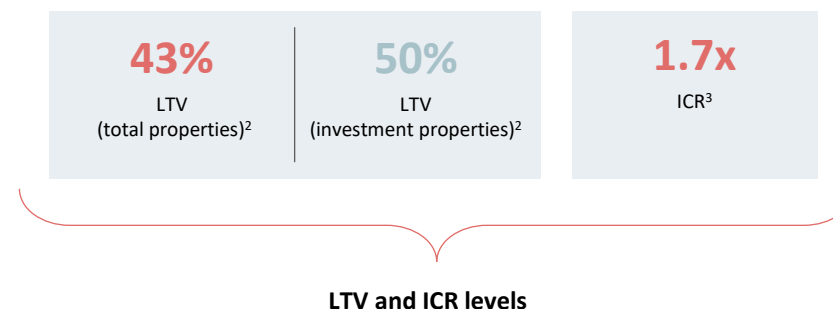
Capitalisation

SEKm	Prior to bond exchange offer
Bank loans	10,418
Parent company loan*	1,786
Drawn credit facility	0
Interest bearing debt	12,204
Cash	329
Net debt	11,875
Net debt to EBITDA¹	18.9x / 15.6x
LTV investment properties²	50.1%
LTV total property value²	42.8%
Interest coverage ratio	1.7x³ / 2.0x⁴
Weighted average maturity (excl. swaps)	3.5 years
Weighted average interest period (incl. swaps)	3.2 years
Average interest rate, excl. swaps	3.5%
Average interest rate, incl. swaps	3.1%
% Fixed rate, incl. swaps	84.1%

• Sveafastigheter is contemplating a bond issue. If the issue amounts to SEK 2.0bn, ~SEK 1.2bn is expected to increase the cash position and ~SEK 0.8bn is expected to be used to amortize on the parent company loan

• An ownership dispersion is planned during 2024. Prior to, or in connection with it, the company may repay (net-off) the parent company loan by issuing shares to SBB

LTV and ICR



Maturity structure

SEKm	By capital		By interest		Derivatives	Group
	Amount	Share, %	Amount	Share, %	Nominal amount	Average interest rate
2024 ⁵⁾	1,085	8.9%	1,942	15.9%	0	5.7%
2025	801	6.6%	186	1.5%	0	4.5%
2026	715	5.9%	75	0.6%	0	5.8%
2027	7,070	57.9%	6,000	49.2%	2,000	2.2%
2028	266	2.2%	2,000	16.4%	2,000	(1.6%)
> 2029	2,266	18.6%	2,000	16.4%	2,000	3.8%
Total	12,204	100.0%	12,204	100.0%	6,000	3.07%

Sveafastigheter's property portfolio build-up Q4'23 vs. Q1'24

Property portfolio build-up Q4'23 vs. Q1'24

Investment properties

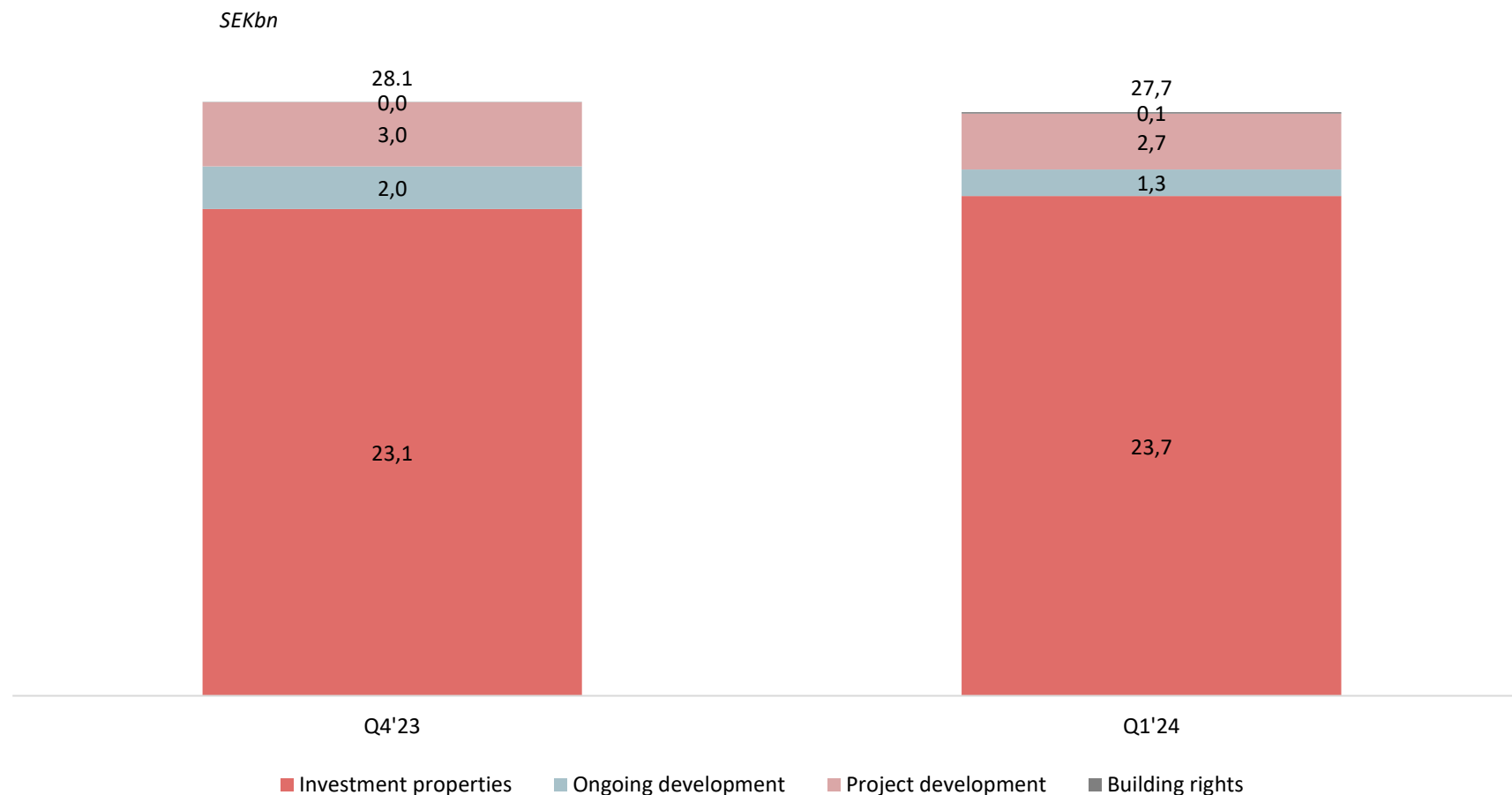
- Value changes were driven by an increased exit valuation yield from 4.1% to 4.3%, although this was somewhat mitigated by successful rental negotiations, which increased the NOI
- Additionally, 5 finalised projects within the ongoing development portfolio have been moved into the investment properties portfolio, contributing approximately SEK 1bn

Ongoing development

- Remaining investments in the ongoing development portfolio decreased with c. SEK 216m and remaining investments amounts to c. SEK 687m
- Currently, there are 6 ongoing development projects expected to be completed between 2024 and Q1 2025, adding c. SEK 1.9bn in value upon completion

Project development & building rights

- 5 projects within the project development have shifted to building rights, resulting in a net effect of SEK -137m



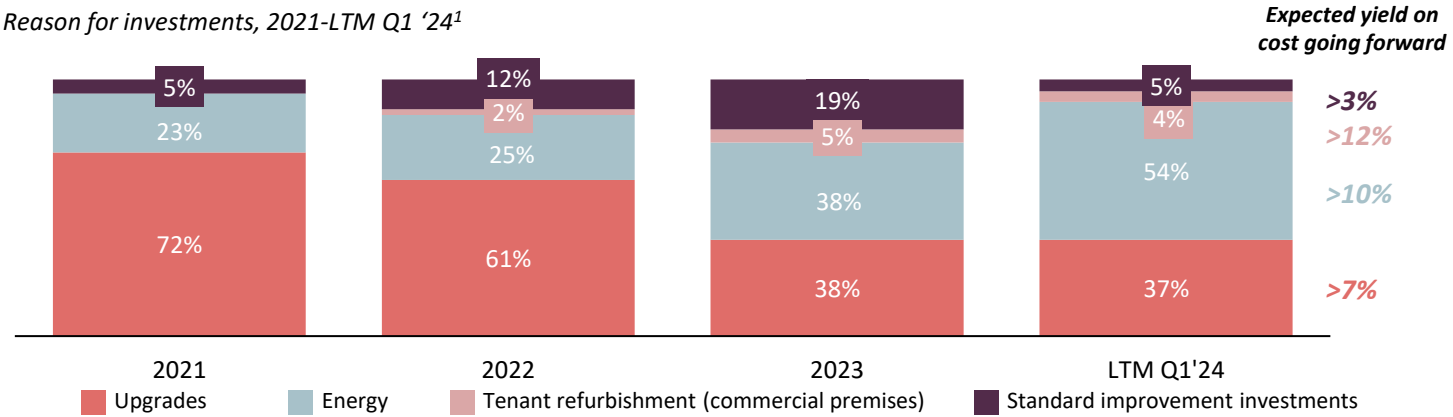
Capex overview

Commentary

- Solid investment levels historically both through maintenance costs in the P&L and capitalised investments
- Heavy focus in 2023 on energy investments to future-proof properties against energy markets and align with sustainability targets
- Energy improvements also mean that energy costs decrease while rent stays the same given that all apartments have a warm rent
- Property portfolio with newly built properties leads to less capex needs over time, as new buildings in general require less renovation

Historical investments¹

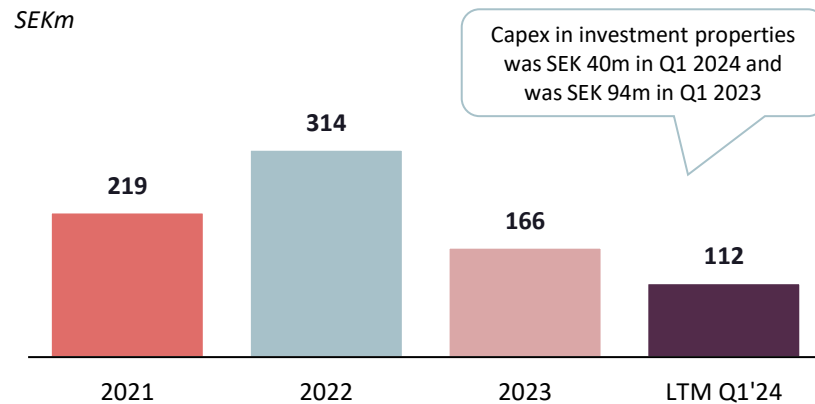
Reason for investments, 2021-LTM Q1 '24¹



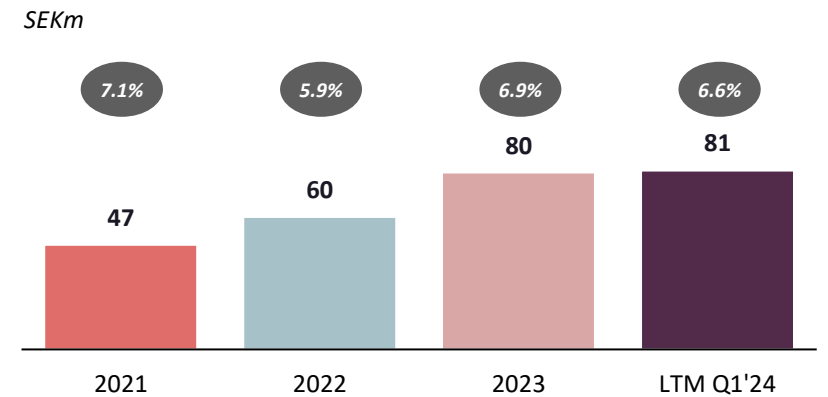
1,210¹
apartments upgraded
2021-LTM Q1 '24

13%
of the property
portfolio upgraded
2021-LTM Q1 '24

Capex in inv. properties¹



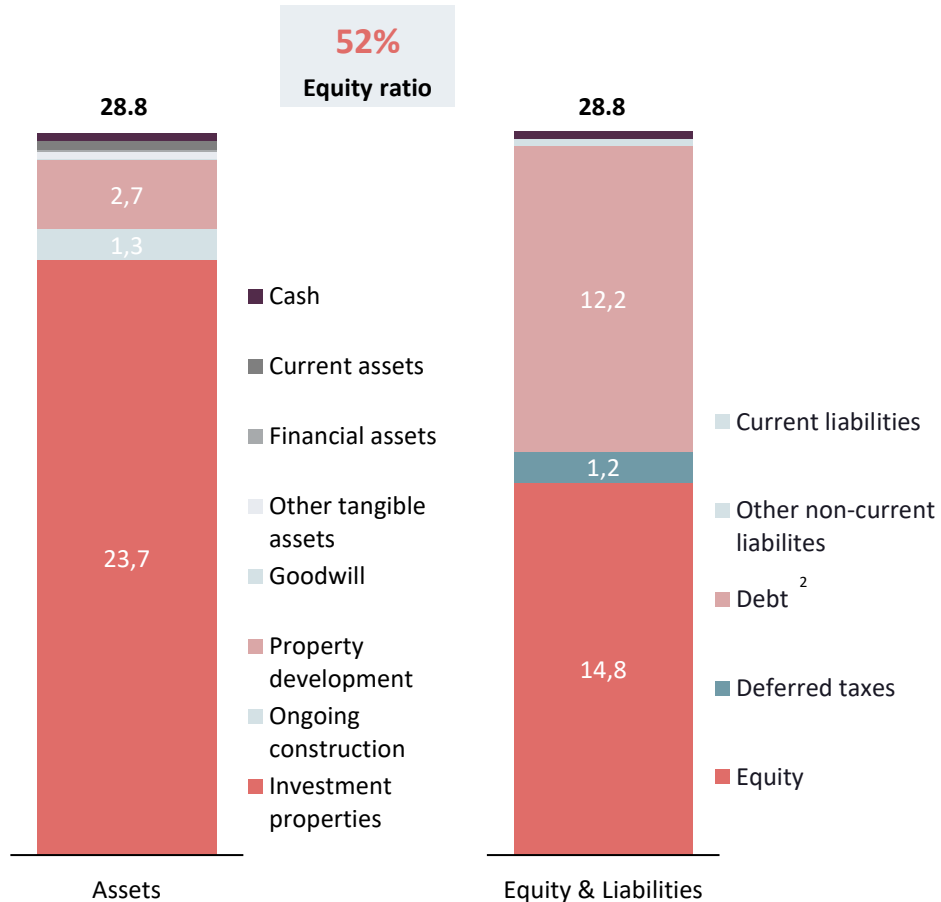
Maintenance costs and % of rental income²



Balance sheet and exit yields

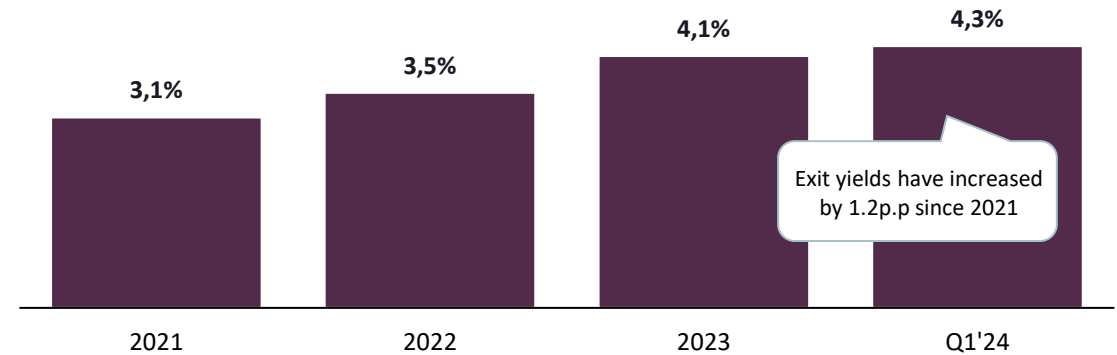
Balance sheet – Q1 2024

SEKbn



Valuation exit yield¹

%



Valuation

Our portfolio is appraised by external parties every quarter – in line with market practice

Our external appraisal partners

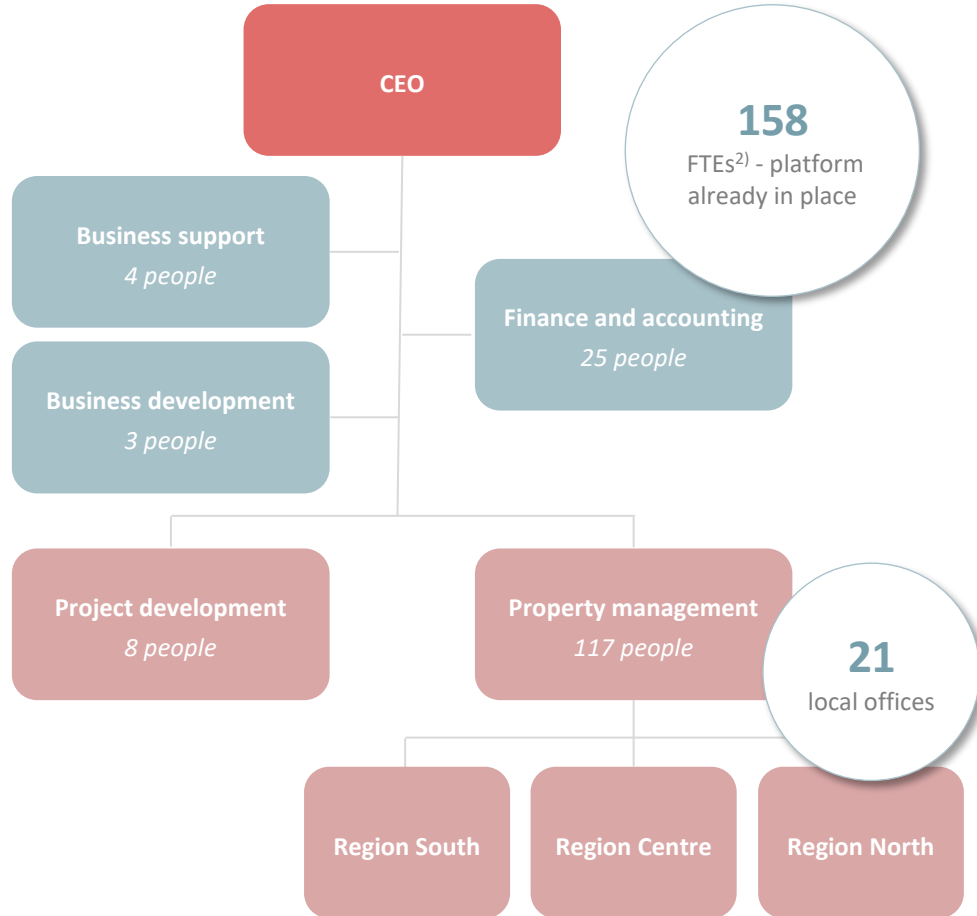


Appendix

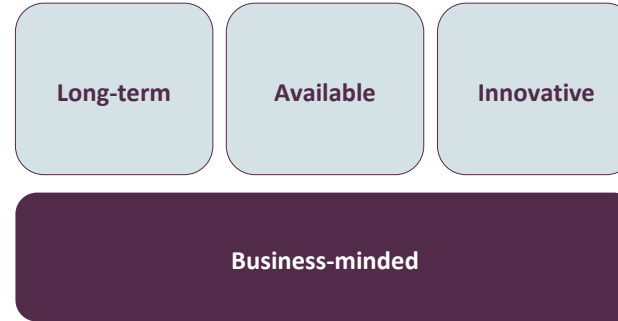


Experienced organisation in place with an existing platform

Organisational overview¹⁾



Sveafastigheter’s core values



“Helt, Rent, Snyggt och Tryggt”

In-house capabilities

Technical management	✓	Sustainability	✓
Financial management	✓	Finance	✓
Project development	✓	HR	✓
Construction competence ³⁾	✓	Digitalisation	✓
Transaction and valuation	✓		

Experienced Board of Directors with complementary and relevant backgrounds

Board of Directors



Peter Wågström

Chairman of the Board

Experience: 35+ years

Current assignments:

- CoB at Arlandastad Group and Board member at Eastnine

Previous assignments:

- Board member at Niam, Neobo and AP3 as well as CEO at NCC



Christer Nerlich

Board member

Experience: 35+ years

Current assignments:

- Board member at Akademiska Hus

Previous assignments:

- CFO at Vasakronan and AP Fastigheter



Jenny Wärme

Board member

Experience: 20+ years

Current assignments:

- Partner & Head of Legal at Slättö

Previous assignments:

- Head of Legal at D Carnegie & Co as well as Board member at Nyfosa and Stendörren



Per O Dahlstedt

Board member

Experience: 45+ years

Current assignments:

- Board member at Teal Capital and Fondex

Previous assignments:

- Head of Corporate Clients and Tenant Owner Associations at SBAB as well as Senior management positions within SEB



Sanja Batljan

Board member

Experience: 30+ years

Current assignments:

- Board member at Logistea and Kameo

Previous assignments:

- CEO and CFO at Nynäshamnsbostäder



Peder Johnson

Board member

Experience: 35+ years

Current assignments:

- Board member at Teal Capital

Previous assignments:

- Co-founder of D. Carnegie & Co



Selected investment properties



Focken 1 & 2, Västerås

# of apartments:	196
Lettable area:	12,756 sq.m.
Rental value:	SEK 28m
Building year:	2017



Vårholmen 6, Stockholm

# of apartments:	79
Lettable area:	5,119 sq.m.
Rental value:	SEK 13m
Building year:	2017



Önskemålet 7, Jönköping

# of apartments:	88
Lettable area:	4,205 sq.m.
Rental value:	SEK 8m
Building year:	2022



Spårvagnen 1, Helsingborg

# of apartments:	188
Lettable area:	11,767 sq.m.
Rental value:	SEK 24m
Building year:	2020



Gärdet 14, Umeå

# of apartments:	95
Lettable area:	4,993 sq.m.
Rental value:	SEK 7m
Building year:	1954



Hedensbyn 25:50, Skellefteå

# of apartments:	729
Lettable area:	55,819
Rental value:	SEK 69m
Building year:	1992



Lägerhyddan 2, Linköping

# of apartments:	156
Lettable area:	10,799 sq.m.
Rental value:	SEK 17m
Building year:	1967



Hov Dalbogård, Växjö

# of apartments:	229
Lettable area:	16,394 sq.m.
Rental value:	SEK 22m
Building year:	1963

Selected ongoing development and project development



Näckrosen / Haninge

of apartments: **161**
 Construction start: **2022**
 Possible construction finish: **2024**



Julen / Skellefteå

of apartments: **180**
 Construction start: **2022**
 Possible construction finish: **2025**



Hedvig / Stockholm

of apartments: **147**
 Possible construction start: **2025**
 Possible construction finish: **2027**



Amaryllis¹ / Tyresö

of apartments: **260**
 Possible construction start: **2025**
 Possible construction finish: **2027**



Hagsätra Junior / Stockholm

of apartments: **103**
 Possible construction start: **2025**
 Possible construction finish: **2027**



Hanstavägen¹ / Stockholm

of apartments: **188**
 Possible construction start: **2026**
 Possible construction finish: **2028**



Mäläräng / Stockholm

of apartments: **137**
 Possible construction start: **2026**
 Possible construction finish: **2028**



Ulleråker / Uppsala

of apartments: **159**
 Possible construction start: **2027**
 Possible construction finish: **2029**

Current portfolio deep-dive (University cities)

Municipality	# of apartments	sq.m.	Property value	
			SEKm	SEK/sq.m.
Linköping	1,535	108,599	2,611	24,043
Skellefteå	1,362	99,044	1,906	19,242
Falun	724	47,028	824	17,513
Umeå	482	27,069	678	25,040
Karlskrona	371	29,337	651	22,194
Borlänge	318	20,136	469	23,286
Växjö	229	16,394	399	24,338
Östersund	128	9,418	238	25,259
Sundsvall	150	13,820	223	16,137
Jönköping	130	7,350	221	30,000
Karlstad	102	4,420	206	46,603
Halmstad	98	7,478	189	25,273
Karlshamn	127	9,103	121	13,293
University cities	5,756	399,195	8,735	21,881

Current portfolio deep-dive (Stockholm - Mälardalen)

Municipality	# of apartments	sq.m.	Property value	
			SEKm	SEK/sq.m.
Västerås	708	41,200	1,758	42,680
Stockholm	431	35,478	1,139	32,103
Södertälje	440	24,761	823	33,221
Sundbyberg	199	19,548	784	40,106
Haninge	207	11,964	575	48,091
Nykvarn	322	16,025	549	34,258
Eskilstuna	198	14,483	394	27,232
Norrtälje	271	19,125	384	20,078
Nynäshamn	175	8,341	349	41,844
Nacka	84	5,428	213	39,167
Nyköping	127	8,215	208	25,271
Tierp	304	20,525	183	8,935
Vallentuna	48	6,133	175	28,536
Sigtuna	48	3,433	165	48,067
Stockholm - Mälardalen	3,562	234,659	7,699	32,811

Current portfolio deep-dive (Malmö - Öresund)

Municipality	# of apartments	sq.m.	Property value	
			SEKm	SEK/sq.m.
Helsingborg	942	64,813	1,464	22,588
Höganäs	744	57,363	1,131	19,713
Kävlinge	407	26,680	657	24,614
Landskrona	366	28,198	514	18,221
Trelleborg	167	14,430	378	26,195
Malmö	52	3,527	125	35,441
Malmö - Öresund	2,678	195,011	4,268	21,887

Current portfolio deep-dive (Greater Gothenburg)

Municipality	# of apartments	sq.m.	Property value	
			SEKm	SEK/sq.m.
Borås	506	39,283	967	24,616
Trollhättan	213	12,038	275	22,845
Gothenburg	95	6,372	137	21,500
Stenungsund	68	3,252	110	33,823
Greater Gothenburg	882	60,945	1,489	24,432

Current portfolio deep-dive (Other)

Municipality	# of apartments	sq.m.	Property value	
			SEKm	SEK/sq.m.
Avesta	475	31,699	437	13,798
Ulricehamn	142	9,200	270	29,339
Söderhamn	200	17,093	255	14,930
Olofström	210	13,749	177	12,874
Oskarshamn	143	10,116	136	13,479
Motala	78	3,322	127	38,082
Boden	62	4,220	111	26,391
Other	1,310	89,398	1,514	16,932

Project development pipeline (1/3)

Project name	Region	Phase ¹⁾	Estimated construction dates		# of apartments	Size	Est. rental value ²⁾	Total investment (incl. land)
			Start	Completion		Residential area, ~sq.m.	SEKm	SEKm
Krongatan/Moröhöjden	University cities	Phase 4	2024	2026	178	9,101	22	339
Södertorg	University cities	Phase 4	2024	2026	100	5,531	15	235
Gullberna et.1, hus 5	University cities	Phase 4	n.a.	n.a.	51	2,379	-	-
Klövervallen	University cities	Phase 4	n.a.	n.a.	123	5,624	-	205
Hov Dalbogård	University cities	Phase 4	n.a.	n.a.	203	10,393	-	356
Västland	University cities	Phase 4	n.a.	n.a.	110	5,500	-	213
Gullberna et.2	University cities	Phase 4	n.a.	n.a.	180	8,643	-	291
Gullberna et.1, hus 1	University cities	Phase 4	2024	2025	60	2,826	6	135
Amaryllis HR	Stockholm - Mälardalen	Phase 4	2025	2027	195	9,054	28	444

Project development pipeline (2/3)

Project name	Region	Phase ¹⁾	Estimated construction dates		# of apartments	Size	Est. rental value ²⁾	Total investment (incl. land)
			Start	Completion		Residential area, ~sq.m.	SEKm	SEKm
Östra Sala backe 3	Stockholm - Mälardalen	Phase 4	2024	2026	213	11,996	30	527
Mäläräng	Stockholm - Mälardalen	Phase 4	2026	2028	137	8,719	24	316
Sarvträsk	Stockholm - Mälardalen	Phase 4	2024	2026	147	7,803	22	344
Ulleråker	Stockholm - Mälardalen	Phase 4	2027	2029	159	11,221	30	482
Kristineberg	Stockholm - Mälardalen	Phase 4	2024	2027	207	12,529	33	559
Rävsta	Stockholm - Mälardalen	Phase 4	2025	2026	29	1,158	3	59
Spånga Studios	Stockholm - Mälardalen	Phase 4	2024	2026	147	6,319	21	383
Oxbacken	Stockholm - Mälardalen	Phase 4	2024	2026	132	7,693	20	342
Sollentuna Hills/fd Törnskogen 4:54	Stockholm - Mälardalen	Phase 4	2025	2028	226	10,536	30	566

Project development pipeline (3/3)

Project name	Region	Phase ¹⁾	Estimated construction dates		# of apartments	Size	Est. rental value ²⁾	Total investment (incl. land)
			Start	Completion		Residential area, ~sq.m.	SEKm	SEKm
Gamla Landsvägen	Stockholm – Mälardalen	Phase 4	2024	2026	87	4,281	13	227
Enhörningen	Stockholm - Mälardalen	Phase 4	2024	2026	216	11,804	35	619
Notarien 25	Stockholm - Mälardalen	Phase 4	n.a.	n.a.	-	-	-	-
Kaffebryggaren 6	Stockholm - Mälardalen	Phase 4	n.a.	n.a.	-	-	-	-
Hälsan et.1	Other	Phase 4	2024	2025	45	2,017	5	98
Del av Hälsan 22 B	Other	Phase 4	n.a.	n.a.	n.a.	n.a.	-	-
Others		Phase 1-3			3,802	202,232	553	9,009

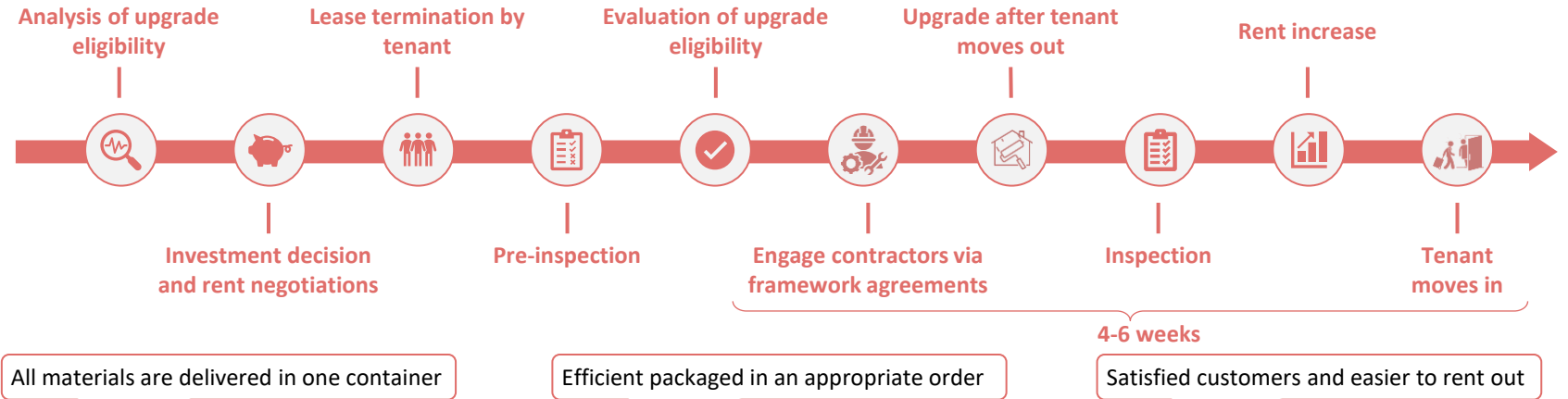
Estimated property value of SEK 17bn^{2,3)}

A thorough and proven upgrade process aimed at ensuring high-quality investments

Standardised upgrade process ensures quick turnaround and enables high yield on cost

Analysis performed before process starts

- Data-driven analysis
- Local market demand is a prerequisite before initiating an upgrade
- Level of renovation dependent on the condition of the apartment
- Framework agreements in place with one nationwide supplier for all materials and with local entrepreneurs that are trained and familiar with the Sveafastigheter concept



The entire upgrade process is characterised by a strong ESG focus – will be followed up through various measurements



Reused materials



Choice of materials with low climate impact



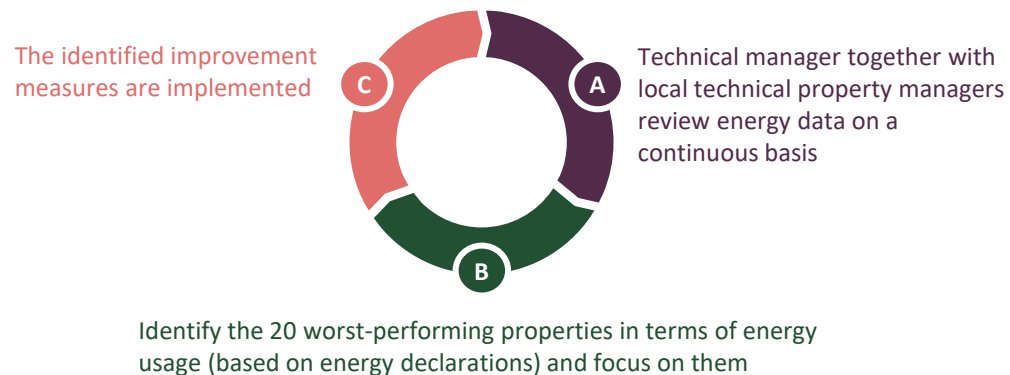
Decrease of transportation by one delivery for all materials



Minimised material waste by using spill materials from previous upgrades

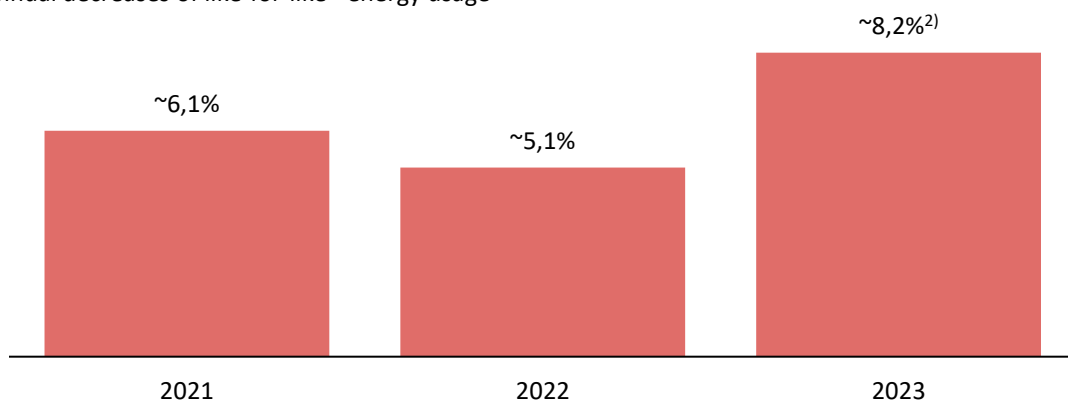
Development processes emphasise energy efficiency and impact improvement

Established routine to identify energy efficiency upgrade potential



Energy usage improvements of 27 million kWh since 2020

Annual decreases of like-for-like¹⁾ energy usage



Strong history of climate-smart upgrades

Property	Investment (SEK)	2022 (kWh)	2023 (kWh)	Change (kWh)	Change (%)
Kallhäll 1:24	70,000	547,567	453,979	93,588	(17%)
Fakiren 3	450,000	290,774	229,673	61,101	(21%)
Fjärilen 17	15,000	304,409	247,949	56,460	(19%)
Rönnbäret 1	350,000	208,783	156,673	52,110	(25%)
Krämarens 4	1,200,000	982,009	736,299	245,710	(25%)
Jörsön 7:6	20,000	1,517,827	1,334,248	183,579	(12%)

Actions:
Reduced usage of district heating and installation of geothermic heating and hybrid solar cells

SEK ~20m
investment

~34%
district heating saving

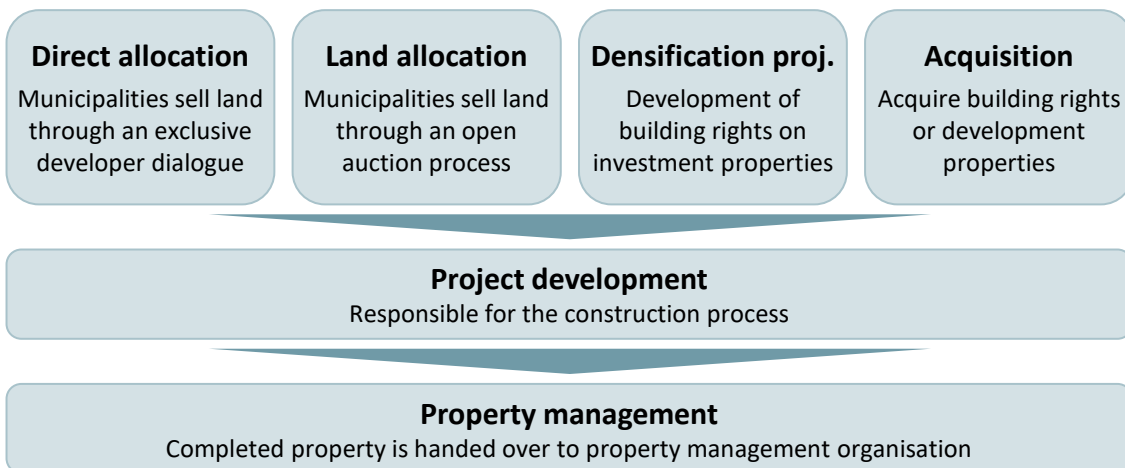
Norrtälje – Marknadshagen 15-17 case study

Note: Based on SBB's fully owned residential properties.

Footnote(s): 1) Like-for-like calculations based on a sample of properties deemed to be comparable, with comparability determined by properties being owned by Sveafastigheter for at least 2 years with measurable data for both of those years as well as data coverage of more than 95%; 2) Preliminary, can change due to additional data for December 2023.

Sveafastigheter has a history of realising value through the creation of building rights

Sveafastigheter has solid track record within new constructions...



Most land allocations are received based on long-term relationships and ability to tailor the proposals to municipalities needs and deliver as expected

“Sveafastigheter delivers on promises, investing in residential that are needed. They have good design, quality and build on time. In existing projects, they have shown that they can build for the target group we have in mind”

- Chairman of the Board for Uppsala municipality

“When Nacka municipality builds new residential, it is not about the numbers. It is about a long-term focus and building residential where people want to live. Thus, Sveafastigheter is a good partner”

- Chairman of the Board for Nacka municipality

...and has the means to optimise and replenish the portfolio

- Sveafastigheter has a history of receiving land allocations
 - Through both land and direct allocations

2,351 apartments
received land allocations 2021-2023

- History of generating properties in line with original blueprint

2,000 apartments
have been completed since 2016

- Continuous review of ability to generate new building rights within the existing portfolio and surrounding areas
- Close collaboration with active municipalities

More than 76k sq.m.
building rights generated on investment properties 2022-2023

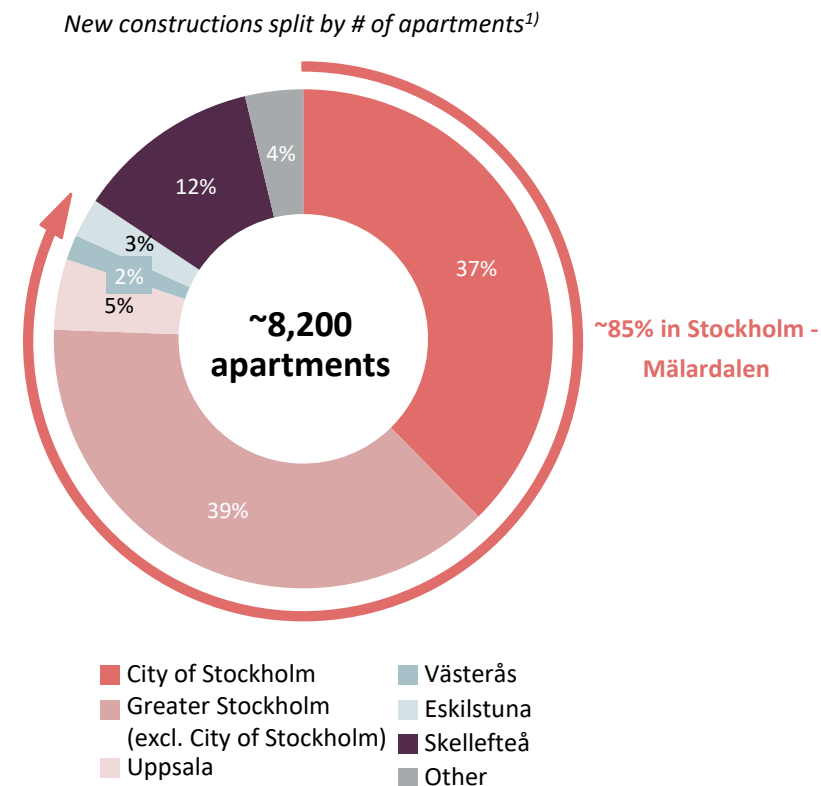
Our current portfolio is a testimony to our land acquisition process

A selection of our ongoing development and project development

★		★		★	
	Sågklingan / Västerås ²		Amaryllis / Tyresö		Hedvig / Stockholm
★		★		★	
	Näckrosen / Haninge		Hagsätra Junior / Stockholm		Hanstavägen / Stockholm
★		★		★	
	Julen / Skellefteå		Mälaräng / Stockholm		Ulleråker / Uppsala

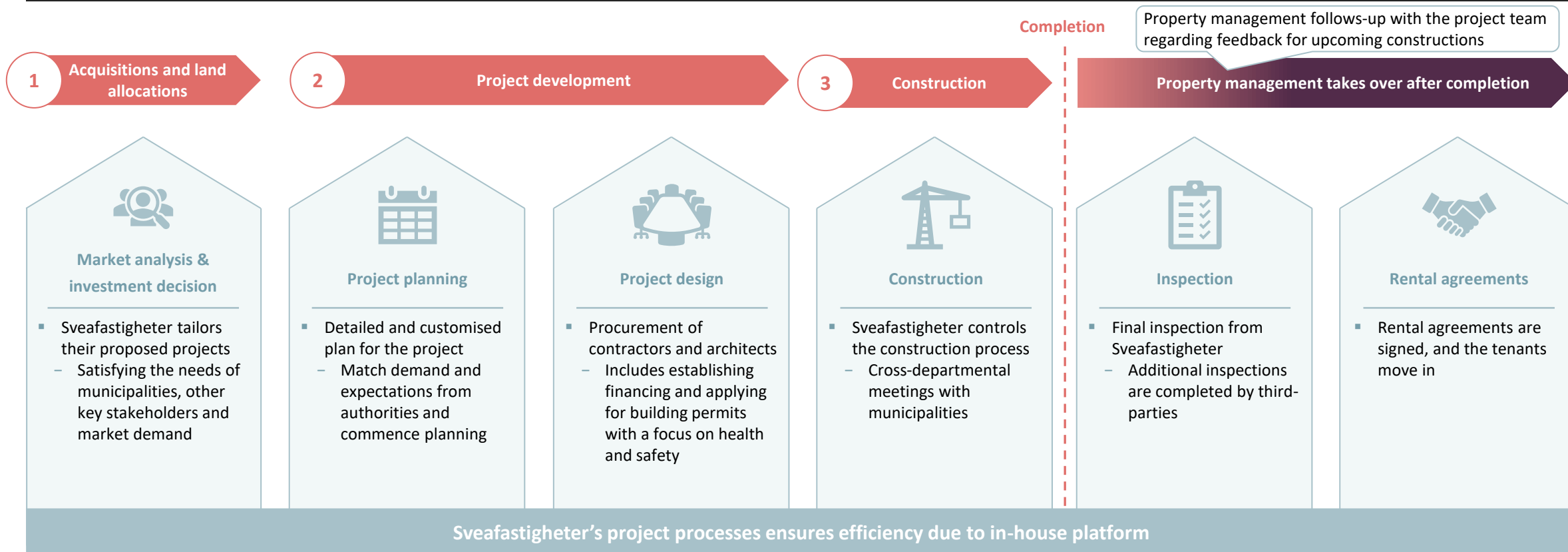
★ Ongoing development ★ Project development



Majority of new constructions exists in Stockholm - Mälardalen



In-house project management organisation ensures efficient and thorough operations

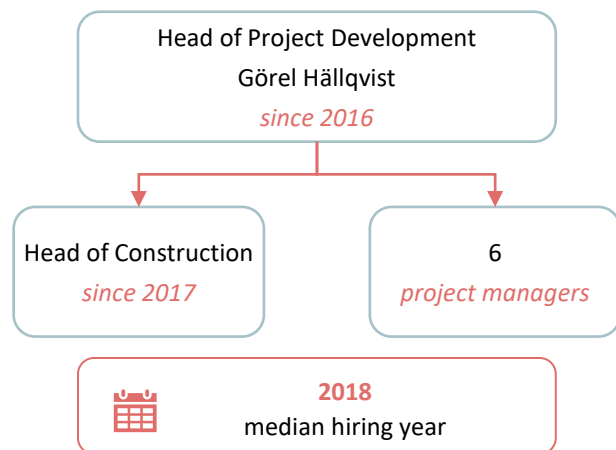
Overview of Sveafastigheter’s efficient and successful project process



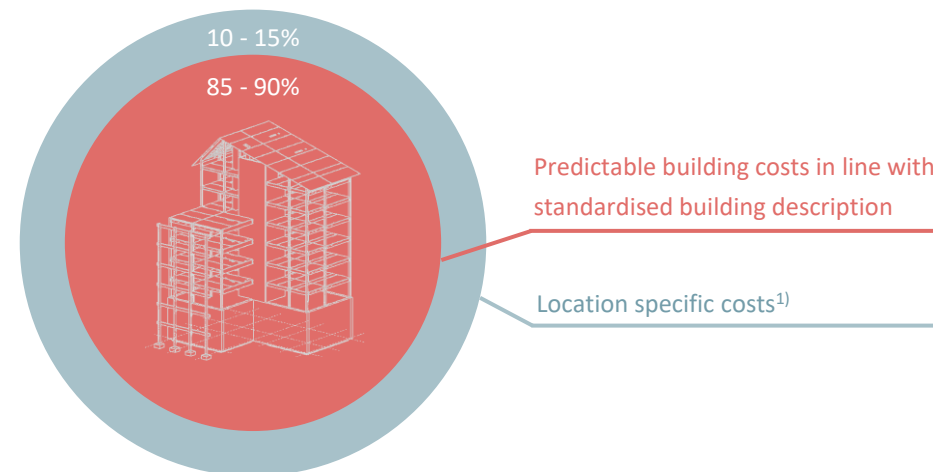

 Sustainability, health and safety are involved in every part of the process
 

In-house project development team with cost reduction as a core focus has led to...

Competent and loyal project development team...



...resulting in foreseeable building costs from day 1



- In-house cost control model that continuously analyses how every investment spent affects margins to ensure that project managers are fully aware of the final cost for each project
- Driven and motivated property managers with high awareness and understanding for project-related costs
- Limited employee turnover ensuring that knowledge stays within the organisation and can be utilised going forward
 - Results in strong relationship with municipalities, contractors and architects

Example of completed developments

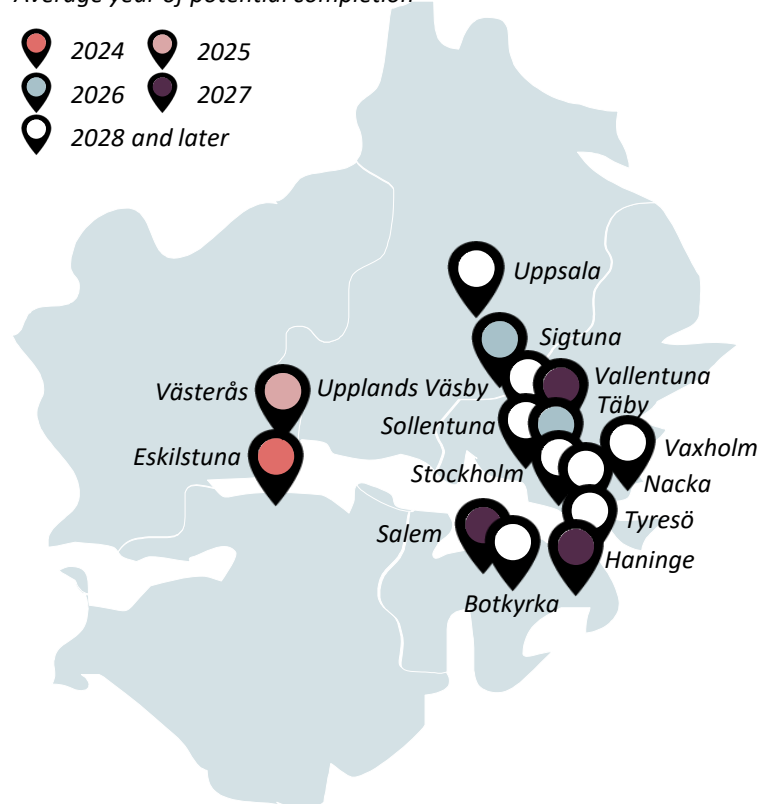
	100% economic occupancy ²⁾		100% economic occupancy ²⁾
Bägaren 7, Skellefteå		Sandhammaren, Kävlinge	
	100% economic occupancy ²⁾		100% economic occupancy ²⁾
Ströpsta, Nykvarn		Sländan, Södertälje	

Stockholm - Mälardalen focused project development portfolio

Sizable Stockholm - Mälardalen exposure...

Average year of potential completion

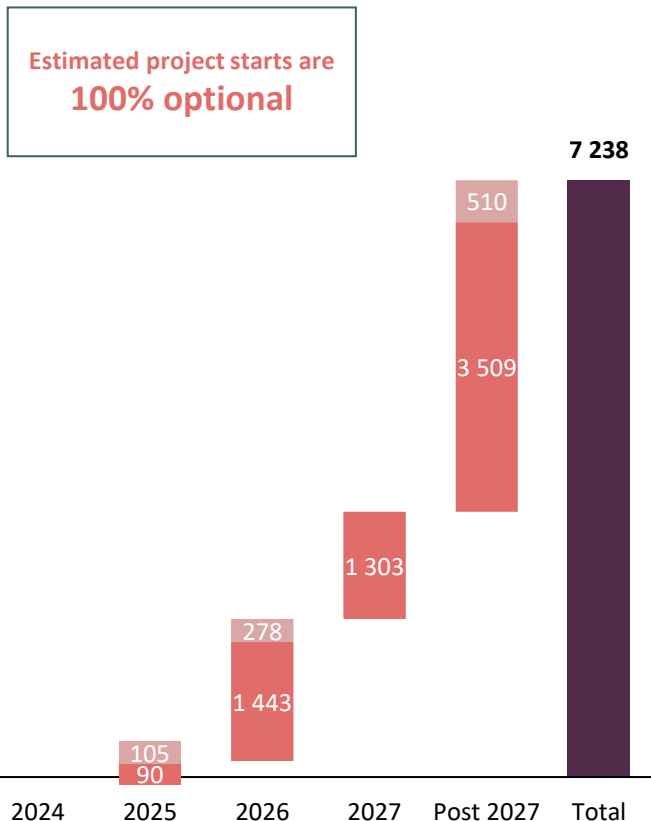
- 2024
- 2025
- 2026
- 2027
- 2028 and later



...representing the majority of our projects...

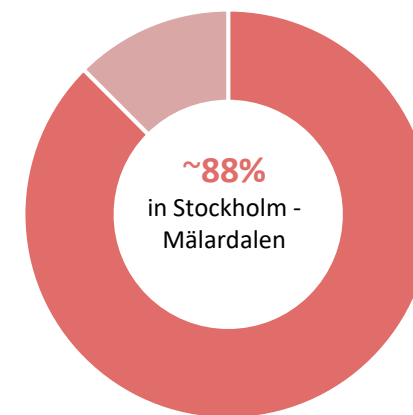
Potential completion (# of apartments)^{1, 2)}

- Stockholm - Mälardalen
- Other



...with ~6,260 potential new apartments³⁾

- Stockholm - Mälardalen
- Other



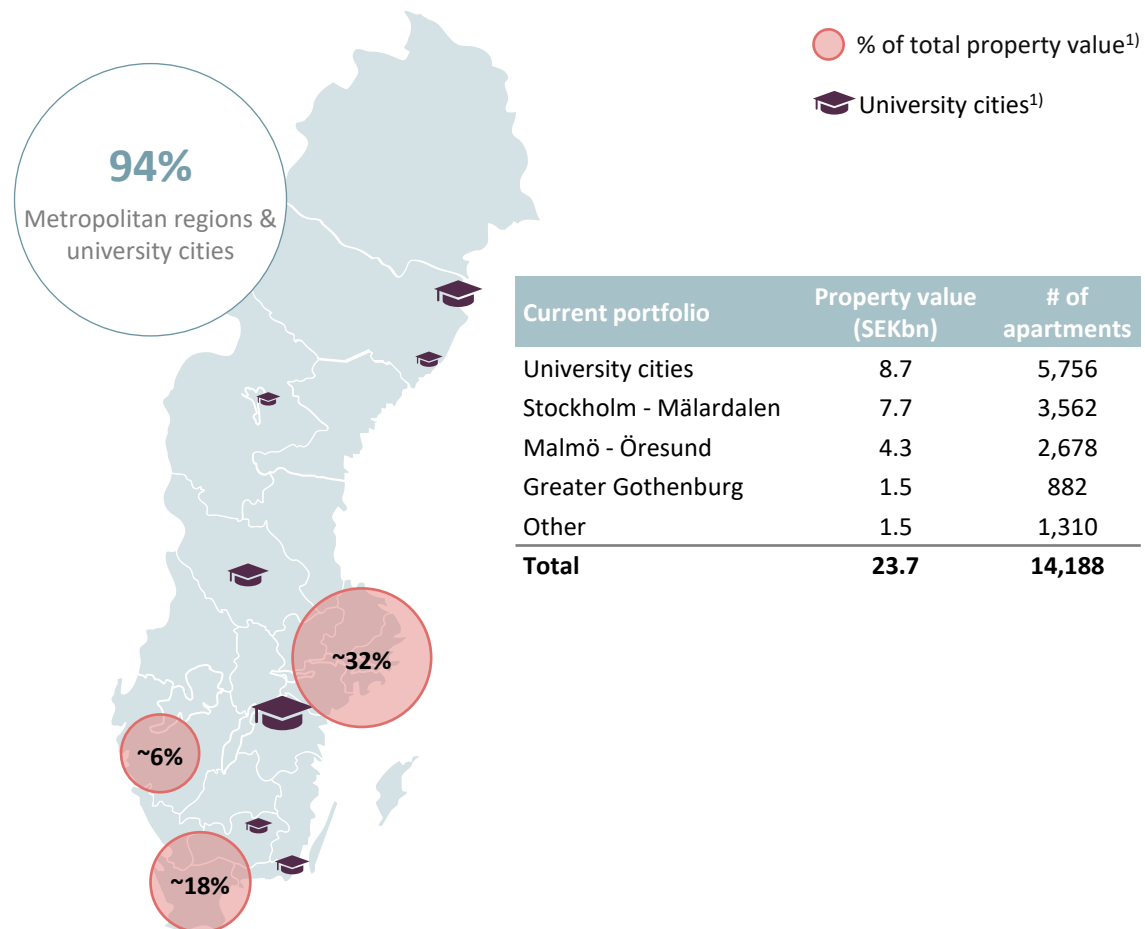
Municipalities	# of apartments ²⁾	Est. prop value (SEKbn) ⁴⁾	Est. rental value (SEKbn) ⁴⁾
Stockholm	3,055	8	385
Nacka	741	1	77
Tyresö	470	1	36
Botkyrka	450	1	58
Uppsala	372	1	60
Other municipalities	1,257	3	165
Total Stockholm - Mälardalen	6,345	15	781
Other projects	893	2	110
Total project development	7,238	17	891

Source(s): Company information.

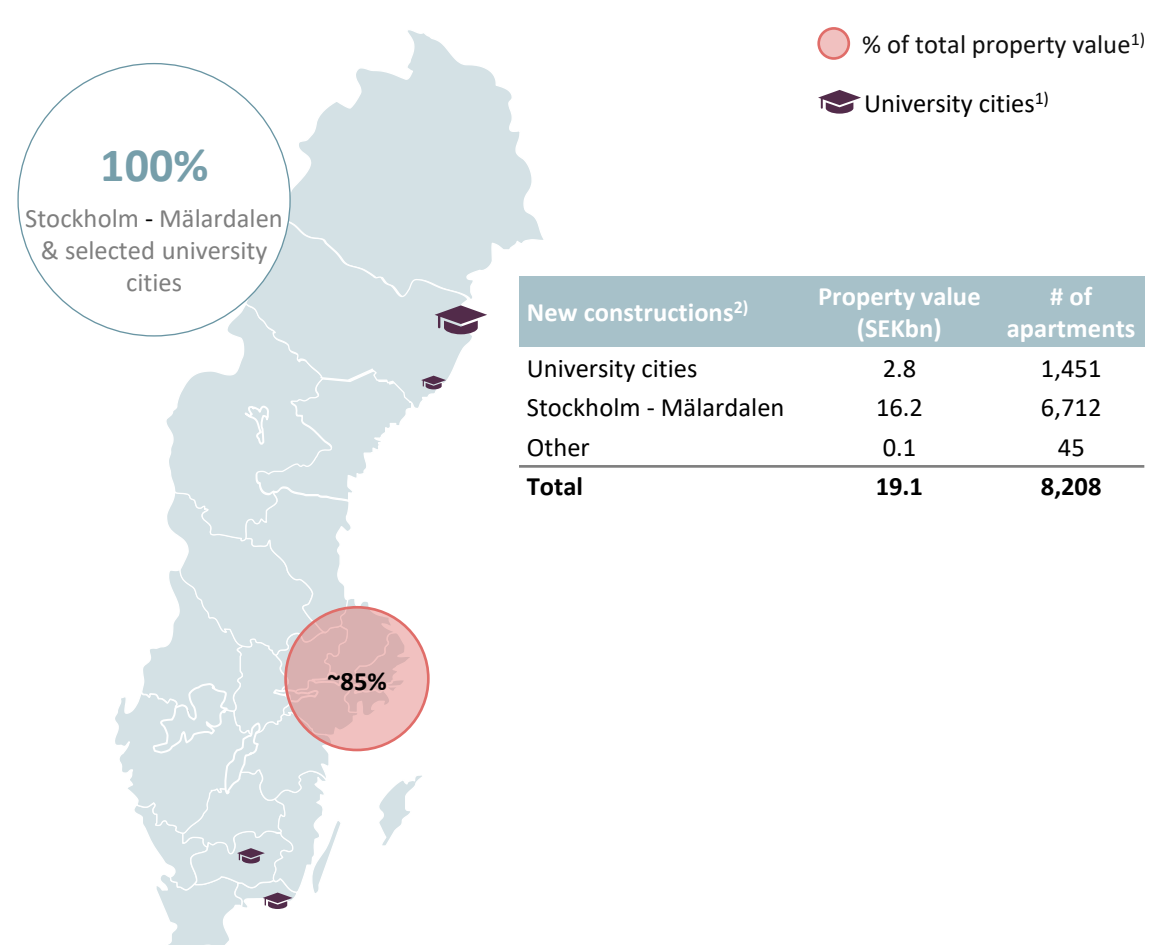
Footnote(s): 1) Potential completion is optional and may differ from actual building starts; 2) Apartments includes condos, however, excluded from property value; 3) Solely in the Stockholm - Mälardalen regions; 4) At completion based on external valuations as of Q1 2024; 5) Consists of projects in University cities and Greater Gothenburg.

Geographical overlap between the current portfolio and new constructions will lead to a stronger Stockholm and University city exposure

Geographical overview of current portfolio



Geographical overview of new constructions

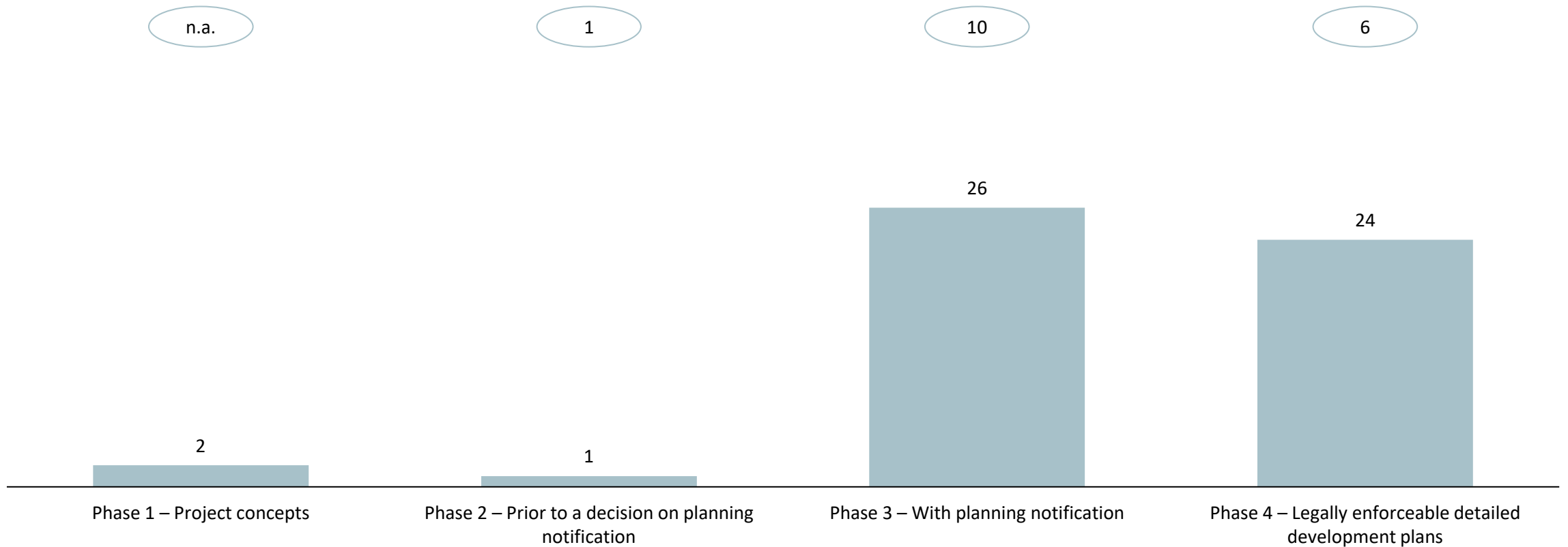


Sveafastigheter’s project pipeline mainly consists of projects in a later stage

Project development portfolio classified by project phase

■ # of projects

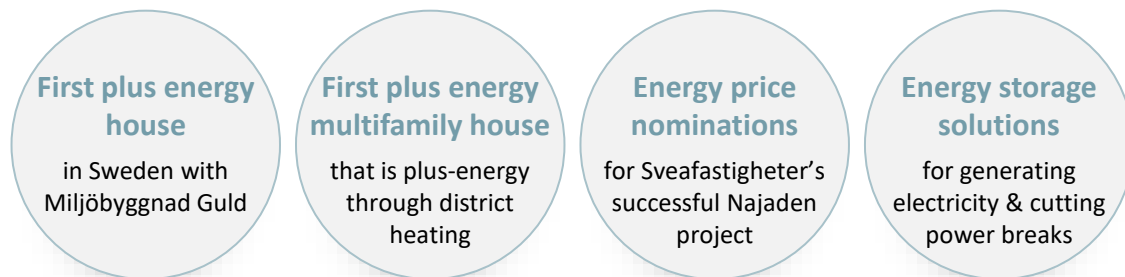
○ Value at completion (SEKbn)¹⁾



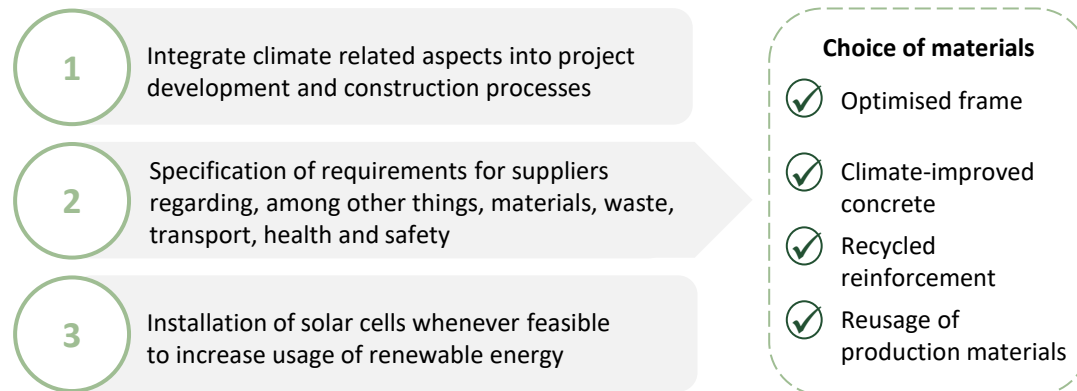
Environmental sustainability is fundamental to our project development

Proven track-record of minimising environmental impact in new projects

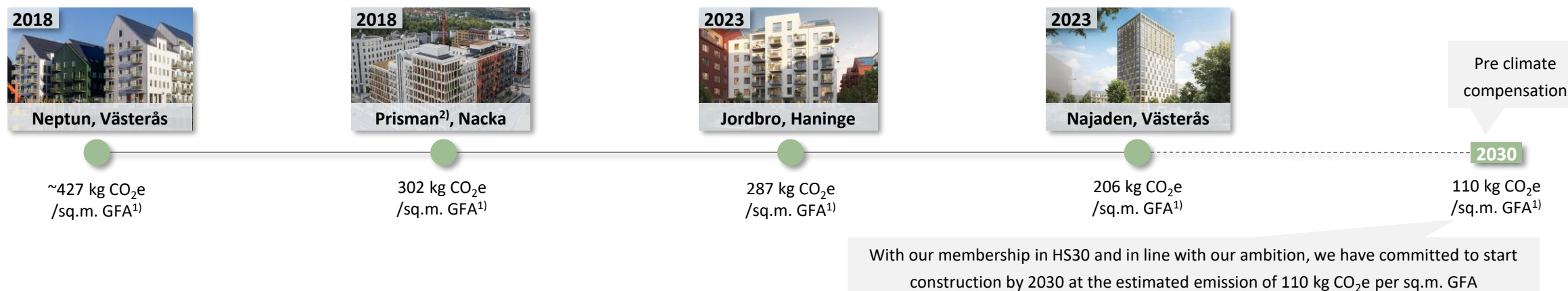
Innovative capabilities within energy efficient solutions



Climate measures integrated in the construction of new buildings



Established target to limit CO₂ emissions in new constructions, key element of our carbon neutrality ambition



We have an innovative project team to find new ways of working

Innovative capabilities that aims to find new solutions

- We continuously challenge our methods to improve our project development
- To exemplify, we are planning to build 2 houses on adjoining land built with two different construction materials
 - One is made of concrete, and one is made of wood
 - The projects are compared across various metrics to further enhance Sveafastigheter’s understanding of materials for future projects

2025 starting year	Ongoing status of study	~174 apartments
------------------------------	-----------------------------------	---------------------------

The study compares the following parameters:

- 1 Life-cycle analysis (greenhouse emissions, biodiversity, etc.)
- 2 Work environment at the construction sites
- 3 Tenant satisfaction



Case study Neptun: Illustration of Sveafastigheter's construction capabilities

 **“Building of the future”**
in 2019 by Fastighetsmässan

 **#1**
large plus energy-house in Sweden

 **“Miljöbyggnad Guld”**



2018
construction year

212
apartments

1,210 sq.m. of rooftop solar panels

- Internal electricity grid providing tenants with sustainable and affordable electricity
- Surplus can be sold to external parties
- Tenants can influence their own energy usage by:
 - Measuring running of hot water and being able to use access to electric vehicles and bikes

Learnings from Neptun has been applied on future projects

Case study Näckrosen: Illustration of Sveafastigheter's construction capabilities



2023
construction year

367
apartments

40% lower CO₂ emissions through...

- Optimised and standardised construction
- Recycled reinforcement bars
- Climate-enhanced concrete in all cast-in-place products such as:
 - Concrete in foundation slab, cast-in-place basement walls and sub-castings

Focus on social sustainability

- Built a pre-school and 12 integrated housings for individuals with certain functional impairments as well as a community centre
- Accepted various forms of income support as a source of income
 - Allowed more individuals to rent an apartment first-hand

Health and safety throughout our operations are essentials

Health, safety and human rights



Zero serious personal injuries, refers to both own and hired personnel as well as on-site personnel

Robust processes to promote good working conditions both internally and throughout the supply chain

Risk assessments will be conducted to identify potential negative impacts and **measures are implemented** to prevent or mitigate identified human rights risks in our value chain

Processes are in place to ensure well-being at the workplace



Incidents and accidents should be immediately reported to project manager and registered



New reporting framework to be implemented during 2024, covering incidents and accidents related to health, safety, environment and extreme weather

Instruction for workplace crime and work environment

To ensure fair and decent working conditions, we have implemented an instruction applicable to all investments above SEK 20m and where estimated contract duration exceeds one year

The aim of the instruction is to:

- Eliminate workplace crime in all projects owned by Sveafastigheter
- Ensure continuous and systematic efforts related to work environment in support of zero accidents

We continuously track those employed by partners and subcontractors in our projects using an external consultant

Sveafastigheter develops, builds and manages people's homes and living environments for the long term

Governance model ensures we can deliver on our core business

Code of conduct

Sveafastigheter's code of conduct must be adopted and followed by all employees and partners, including suppliers



We aim to create **optimal conditions** for all stakeholders to jointly contribute to sustainable development



The **code of conduct** specifies the minimum requirements that Sveafastigheter places on the company, its employees and suppliers



The **code of conduct makes everyone** contributors to a responsible, sustainable and ethical business

Whistleblower service

All matters received by the whistleblower service are investigated and, when relevant, acted upon



We are committed to **early detection** and **investigation of irregularities** and/or misconduct



Employees, partners and other stakeholders can **provide information under total anonymity**



All cases, complaints and reports are **received and investigated by a third party**

Bribery and corruption

Corruption, fraud and money laundering are always actively countered



We pursue **high business ethics and integrity** in all levels of the organization



Employees are always **expected to work in accordance with our values**, principles and interests



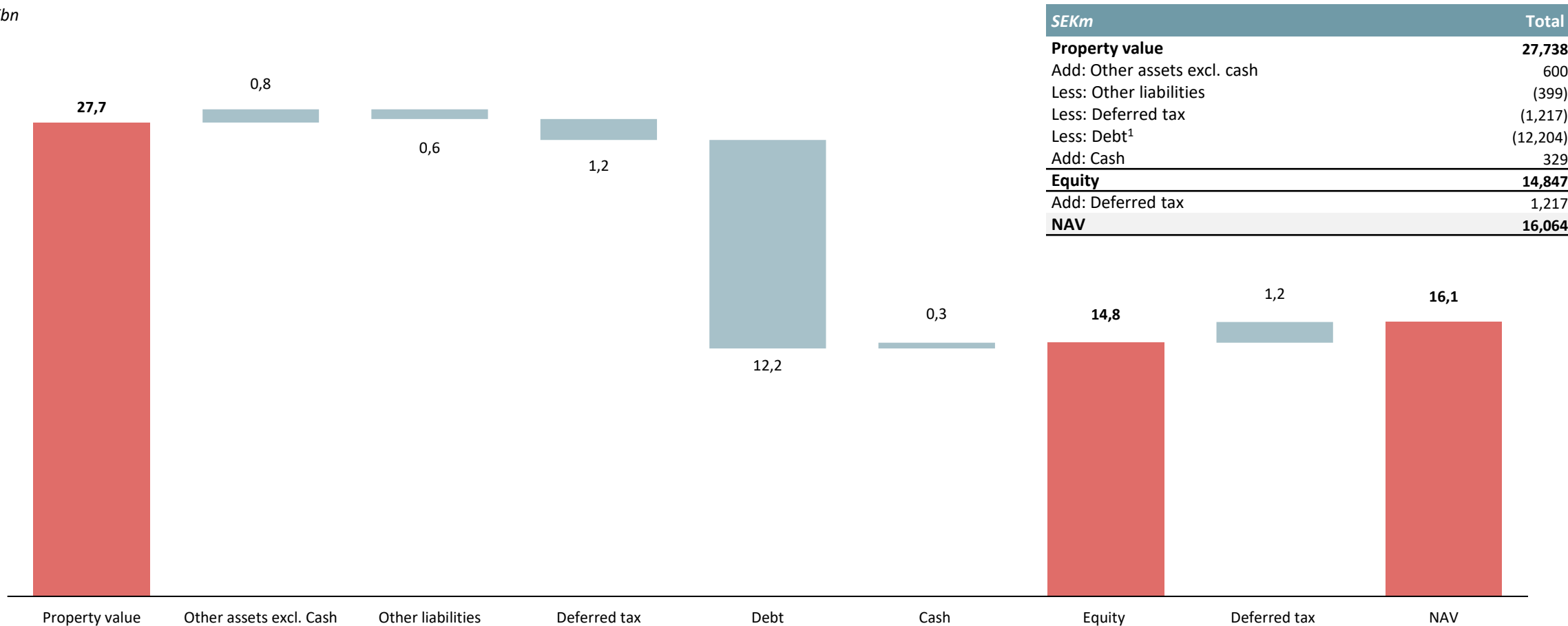
Guidelines regarding bribery and corruption are **included in the code of conduct** to ensure a compliant organisation

Sustainability management based on a framework of internal and external steering documents

Illustrative NAV build-up Q1 2024

Illustrative net asset value, Q1 2024

SEKbn



Profit and loss

Pro forma stand-alone

<i>SEKm</i>	2023	LTM Q1'24	Q1'23	Q1'24
Rental income	1,226	1,290	282	346
Operating costs	(348)	(369)	(111)	(132)
Maintenance costs	(88)	(95)	(19)	(26)
Property tax	(21)	(21)	(5)	(6)
Property costs	(457)	(485)	(135)	(163)
Net operating income	770	806	146	182
Administration	(185)	(185)	(46)	(46)
EBITDA	585	621	100	136
External property management	9	9	2	2
EBITDA incl. external property management	593	629	102	138
Fair value change properties	(4,688)	(4,477)	(789)	(578)
Impairment of goodwill	(24)	(24)	-	-
Profit/loss residential development	(0)	0	-	0
Operating profit	(4,119)	(3,871)	(687)	(439)
Result from associated companies/ Joint Ventures	0	-	-	-
Value change financial instruments	(14)	0	(14)	-
Exchange rate differences	(0)	(0)	-	-
Financial income and other similar items	17	41	(23)	1
Financial expenses	(602)	(631)	(155)	(184)
Leasehold fees	(7)	(9)	(1)	(3)
Profit before tax	(4,725)	(4,469)	(880)	(625)
Appropriations	-	0	0	0
Tax for the year	(37)	(37)	(3)	(3)
Deferred tax	699	629	23	(47)
Net income	(4,064)	(3,877)	(861)	(674)

Profit and loss

Reported financials

<i>SEKm</i>	2023	LTM Q1'24	Q1'23	Q1'24
Rental income	1,160	1,223	267	330
Operating costs	(333)	(351)	(106)	(124)
Maintenance costs	(80)	(81)	(17)	(18)
Property tax	(20)	(19)	(5)	(5)
Property costs	(432)	(451)	(128)	(147)
Net operating income	728	771	139	183
Administration	(217)	(240)	(38)	(61)
EBITDA	511	532	101	122
Fair value change properties	(4,712)	(4,501)	(789)	(578)
Impairment of goodwill	(24)	(24)	-	-
Profit/loss residential development	(1)	0	-	0
Operating profit	(4,225)	(3,992)	(688)	(455)
Result from associated companies/ Joint Ventures	(322)	(255)	(138)	(71)
Value change financial instruments	(57)	(20)	(50)	(12)
Exchange rate differences	(0)	(0)	-	-
Financial income and other similar items	17	41	(23)	1
Financial expenses	(464)	(457)	(126)	(119)
Leasehold fees	(2)	(2)	(0)	(0)
Profit before tax	(5,053)	(4,685)	(1,025)	(657)
Appropriations	-	-	-	-
Tax for the year	(22)	(20)	(4)	(1)
Deferred tax	700	638	5	(56)
Net income	(4,376)	(4,066)	(1,024)	(714)

Cash flow overview

Reported financials

SEKm	2023	LTM Q1'24	Q1'23	Q1'24
Operating profit (incl. results from associated companies)	(4,547)	(4,247)	(826)	(526)
Depreciation & amortisation	2	3	1	2
Fair value change	4,568	4,368	778	578
Result from associated companies	322	255	138	71
Allocated cost adjustments	25	20	5	(0)
Reversal of credit loss	(5)	(5)	1	1
Realization of land/buildings	144	132	12	0
Adjustments for non-cash items	5,056	4,773	934	651
Interest received	9	(11)	22	3
Interest paid	(471)	(466)	(126)	(121)
Leasehold fees	(2)	(2)	(0)	(0)
Taxes paid	(22)	(20)	(4)	(1)
Cash flow from operating activities before changes in WC	23	28	(0)	5
Work in progress	4	0	3	(0)
Accounts receivable	(18)	(7)	2	13
Other current receivables & prepaid exp. and acc. Income	10	168	(218)	(60)
Accounts payable	(64)	19	(56)	26
Other current liabilities acc. exp. and deferred income	(156)	(135)	(45)	(24)
Change in working capital	(224)	46	(314)	(44)
Cash flow from operating activities	(201)	74	(314)	(39)

SEKm	2023	LTM Q1'24	Q1'23	Q1'24
Investments in properties	(1,286)	(1,000)	(307)	(22)
Sales of properties	20	0	20	0
Acquired subsidiaries	(1,011)	(764)	(379)	(132)
Financial investments	48	48	0	(0)
Shares in associated companies / JVs	0	0	0	(0)
Non-current receivables	1	0	1	(0)
Cash flow from investing activities	(2,228)	(1,716)	(666)	(154)
External loans	(1,402)	(1,395)	(71)	(64)
Transactions with shareholders	1,234	742	761	269
Cash flow from financing activities	(168)	(653)	690	204
Total cash flow	(2,597)	(2,296)	(290)	11

Cash balance bridge

Cash at the beginning of the period	2,913	2,623	2,913	316
Cash flow from the period	(2,597)	(2,296)	(290)	11
Cash at the end of the period	316	327	2,623	327

Balance sheet – pro forma reported financials¹

Assets

SEKm	Dec-2023 PF ¹	Mar-2024 PF ¹
Goodwill	76	77
Intangible Assets	76	77
Investment properties	28,136	27,738
Land lease agreement	203	251
Equipment, machinery and installations	1	0
Tangible assets	28,340	27,989
Other non-current receivables	24	30
Fair value financial assets	35	23
Derivatives - non-current	1	2
Receivables associated companies/ JVs	2	2
Shares in associated companies/ JVs	-	-
Financial assets	62	56
Accounts receivables	38	23
Work in progress	13	13
Other current receivables	364	301
Prepaid expenses and accrued income	28	56
Current assets	442	393
Cash	316	329
Cash and liquid investments	316	329
Assets	29,236	28,843

Liabilities and equity

SEKm	Dec-2023 PF ¹	Mar-2024 PF ¹
Equity	(15,317)	(14,847)
Untaxed reserves	-	-
Land lease liabilities	(203)	(251)
Bonds	-	-
Deferred tax	(1,176)	(1,217)
Liabilities non-current	-	-
Bank loans	(10,418)	(10,418)
Parent company loan	(1,786)	(1,786)
Long-term liabilities	(13,583)	(13,672)
Bank loans	-	-
Bonds	-	-
Accounts payable	(88)	(100)
Cash collateral	(0)	(0)
Employee withholding taxes	(4)	(5)
Income tax liability	(30)	(12)
Vat and excise duty	0	3
Other current liabilities	-	-
Commercial papers	-	-
Accrued expenses and deferred income	(213)	(211)
Current liabilities	(335)	(324)
Equity & liabilities	(29,236)	(28,843)

Valuations of investments properties

Commentary

Quarterly external valuation

- All properties are valued quarterly by external appraisers and the valuation is defined as the estimated price at which an asset would sell between well-informed parties in an arm's length transaction
- All valuations are conducted in accordance with IVS and RICS¹ valuation standards (latest edition)
- Sveafastigheter has during the last year used Savills and Newsec as external valuation providers

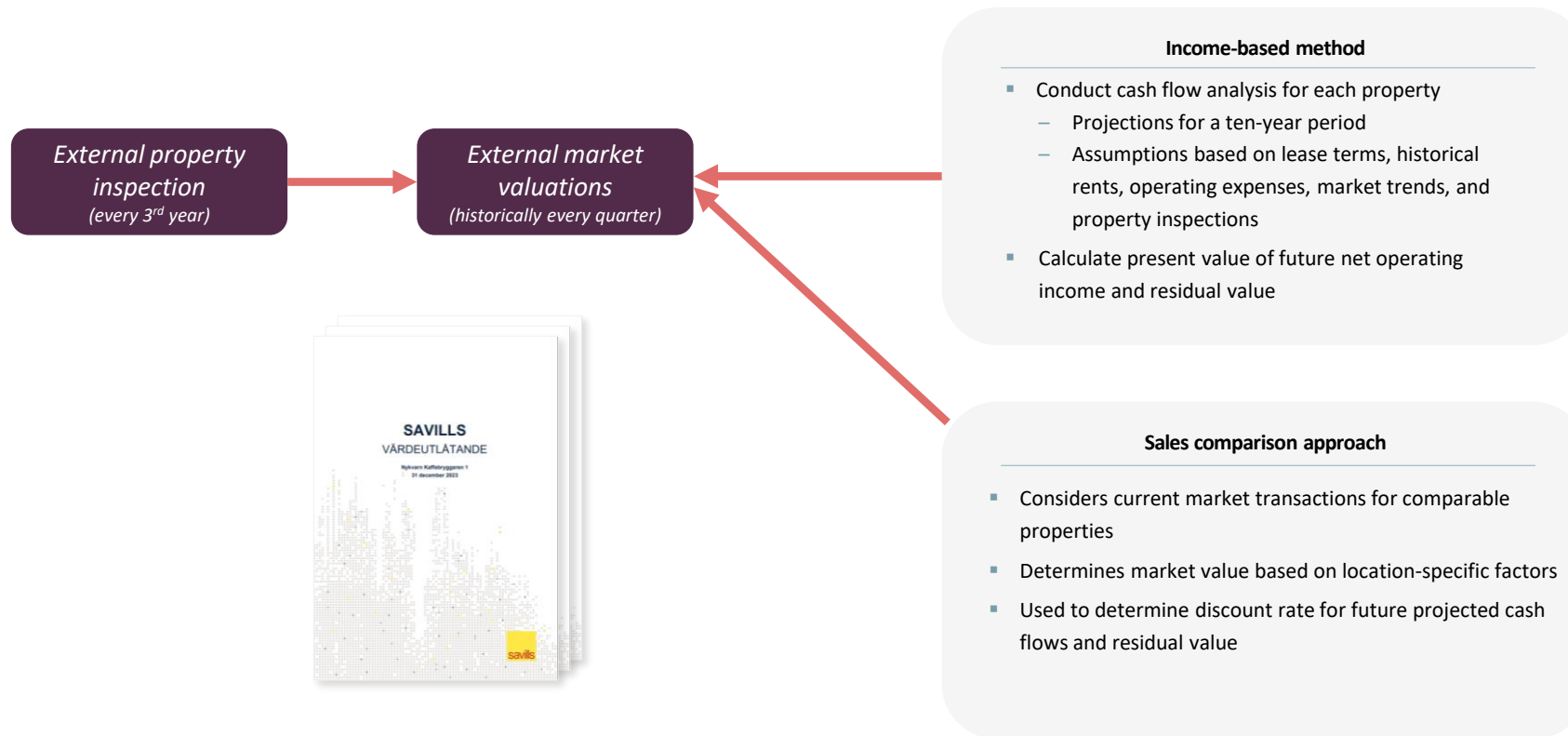
Rolling property inspections

- External appraisers conduct inspections assessing overall condition, maintenance requirements, market position, attractiveness and potential adaptation needs at least every third year
- Inspections include public areas and a selection of premises with emphasis on major tenants and vacant premises

Valuation Standards

- Definitions and valuation concepts aligned with the latest International Valuation Standards (IVS) by IVSC
- Fair value is assessed according to IFRS 13 level 3

Property value determined through comparable transactions and income-based method



Complying to industry standards and a comprehensive methodology

Valuation methodology for building rights and projects

Commentary

Building rights valuation

- Valuation of building rights are done with the sales comparison approach, referencing comparable transactions in the local market and adjusting for risk deductions, typically represented as a price per square meter of GFA
- All building rights have been valued by external appraisers on a quarterly basis. Going forward external valuations will be done annually while internal valuations will be conducted every quarter
- Market value assessments are based on analyses of sold properties combined with insights into market participants' preferences and market rental levels
- This value arises from the difference between the completed building's value (investment property) and the construction cost of the building

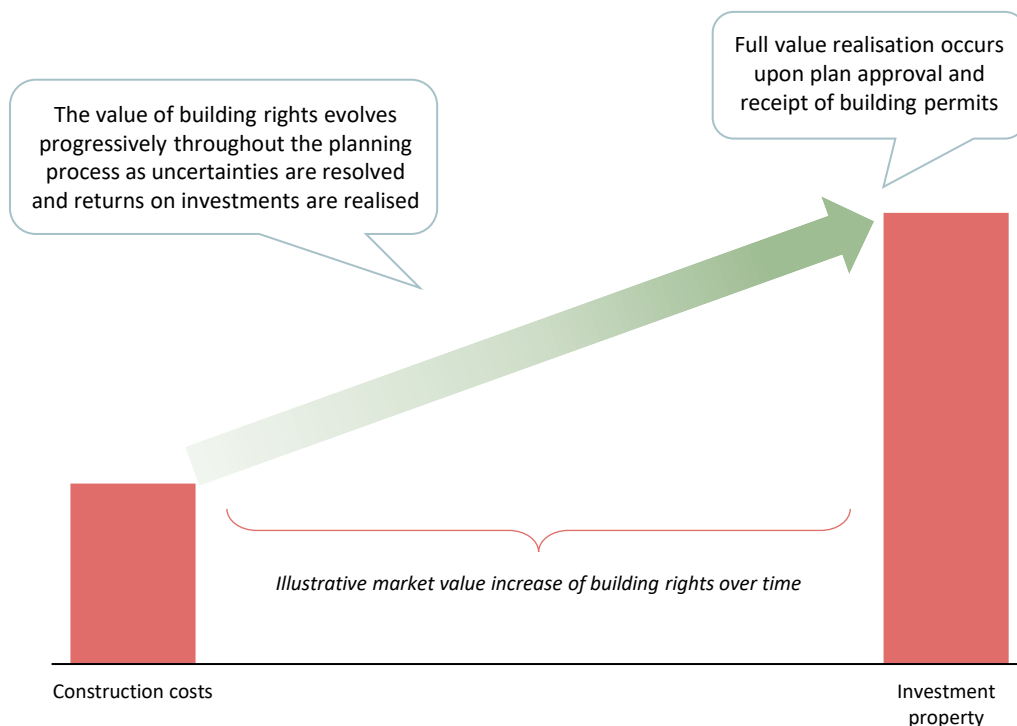
Project valuation

- Projects are valued with the same method as standing properties, with deductions for remaining investments and risk adjustments
- Similarly to buildings rights, all projects are valued by external appraisers on a quarterly basis

Valuation uplift towards standing property

- The valuation of buildings under construction increase over time as additional investments are made and the risk in the project is decreased
- Valuation deduction related to risks are different for projects that are company-owned (based on risks related to the status of the zoning plan) or if there is land allocation from the municipalities (based on time)

Valuation methodology



Valuation deductions	Deduction (%) current level	Deduction (%) going forward
Company-owned building rights		
Early-stage project	75%	75%
Building plan approval	50%	50%
Consultation completed	25%	25%
Review completed	25%	25%
Legally binding	5%	15%
Construction	0%	5-10% ¹
Land allocation from municipalities		
+ 4 years	50%	50%
3-4 years	40%	40%
2-3 years	30%	30%
1-2 years	20%	20%
0-1 years	10%	15%
Construction	0%	5-10% ¹

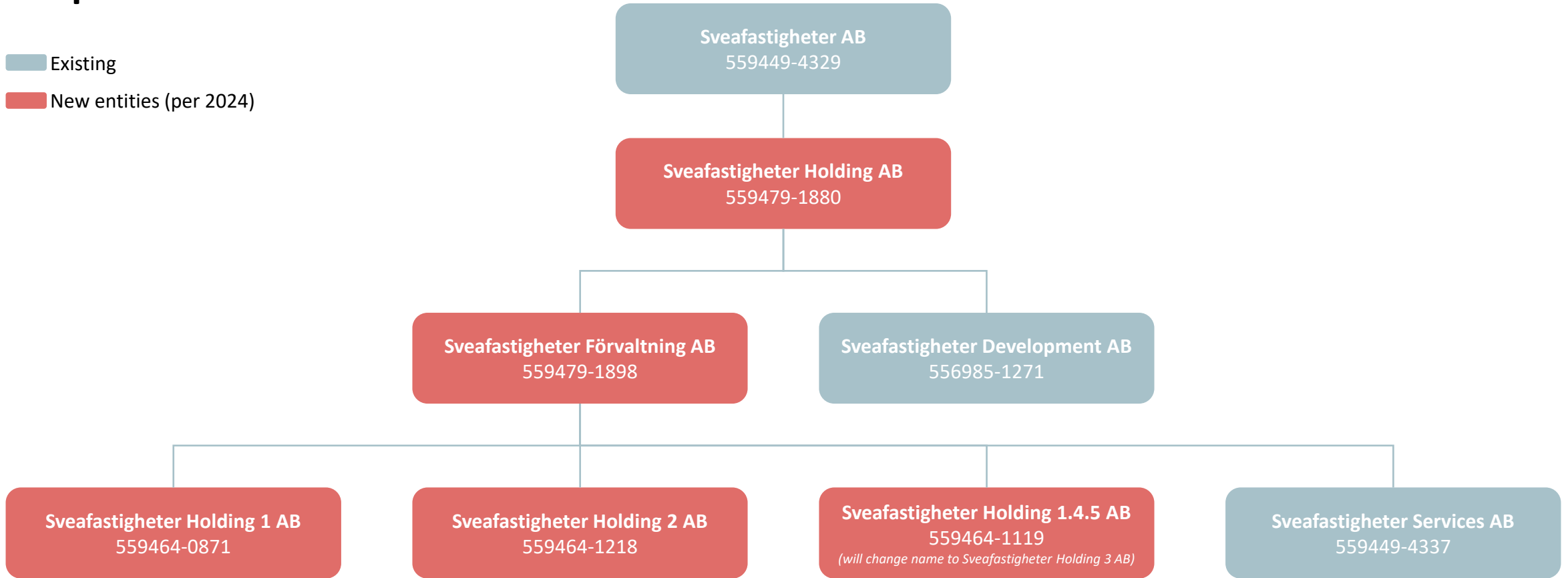
From Q1 2024, we have updated the deduction levels somewhat for late-stage projects

Valuation of building rights employs the sales comparison approach, referencing comparable transactions in the local market

Simplified structure chart

Existing

New entities (per 2024)



Definitions

Condos	Condominium (swe: bostadsrätter)	Presumption rent	Rent level is set based on the developer's construction cost
Current portfolio	Investment properties (standing assets)	Prime yield	Yield on properties located in prime locations
FTE	Full time equivalent (including both employees and consultants)	Project development	Projects not yet started
ICR	EBITDA divided by reported interest expenses	Value-of-use rent	Swe: Bruksvärdeshyra. Rent level negotiated based on the apartments "value-of-use" such as size, layout, apartment standard and location within the property
LTV	Net debt divided by property value	Value-of-use test	Swe: Bruksvärdesprövning
New constructions	Ongoing development, project development and building rights	Valuation exit yield	External valuers calculated exit yield
Ongoing development	Projects which have started but not yet completed	Yield on cost	Additional NOI from the investment in relation to the investment

Risk factors (I/XI)

In this section, material risk factors are illustrated and discussed, including risks related to Sveafastigheter's business, industry and market, and further include operational risks, legal risks, regulatory risks, financial risks as well as structural risks relating to the Bonds, risks relating to the Bonds and risks related to debt instrument such as the Bonds. Sveafastigheter's assessment of the materiality of each risk factor is based on its assessment of the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Investor Presentation.

The risk factors are presented in categories and where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor. The most material risk factor in a category is presented first under that category, the assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact is disclosed by rating the relevant risk as low, medium or high. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence.

Unless otherwise defined herein and provided that the context does not require otherwise, terms defined in the draft terms and conditions of the Bonds (the "Terms and Conditions") shall have the same meanings when used in these risk factors.

1 Risks relating to the Group

1.1 Risks related to Sveafastigheter's industry and market

1.1.1 Sveafastigheter is subject to risks related to interest rates

Interest rates have a particularly significant influence on the Group, as they affect the overall demand for real estate, the Group's financing cost and the value of the Group's properties. For example, in 2022 and 2023, inflation increased in many countries globally, including Sweden, which led to a significant increase in central bank interest rates following a period of low or negative interest rates in Sweden. During the same period, the Swedish Riksbank increased its policy rate from 0.00 percent in the beginning of 2022 to 4.00 percent by the end of 2023¹. Although inflation levels have since come down and central bank rates have stabilized, it cannot be ruled out that interest rates stay at higher levels for extended periods of time or increase. In addition, the Group has a particular exposure to rising interest rates and inflation as its property portfolio consists entirely of residential properties² for which, except for certain of the Sveafastigheter's (hereinafter "Sveafastigheter" and/or the "Company") commercial premises³, rent-setting mechanisms are regulated by law and negotiated with the Swedish Tenants Association (Sw. Hyresgästföreningen) annually. The general rent-setting mechanism (called the "value-of-use" method) for determining rent levels in Sweden typically takes factors such as consumer price index and increased property owners' interest expenses into account, but the rent level determination is based on a totality of factors and, even though the Company has not experienced this historically over longer time periods, there is no guarantee that the aforementioned factors will be fully accounted for (or at all) in any of the Company's future rent negotiations. If Sveafastigheter does not succeed in fully compensating for rising interest rates and inflation by increasing its rent levels it may have an adverse effect on the Group's results of operations.

The recent increase in interest rates has also had a negative impact on valuations of residential properties in Sweden and may require Sveafastigheter to recognize losses due to market value adjustments. Such losses would result in a corresponding decrease in the value of Sveafastigheter's properties as recognized on its balance sheet and increase Sveafastigheter's loan-to-value ratio. Further, increases in interest rates generally may cause demand for residential properties to decrease and could also have an adverse effect on the ability of potential buyers to finance property acquisitions in the event that Sveafastigheter were to sell a property. An increase in interest rate levels could also lead to a breach of financial covenants in the Group's financing agreements, including the Bonds, which in turn could lead to Sveafastigheter being required to repay debt prematurely (see further "Risk factors – Risks related to Sveafastigheter's financing arrangements – Sveafastigheter's operations are partly financed by incurring debt, which entails certain risks, including refinancing risks").

The materialization of any of these risks could have a material adverse effect on Sveafastigheter's business, financial position and/or results of operations.

1.1.2 Sveafastigheter's profit and profitability are subject to risks related to regional variations in Sveafastigheter's real estate portfolio and demographic trends in Sveafastigheter's markets

Sveafastigheter's properties are located in different regions in Sweden, such as Stockholm-Mälardalen, university cities, Malmö-Öresund and Greater Gothenburg. Both between and within these regions, regional variations and trends can lead to significant differences in the real estate and rental markets in terms of economic conditions, supply and demand levels and returns on real estate investments as well as demographic trends. However, there can be no assurances that the economy or the demographic trends will continue to develop favorably in Sveafastigheter's regions. If, for example, the income growth in any of Sveafastigheter's regions decreases significantly due to local economic conditions, such as a decline in job opportunities in or in the proximity to a specific region, or if the infrastructure of the regions would change, for example in relation to commuting opportunities, demand for rental apartments and the total rent levels in that region could decrease.

Furthermore, approximately 82 percent of the apartments in Sveafastigheter's project portfolio is located in the Stockholm-Mälardalen region and as such, the region is expected to over time to become the Group's main region in terms of property value, increasing the geographical focus of Sveafastigheter's property portfolio and, consequently the exposure to the developments in the Stockholm-Mälardalen region. Sveafastigheter may not be able to react in a timely manner to adverse developments in one or more of its target regions, and the municipalities' real estate markets may be more illiquid than other municipalities' real estate markets, resulting in difficulties to conduct property sales (see further "Risk factors – Risks related to Sveafastigheter's industry and market – Sveafastigheter is exposed to the risk that it may be unable to sell any portion of its total portfolio on favourable terms or at all"). This could result in a situation where Sveafastigheter has a large property portfolio in and significant investments tied to regions where the economic conditions are developing unfavorably, which could affect the Group's occupancy rates and rent levels, and in turn adversely affect the Group's rental income as well as its overall business, financial position and results of operations.

1.1.3 Property valuations are to a certain extent subjective and may incorrectly assess the values of Sveafastigheter's properties

Sveafastigheter's properties are reported at market value on Sveafastigheter's balance sheet with unrealized changes in value reported in the income statement. Sveafastigheter reports its property holdings at fair value in accordance with Sveafastigheter's accounting and valuation principles. Property valuations represent the opinion of the independent valuer and the assumptions underlying the reports are tested, as is customary, through random sampling. Property valuations are by their nature subjective and are based on a number of assumptions that may not prove to be accurate. Such assumptions include property specific assumptions regarding rent levels⁴, occupancy rates, operating expenses, environmental liabilities in relation to building rights as well as market specific assumptions regarding macroeconomic developments, general economic trends, regional economic development, employment rates, salary levels, production rates of new construction, changes in infrastructure and inflation and interest rates in Sweden. It is possible that the valuations do not accurately represent the value of the Group's properties or reflect the prices for which the properties can be disposed of. Moreover, the valuation methods that are currently generally accepted and that were used for the purpose of developing valuation reports of the Group's portfolio may in hindsight be determined to be unsuitable. It cannot be excluded that the underlying assumptions in past or future valuations of the properties may prove to be incorrect.

If the assumptions underlying the valuation of properties prove to be incorrect and/or if the Company were to be unable to divest its properties at their reported fair value, this could have a material adverse effect on the Company's financial position, profitability and the overall valuation of the Group.

Risk factors (II/XI)

1.1.4 Sveafastigheter is exposed to the risk that it, when needed, may be unable to sell any portion of its total portfolio on favourable terms or at all

Sveafastigheter is exposed to risks related to its ability to sell parts of its property portfolio. Sveafastigheter may need to liquidate parts of its portfolio on short notice for any reason, such as to raise working capital or to repay outstanding debt, and there is a risk that Sveafastigheter in such a situation may not be able to sell any portion of its property portfolio on favourable terms or at all. In an urgent sale or a sale during a market downturn, there may arise a significant shortfall between the sales price for the property or property portfolio and the price at which Sveafastigheter would normally have received when selling such property or property portfolio. Such a difference could mean that the Group violates the terms of financing agreements (as applicable) entered into and may have a material adverse effect on Sveafastigheter's financial position. Parts of Sveafastigheter's property portfolio are located in municipalities whose real estate markets may be more illiquid than other municipalities' real estate markets. Sveafastigheter's ability to conduct a sale in a municipality with an illiquid real estate market may thus be more difficult, which may result in the price that Sveafastigheter receives for the property being lower than anticipated or that the property cannot be sold at all. In addition, Sveafastigheter may face further difficulty in disposing of its properties due to covenants and pledges limiting asset disposals in Sveafastigheter's financing agreements. These restrictions could complicate or delay any proposed sale of properties.

Any of the abovementioned factors could lead to Sveafastigheter being forced to sell properties at a price lower than anticipated, which could have a material adverse effect on Sveafastigheter's financial position and results of operations.

1.1.5 Competition for residential properties and suitable building rights in attractive locations in Sweden is high and Sveafastigheter may fail to compete successfully for such properties and building rights

Sveafastigheter operates in the real estate sector and focuses on residential properties, which includes property management and new construction. There are other companies that compete for the same assets and properties as Sveafastigheter. The competition comes in particular from other real estate companies with a focus on residential properties such as Wallenstam, K-fastigheter, Balder (within listed real estate companies), Stena Fastigheter, Victoriahem, Einar Matsson, Heimstaden, Rikshem (within non-listed real estate companies) as well as public utility real estate companies that operate in the same regions as Sveafastigheter.

Vacancy rates for residential properties in Sweden have historically been, and continue to be, low⁵ due to lack of housing and, hence, competition for new locations is high, including undeveloped land for new construction (e.g. through land allocations and building rights). Furthermore, a prerequisite for Sveafastigheter to be able to construct new buildings is to obtain building rights and land allocations suitable for Sveafastigheter, i.e., building rights that are attractive in terms of price in relation to the project's expected costs and established profitability requirements, as well as in relation to geographical location. The competition is particularly challenging in attractive locations, such as the Stockholm-Mälardalen region, due to high demand and limited availability. In relation to land allocation procedures, the developer that wins a land allocation normally has the exclusive right, for a certain period of time and under certain conditions, to negotiate with the municipality on the use of the land that has been allocated to the developer. In land allocation procedures and other municipal or private tenders that are announced, the Group normally competes with several other participants.

The Company's competitors for land allocations and building rights may have the ability to compete more effectively through, for example, greater financial resources than Sveafastigheter, better capacity to withstand market downturns and to tolerate lower yield requirements, better opportunities to obtain more attractive financing and react more quickly to changes in local markets. If the Group is unable to compete successfully by, for example, not succeeding in acquiring, obtaining or extending building rights or land allocations on terms acceptable to the Group, it may adversely affect the Group's rent levels and vacancy rates and, ultimately, it could have a material adverse effect on the Group's business, profit and financial position.

1.1.6 Sveafastigheter may fail to attract tenants in relation to new construction developments

Due to historically low vacancy rates for residential properties in Sweden⁶, residential property companies generally do not compete for tenants. However, during new construction developments it is important for the Company to focus on the appeal of the property to prospective future tenants, which includes factors such as size and quality of the apartment, location, access to commuting and amenities and Sveafastigheter's reputation, to attract tenants in new residential developments. It may be difficult to attract tenants for new properties due to a number of reasons, including higher rent levels for new construction due to the possibility for the Company to implement so-called presumption rents during the first 15 years to, among other things, cover building costs and potentially less developed public transportation and road infrastructure surrounding new residential areas. Moreover, essential services such as educational institutions – schools and kindergartens – may not be immediately available or still be in the process of being constructed. Even though Sveafastigheter may offer short-term discounts to potential tenants for new constructions to manage vacancies, such discounts may not be successful in attracting new tenants. Sveafastigheter's competitiveness further depends on Sveafastigheter's ability to anticipate changes and trends in the industry and quickly adapt to, for example, current and future market needs. If Sveafastigheter is unable to successfully attract tenants to its new construction developments, it may adversely affect economic occupancy rates and rental income from the new construction development, which in turn may affect the profitability of the development project, which could have a material adverse effect on the Group's business, financial position and results of operations.

1.2 Risks related to Sveafastigheter's operations

1.2.1 Sveafastigheter may fail to achieve its financial and operational targets

The Group has adopted a number of financial and operational targets including, among other things, that the net operating margin shall exceed 70 percent within the next five years, the growth in long-term net asset value (NAV) shall, over a business cycle, annually amount to at least 12 percent per share, the loan-to-value ratio shall, over time, be between 40-50 percent, depending on prevailing market conditions, that the net debt to EBITDA ratio shall not exceed 15x and that the interest coverage ratio shall exceed 1.50x. In light of the contemplated separation from SBB (see further "Risk factors – Risks related to the contemplated separation of Sveafastigheter from SBB"), Sveafastigheter will work towards the adopted targets as an independent corporate entity, and will, in such a scenario, no longer be a part of the larger SBB group. There is a risk that the Group may fail to achieve the Group's forecasts and targets, or expectations in respect to its financial targets. There is also a risk that the Group will fail to successfully implement intended strategic actions or achieve established operational targets or may not be able to realize all or part of the benefits expected from its current plans or other future initiatives. No assurance can be given that the implementation of the Group's strategy and/or the achievement of its financial or operational targets will be successful under current or future market conditions. The Group's approach may also be modified and altered from time to time. It is therefore possible that the approach adopted to implement its strategy and achieve its financial and operational targets in the future may be different from that presently expected to be used.

In addition, the Group's ability to carry out projects pursuant to its operational targets, such as to commence construction of at least 600–800 apartments as well as to obtain land allocation agreements for new construction of at least 800 apartments annually during the coming 5 years, will depend on a number of factors, including its relationships with municipalities and the Group's ability to identify suitable acquisition targets and obtain necessary financing. If the Group's relationships with municipalities change in such a way that, for example, the Group is no longer able to implement its property projects or if the necessary financing cannot be obtained or on terms acceptable to the Group, the Group risks not to achieve its operational and financial targets. If the Group is unable to achieve its targets, this could have a material adverse effect on the Group's business and operating profit.

Risk factors (III/XI)

1.2.2 Sveafastigheter operates in a regulated market, which affects Svefastigheters' ability to increase rents

The Swedish residential rental market is regulated, meaning that the rents for tenants do not follow market pricing. Rents are generally subject to annual negotiations with the Swedish Tenants Association (Sw. Hyresgästföreningen) and, generally, the value-of-use method (Sw: bruksvärdesprincipen) is applied to determine rent, meaning that the rent shall correspond to the assessed value-of-use of the apartment, which aims to ensure that rent levels do not increase too rapidly and remain at reasonable levels. Using the value-of-use method, rent levels are set based on an assessment that aims to determine how tenants value the characteristics of any such apartment, and hence, the subjective opinions and different needs of individuals do not affect the assessed value-of-use. The Swedish rent regulation entails that the rent levels can both be higher or lower than a household's ability and willingness to pay for the corresponding residential unit in an unregulated market. Exceptions apply for new constructions, whereby the property owner may charge a higher rent (called "presumption rent") than the comparable value-of-use assessed rent for the first 15 years of the life of a new premises, which functions to allow the given property owner to charge a higher rent to offset construction/investment costs for such undertaking new constructions.

Due to the regulated market, Sveafastigheter is not able to raise its rent levels for its properties at its own discretion, and the Group's rent levels are only increased annually, with the exception for upgrades, other investments that add value-of-use to the apartment or the property, and/or value-of-use tests completed during the year (for more information on upgrades, see "Risk factors – Risks related to Sveafastigheter's operations – Sveafastigheter property upgrades may not be as successful as anticipated"). While increased property owners' expenses, such as increases in interest rates, are considered in the assessment of value-of-use rents, the assessment is based on a totality of factors, and Sveafastigheter alone does not have the ability to unilaterally raise rents. Accordingly, should Sveafastigheter's expenses increase during any given year, the Group may not be able to compensate for such increased expenses by correspondingly increasing its rent levels. This may be the case if, for example, the Group's funding costs on existing or new loans increases due to rising market interest rates, or for any other reason, before rent increases which take into account the increase in markets interest rates is implemented for a substantial part of the Group's properties.

Furthermore, in relation to presumption rents for new constructions, when the initial 15 years have passed, and the property owner's right to determine rent using the presumption rent method has lapsed, the rent for such property shall then subsequently be determined using the value-of-use method. However, as the system for presumption rents was first introduced in 2006 and subsequently amended in 2013, the application beyond the 15-year period is uncertain as there is a lack of established practice and precedent guiding how rents should be adjusted once the 15-year period ends and rents should switch from the presumption rent method to the value-of-use method. Even though the intention is that the rent level using the presumption rent method shall be equal to the rent level using the value-of-use method at the end of the 15-year period, this could entail a rent reduction if the previously agreed presumption rent exceeds the rent of the apartment as calculated using the value-of-use method.

If one or more of the risks mentioned above were to materialize, it could have a material adverse effect on Sveafastigheter's rental income and ability to meet its financial and operational targets.

1.2.3 Unfavorable developments affecting Sveafastigheter's economic occupancy rate could reduce Svefastigheter's rental income and profitability

Sveafastigheter's rental income and profitability are affected by its economic occupancy rate. Although the Swedish residential property market has historically been characterized by a shortage of housing and low vacancy levels, there can be no assurances that Sveafastigheter will be able to maintain its economic occupancy rate at its historical levels in the future. The economic occupancy rate is affected by several factors, including rent levels, tenant turnover, the level of housing supply, housing demand in any given local area, as well as standard of the properties and the level of marketing for available apartments. If Sveafastigheter's economic occupancy rate were to decrease, its total revenue would decrease, while its maintenance and financing costs would remain relatively constant, thereby adversely affecting its profitability.

Sveafastigheter's property management aims to enhance Sveafastigheter's focus on improving economic occupancy through marketing and various types of community involvement, however, such efforts to maintain and improve Sveafastigheter's economic occupancy may be ineffective or prove to be an inefficient use of resources. Sveafastigheter's economic occupancy rate is also affected by the Company's ability to attract prospective tenants to its completed new constructions (see further "– Risks related to Sveafastigheter's industry and market – Sveafastigheter may fail to attract tenants in relation to new construction developments"). If the conditions, location and other characteristics of Sveafastigheter's property portfolio do not correspond to the demand, or if the demand decreases, this could materially affect Sveafastigheter's ability to maintain and increase its economic occupancy rate, which, in turn, would have a material adverse effect on Sveafastigheter's results of operations and its ability to meet its financial and operational targets.

1.2.4 The Group is subject to risks related to its property development projects

One of Sveafastigheter's business areas is property development projects in the form of new construction in Sweden. As at March 31, 2024, the Company's project development portfolio contained approximately 8,100 apartments, of which 1,000 were ongoing development and 7,200 were non-started projects, with an estimated property value at completion of SEK 19 billion (SEK 2 billion for ongoing development and SEK 17 billion for non-started projects)⁷ as well as building rights corresponding to approximately 370,000 square meters. Due to the size of the portfolio of property development projects, it is important that such projects can be carried out with financial profitability in line with the Company's financial and operational targets (see further "Risk factors – Risks related to Sveafastigheter's operations – Sveafastigheter may fail to achieve its financial and operational targets"). The ability to carry out property development projects with financial profitability is dependent on a number of factors, such as to procure construction contracts for the implementation of the projects on terms acceptable to the Group, continuous supply and financing of projects (including whether creditors allow final placement of any building credits), whether the projects sufficiently meet market demand, whether demand or rents in general change, lack of planning, analysis and cost control, the financial standing of the contractors and suppliers it uses (see further "Risk factors – Risks related to Sveafastigheter's operations – Sveafastigheter is exposed to risks relating to unfavorable contractual terms, quality of work and weakened financial standing by contractors and suppliers"), incorrect assumptions regarding soil contamination, technical deficiencies in constructions (such as hidden faults), changes in taxes and fees as well as other factors, such as macroeconomic factors, that may lead to delays or increased or unforeseen costs in the projects or that projects cannot be completed (in a timely manner or at all), which could result in balance sheet impairments and the Company not being able to achieve its financial and operational targets.

Furthermore, the Group's ability to carry out property development projects in a financially profitable manner is dependent on the Group succeeding in obtaining the necessary authority permits or decisions, for example regarding the adoption of zoning plans. There is a risk that zoning plans related to the Group's projects will not be adopted or granted by the relevant municipality, or that the Group will not receive a final decision on a zoning plan within the time period anticipated by the Group. The processes for adopting a zoning plan and subsequently granting a building permit is carried out under municipal auspices in accordance with the Swedish Planning and Building Act (Sw. plan- och bygglagen (2010:900)). As the processes are public procedures, concerned parties (such as neighbouring property owners and others with a legitimate interest) are allowed to submit their opinions on the proposed residential development and concerned parties also have the right to appeal municipal decisions such as granting a zoning plan or building permit. Appeals from property owners may, for example, lead to delays in the planning process, changes in estimated construction volumes and that the Group's planned construction starts are postponed, or that zoning plans and/or building rights cannot be adopted or granted at all, meaning that the value of the relevant projects will be less than estimated, which could adversely affect the Group's financial position. In addition, within project development, Sveafastigheter is dependent on the ability to start construction within the stipulated timetable in order to retain the land allocation according to commitments made to the municipalities. Should Sveafastigheter be unable to meet those commitments for any reason, it would present a reputational risk, as well as a financial risk relating to Sveafastigheter being unable to achieve its financial and operational targets as well as potential balance sheet impairment.

If one or more of the above factors were to develop adversely or if any of the risks described above were to materialize, it could have a material adverse effect on the Group's business, results of operations and financial position.

Risk factors (IV/XI)

1.2.5 Sveafastigheter property upgrades may not be as successful as estimated

Sveafastigheter regularly engages in ongoing upgrades and energy efficiency improvements across its property portfolio, which are aimed at enhancing net operating income, net operating income margin, and tenant satisfaction. The Company estimates that the number of apartments in its property portfolio with upgrade potential amounts to approximately 3,800. Based on the apartments that are eligible⁸ for upgrade, Sveafastigheter estimates the potential upgrades could lead to an annual rent increase of approximately SEK 350–500⁹ per square meter depending on the scope of the upgrade, corresponding to an average yield on cost of approximately seven percent, and a reduction of maintenance costs by SEK 25–30¹⁰ per square meter. While these activities are designed to improve the financial and operational performance of the Group, they also introduce a number of risks that could adversely affect the Group's business and financial position. For example, the process of upgrading and renovating properties is subject to the risk of cost overruns and unexpected delays. These can arise due to a variety of factors, including but not limited to, increases in the cost of materials, labor shortages, unforeseen structural issues, and delays in obtaining necessary permits or approvals, which in turn could significantly delay the upgrade process as well as increase the costs associated with the upgrade projects, and thereby reducing the anticipated yield on cost and potentially impacting the Group's financial performance.

Property upgrades function as events that allow property owners to increase rents based on the value-of-use method after an owned apartment is upgraded. When a tenant of the Company gives notice to terminate its lease, the apartment is inspected and, depending on the condition of the apartment, the rent level and the rental market, a decision is made by the Company whether to conduct an upgrade of the apartment or not. Generally, the Company and the Swedish Union of Tenants agree on new rent levels for the completed, upgraded apartment, prior to the commencement of any refurbishing works, which gives the Company visibility on the allowed post upgrade rent increase. However, the Company's ability to achieve the estimated rent increases of approximately SEK 350–500 per square meter is contingent on successful negotiations with Swedish Tenants Association, whose outcomes may be uncertain and can be influenced by a variety of external factors that are beyond the Company's direct control, such as general economic conditions. Furthermore, while the Company estimates a reduction in maintenance costs by SEK 25–30 per square meter as a result of the upgrades, actual savings may differ materially the current estimate. The projected cost savings are based on estimates and may not materialize as expected if, for example, the energy efficiency improvements do not perform as anticipated or if other maintenance issues arise that were not addressed by the upgrades.

If any of the risks described above were to materialize, it could entail that the Company cannot execute on its overall upgrade strategy or that the upgrade strategy is not carried out in line with its expected profitability, which in turn may have a material adverse effect on the Group's reputation, business, profit and financial position.

1.2.6 Increased operating and maintenance costs may have an adverse effect on Sveafastigheter

In addition to the ongoing upgrades and energy efficiency improvements (see further “– Sveafastigheter property upgrades may not be as successful as anticipated”), Sveafastigheter is responsible for operating and maintenance costs for its properties. Operating costs consist mainly of tariff-based costs, such as costs for property electricity, cleaning, water and heating. Tariff based fees may vary depending on numerous factors, such as, inter alia, inflation and macro economic conditions and such fees will in turn affect the Group's operating and maintenance costs. The Group is also particularly exposed to cost increases due to rising inflation, as Sveafastigheter's main source of income is derived from residential properties, for which rents do not necessarily increase at the same rate as inflation levels. To the extent that any increases in Sveafastigheter's operating and maintenance costs are not compensated through rent increases through the annual negotiations with the Swedish Tenants Association, Sveafastigheter's business, financial position and profit may be adversely affected. Damage and defects on properties can affect Sveafastigheter adversely, lead to increased costs and damage Sveafastigheter's reputation.

All properties owned by Sveafastigheter will require some level of ongoing repair and maintenance in the future and repairs and maintenance are carried out continuously. Regular property maintenance aims to maintain the standard of the property in the long term, which is necessary in order to maintain the market value of and rent levels of the properties in Sveafastigheter's portfolio. However, the amount of required maintenance and repair work may increase, for example, as a result of changes to energy efficiency regulations or other requirements imposed on residential properties or as a result of damage caused by tenants or other parties. If some maintenance needs are not identified or resolved in time and as a result the level of maintenance is left insufficient, this may lead to decreases in the market value of such properties, and Sveafastigheter may also need to reduce the rent levels in these properties due to a lower value-of-use. To the extent that any cost increases are not compensated through rent increases through the annual negotiations with the Swedish Tenants Association, Sveafastigheter's business, financial position and profit may be adversely affected.

Operating in the real estate sector also entails technical risks. Technical risks refer to the risks associated with the technical operation of properties, such as the risk of construction faults, actual faults, other hidden defects or deficiencies, damage (caused, for example, by fire or other natural forces, or by tenants) and contaminants. Sveafastigheter has insurance coverage that covers certain technical risks such as fire and other natural forces. However, there is a risk that this insurance coverage is insufficient, either because the insured amount does not cover the damages or because the damage is not covered by the insurance. There is also a risk that insurance premiums will increase in the future. If technical problems arise, these can thus lead to a substantial increase in costs for Sveafastigheter.

Sveafastigheter has furthermore entered into construction contracts with contractors, including new construction of residential properties. In construction contracts, the contractor normally provides time-limited warranties for the performance of the contract. There is a risk that these warranties do not fully, or sufficiently, cover all defects that may arise or that the defects are not detected in time or at all. Furthermore, there is a risk that a warranty cannot be enforced because the contractor is insolvent or because the contractor is otherwise unwilling to remedy the defect. There is also a risk that Sveafastigheter cannot invoke a warranty without additional costs, for example in the form of legal advice. There is thus a risk that any warranties cannot be fulfilled or that they can only be fulfilled with associated costs. If a deficiency is not remedied under applicable warranties, for whatever reason, it may have an adverse effect on Sveafastigheter's business, financial position and profit.

In addition, a real estate company's reputation is particularly important in relation to new and existing tenants. If Sveafastigheter fails to adequately respond to technical or maintenance-related problems, Sveafastigheter's reputation may be affected adversely, which in turn may lead to difficulties in retaining existing tenants or attracting new tenants. If Sveafastigheter's reputation is adversely affected or Sveafastigheter's costs increase due to technical damages, this can lead to a loss of rental income and/or lost growth opportunities.

1.2.7 Sveafastigheter may have to repay investment and energy subsidies

The Group has historically received investment and energy subsidies in connection with new construction developments on certain properties. If the Group's applications have been incorrect, for example that they have based on incorrect assumptions and prerequisites, the Group may be liable to repay such subsidies. For more information on risks related to damage and defects to properties, see, among other things, “Risk factors – Risks related to Sveafastigheter's operations – Increased operating and maintenance costs may have an adverse effect on Sveafastigheter”. Faults and defects in properties may cause the Company to risk being liable for repayment as a result of not being able to achieve energy efficiency targets, which were a prerequisite for receiving the support. In the event that the Group becomes liable to repay subsidies, irrespective of the reason, or if subsidies granted are not distributed, this could have a material adverse effect on the Group's results of operations and financial position.

Risk factors (V/XI)

1.2.8 Sveafastigheter is exposed to risks relating to unfavorable contractual terms, quality of work and weakened financial standing by contractors and suppliers

Sveafastigheter relies on long-term contracts with its key contractors and suppliers to carry out certain services and tasks relating to, among other things, new construction, maintenance as well as repair and modernization work of residential properties. By relying on contractors and suppliers, Sveafastigheter is exposed to a number of risks relating to these third-parties. For example, Sveafastigheter may not be able to enter into agreements with its contractors and suppliers on acceptable terms or, which the Company has experienced historically, the contractors and suppliers may experience financial or other difficulties, for example relating to a shortage of labour, industrial disputes and insolvency situations, which may affect their ability to provide services. The quality of the work carried out by the contractors and suppliers may be inadequate and may result in defects despite Sveafastigheter's efforts to ensure quality. Further, although Sveafastigheter aims to ensure the quality of the work performed by its contractors and suppliers, using contractors and suppliers may subject Sveafastigheter to cost overruns (such as an unexpected increase of labor and material costs), delays with contractors in completing work, delays in acquiring the necessary work permits as well as weak quality of work and errors.

Sveafastigheter strives to mitigate risks related to external contractors and suppliers by performing certain central services and tasks, such as project and property management, as well as continuously monitoring the performance of its key contractors and suppliers, through in-house personnel. Moreover, Sveafastigheter seeks to avoid dependence on individual service providers to secure the continuity of services provided by contractors and suppliers by regularly identifying more than one eligible service provider for each outsourced task. However, there can be no assurances that eligible service providers will be available when needed, and replacing existing service providers may be difficult and costly. Any of these risks may affect Sveafastigheter's ability to provide services to its tenants, conclude its projects on time and within budget and result in additional costs for Sveafastigheter and thereby, have a material adverse effect on Sveafastigheter's business, financial condition, results of operations and future prospects.

1.2.9 Sveafastigheter's success, future operations and the implementation of its strategy depend on its ability to attract, motivate and retain key individuals

Sveafastigheter's Executive Management consist of individuals who have many years of experience in areas such as property management, property acquisitions, property development projects and financing. Being able to attract, motivate and retain qualified employees and Executive Management is important for Sveafastigheter's success, future operations and business plan. In order to attract, motivate and retain certain key individuals, Sveafastigheter may be required to increase compensation to such individuals, resulting in additional expenses. If a number of employees leave Sveafastigheter, for whatever reason, or if Sveafastigheter does not succeed in attracting, retaining and motivating new employees when needed, there is a risk that Sveafastigheter cannot conduct its business as planned or to achieve its operational and financial targets (see further "Risk factors – Risks related to Sveafastigheter's operations – Sveafastigheter may fail to achieve its financial and operational targets"). This risk is particularly accentuated in relation to Sveafastigheter's Executive Management. If one or more risks related to Sveafastigheter's ability to attract, motivate and retain key individuals and employees were to materialize, it could have a material adverse effect on Sveafastigheter's business and financial position.

1.2.10 Sveafastigheter may fail to meet ESG standards or requirements set out by authorities, investors and other stakeholders

In recent years, authorities, investors and other stakeholders have placed increasing demands related to environmental, social and corporate governance ("ESG"). Sveafastigheter has evaluated and defined its approach to ESG in order to create long-term social, environmental and economic value in its business and set appropriate ESG-related targets. However, investors may expect that the Group should implement new or different standards or targets related to ESG. For example, Sveafastigheter may be required to further reduce the Group's carbon footprint through reduced carbon emissions, reduced use of environmentally hazardous chemicals or more energy-efficient new construction. These external expectations on Sveafastigheter can be driven or reinforced by new disruptive business models, such as new technologies, new work processes and changed pricing models, in the markets where the Group operate. It may also be driven by new legislation (see further "Risk factors – Legal, regulatory and corporate governance risks – Sveafastigheter's operations are exposed to environmental risks and must comply with various health, safety and environmental regulations and these may adversely affect Sveafastigheter's operations and future earnings"), including such legislation coming from the EU in the form of directives and regulations. Examples of such legislation from the EU include the Energy Performance of Buildings Directive and the Corporate Sustainability Reporting Directive. Furthermore, climate change, environmental degradation, social issues and other ESG factors can pose challenges for buildings, tenants and society at large and as such the operations of Sveafastigheter. As a result, the Group may be required to adopt stricter ESG targets or standards, for example in order for investors and lenders to want to invest, or increase their investments, in Sveafastigheter. If Sveafastigheter fails to effectively manage requirements in relation to ESG responsibilities or fails to achieve relevant sustainability targets, confidence in Sveafastigheter and its business and/or its access to capital may deteriorate. Compliance with ESG-related requirements may also place increased demands on Sveafastigheter's organisation, which may result in additional costs that could have an adverse effect on Sveafastigheter's financial position and operation profit.

1.3 Risks related to Sveafastigheter's financing arrangements

1.3.1 Sveafastigheter's operations are partly financed by incurring debt, which entails certain risks, including refinancing risks

As a condition precedent for settlement of the Initial Bonds, Sveafastigheter must deliver a Conditions Precedent Certificate, pursuant to which it must certify that (i) there are no material write-downs of assets under consideration or under discussion with the auditors in respect to Sveafastigheter, (ii) the value of the Properties within the Group exceeds SEK 26,500,000,000 and (iii) the Group's senior debt (excluding the Bonds) does not exceed SEK 10,418,000,000 ("Financing Condition"). There is a risk that Sveafastigheter is not able to achieve satisfy the Financing Condition, and if so, the Initial Bonds will not be settled.

In case the Financing Condition is satisfied, there is the risk that the new financial arrangements will be more costly or otherwise burdensome than expected. Furthermore, Sveafastigheter's ability to obtain financing (on the capital market or otherwise) in the future will depend upon its business, prospects and market conditions. In the event of unfavorable market conditions, Sveafastigheter's financial position could be negatively affected which may reduce the availability of financing to Sveafastigheter. In addition, certain of Sveafastigheter's indebtedness contains and, subsequent to the satisfaction of the Financing Condition, may contain financial covenants, which particularly in the event of unfavorable market conditions could have negative consequences for Sveafastigheter, including the following:

- Sveafastigheter's financial and operational flexibility in planning for, or adapting to, changes in its business or industry could be limited,
- Sveafastigheter's ability to fund capital expenditures on existing properties could be limited as Sveafastigheter may be forced to use part of its cash flow from operating activities to amortize and/or pay interest expenses attributable to debt financing,
- Sveafastigheter's ability to exploit business opportunities, make acquisitions and/or commence its building constructions in line with its operational targets may be limited;
- Sveafastigheter's ability to incur additional credit or to secure any future credit could be limited; and
- Sveafastigheter may have a competitive disadvantage compared to those of its competitors that have less debt.

Risk factors (VI/XI)

Sveafastigheter is also exposed to credit risks relating to its financial operations. Such credit risks arise in connection with, among other things, investments of Sveafastigheter's cash or cash equivalents, entering into interest rate hedging agreements and long-term and short-term credit agreements. If Sveafastigheter's financial counterparties do not fulfil their obligations towards Sveafastigheter, their defaults could have a material adverse effect on Sveafastigheter's financial position and profit.

A general downturn in the general economic climate or disruptions in the capital and credit markets could lead to Sveafastigheter's access to financing being limited and Sveafastigheter's ability to refinance its credits disappearing. If Sveafastigheter in the future either fails to obtain the necessary financing or does not have sufficient liquidity to fulfil its obligations or the ability to refinance its debts, including the Bonds, or can only refinance its debts at significantly increased costs or on terms unfavorable to Sveafastigheter, it may have a material adverse effect on Sveafastigheter's business and financial position, which in turn could affect the Group's ability to repay debt as it falls due.

1.3.2 Sveafastigheter's capitalisation structure is dependent on the Parent Company Loan and the Parent Company Loan may be prepaid prior to the Bonds

Sveafastigheter intends on incurring a subordinated shareholder loan in an amount between SEK [1,786,000,000] and [2,286,000,000] on or before the First Issue Date (the "Parent Company Loan").

The Parent Company Loan represents a substantial commitment and indicates a considerable reliance on the financial support of its shareholder. Sveafastigheter's ability to service its debt obligations, including the Bonds, is contingent upon its operational performance and financial health, which, in turn, may depend on the continuous support of its shareholder through instruments like the Parent Company Loan.

The terms of the Parent Company Loan, in relation to Sveafastigheter's overall capital structure, could potentially affect Sveafastigheter's financial flexibility. A large Parent Company Loan may limit Sveafastigheter's ability to obtain additional financing with similar ranking or to withstand financial downturns, which could have a material adverse effect on Sveafastigheter's business, financial condition, and results of operations.

Pursuant to the Terms and Conditions, Sveafastigheter is permitted to repay, subject to certain restrictions, the Parent Company Loan before the repayment of the Bonds. As such, Sveafastigheter may, at times or in manners that are not equally favorable to the Bondholders, prepay the Parent Company Loan. In the event that Sveafastigheter elects to prioritize the repayment of the Parent Company Loan, the Bondholders may face a heightened risk of loss. This could occur in various scenarios, including but not limited to, a situation where Sveafastigheter's financial condition deteriorates, or its operating cash flow is insufficient to repay all of its indebtedness. In such circumstances, Sveafastigheter may have the legal and operational flexibility to allocate available cash to settle its obligations under the Parent Company Loan before addressing the needs of the Bondholders, potentially exacerbating the Bondholders' risk of default and limiting their recovery in the event of insolvency or liquidation.

1.3.3 Sveafastigheter has substantial short term debt

In case the Financing Condition is satisfied, a significant portion of Sveafastigheter's debt portfolio is comprised of debt obligations falling due within 12-24 months. The reliance on short-term debt amplifies certain risks to Sveafastigheter's financial health and operational stability. Short-term debt obligations often carry higher refinancing risks due to the frequent need to secure new financing. This can lead to increased vulnerability to changing market conditions and interest rate fluctuations, which may result in less favorable refinancing terms or increased financial costs.

Sveafastigheter's substantial short-term debt may also affect its cash flow management, as a larger proportion of cash reserves may be required to meet imminent debt maturities. This can limit Sveafastigheter's ability to allocate funds to strategic investments or operational expenditures, potentially hindering its growth and competitive position. Moreover, the pressure to refinance short-term debt regularly could divert management's attention and resources from core business activities, affecting Sveafastigheter's overall performance.

Furthermore, Sveafastigheter's creditworthiness could be impacted by its significant short-term debt, as lenders and investors may perceive the heightened refinancing risk as a credit negative. This perception could lead to tighter credit conditions or higher borrowing costs, which could further constrain Sveafastigheter's financial flexibility. In the event of a liquidity shortfall or inability to refinance its short-term debt, Sveafastigheter may face significant challenges that could have a material adverse effect on its business, financial condition, and operational results of Sveafastigheter.

1.3.4 Sveafastigheter's access to capital is affected by the developments in the global financial markets

The Swedish real estate market is affected by developments in the global financial markets. During 2022 and 2023, the global economy has been adversely affected by increased inflation in large parts of the world, including Sweden, which has led to an increase in central bank interest rates to combat inflation, and, consequently, reduced demand for properties due to less attractive financing options. A slower than anticipated lowering of interest rates could also prolong the period of reduced demand for properties, as financing would remain less attractive for a longer duration than market participants might expect. Moreover, it is not excluded that further rate raises may be implemented. There is also a risk that higher inflation and/or higher interest rates may cause disruptions in the global financial market and/or have an adverse effect on the credit ratings of participants. Concerns about credit risk, including sovereign credit risk, have increased globally, in particular with the presence of significant sovereign debts and/or fiscal deficits in a number of European countries and the United States, concerns related to the United States-China trade relations and rising inflation. This has raised concerns regarding the financial condition of financial institutions and other companies located in these countries, companies with direct or indirect exposure to these countries, and/or companies whose banks, customers, service providers, financiers and/or suppliers have direct or indirect exposure to these countries. Defaults, or a significant downgrading of credit ratings, of one or more sovereigns or global financial institutions, could cause severe stress in the financial system generally and could adversely affect the markets in which the Group operates and the businesses and economic condition and prospects of the Group's counterparties or customers, directly or indirectly, in ways that are difficult to predict.

Negative developments in the global financial markets could limit the Group's access to the capital it requires to finance its operations on attractive terms and could have a material adverse effect on the Group's financial position and operating profit, and subsequently its ability to service its debt and make payments under the Bonds.

Risk factors (VII/XI)

1.3.5 Fluctuations in interest rate levels may increase the costs of financing

Sveafastigheter's operations are financed partly through the Parent Company Loan and partly through financing from credit institutions and (subject to the satisfaction of the Financing Condition) the Bonds, which implies that interest expenses for such liabilities are one of Sveafastigheter's largest cost items. In addition to the extent of interest-bearing liabilities, interest expenses are mainly affected by the level of current market interest rates and credit institutions' margins, as well as by the strategy Sveafastigheter chooses for the duration of interest rates.

Even if Sveafastigheter to some extent uses interest rate derivatives in the form of interest rate swaps to manage interest rate risk, in the long term, changes in interest rates can have a material effect on Sveafastigheter's profit and cash flows. Before 2022, interest rates in Sweden and in the EU has had a material effect on the residential real estate market leading to high valuations for residential properties. These interest rates have during 2022 and 2023 increased and there is a risk that the interest rate levels will increase further in the future or remain at current levels. Any increase in interest rates could lead to a breach of financial covenants in the Group's financing agreements, including the Bonds, which in turn could lead to Sveafastigheter being required to repay debt prematurely. Any changes in inflation and interest rates may therefore affect the market value of the Group's properties. Materialization of any of the above risks could have a material adverse effect on the Group's business, financial position, profit and prospects.

1.3.6 Some of the Group's agreements may be affected by changes of control of the Group

Some of the Group's financing agreements, pending the satisfaction of the Financing Condition, contain certain provisions that may be triggered (i) by a change of control of the Group and (ii) in the event that an IPO does not occur. Although no change of control is anticipated in connection with the issuance of the Initial Bonds, if a change of control occurs in the future (or if an IPO does not occur), some rights of the counterparty or obligations for the Group, could be triggered by such changes of control (or lack of an IPO) and come into force, which may affect the Group's future financing. If the Group's financing is affected, which could indirectly affect the Group's ownership of properties, this could have a material adverse effect on the Group's business, financial position, operating profit and prospects.

In addition to the above, changes in ownership may mean that the Group is prevented, in whole or in part, from utilizing tax losses as a result of future changes in Swedish tax legislation or, according to current regulations, as a result of ownership changes that mean that one or more shareholders gain control over a loss-making company. This may occur if, according to a specific calculation, one or more shareholders together hold shares acquired over a certain period of time and representing more than 50 percent of the votes. In such a change of ownership, historical tax losses cannot be used to the extent that they exceed 200 percent of the cost of acquiring the controlling interest (where contributions and other value transfers may reduce the cost in some way). Furthermore, a change in ownership whereby an entity acquires control of another entity within the Group that has residual negative net interest income may result in the elimination of all residual negative net interest income of that other entity from previous years. The disappearance or reduction of the Group's tax losses or residual negative net interest income could have a significant impact on the Group's tax burden, result in tax surcharges, and have a material adverse effect on the Group's operating profit.

1.4 Legal, regulatory and corporate governance risks

1.4.1 The Group may fail to comply with applicable regulations and risks being involved in legal and administrative proceedings

The Group operates in Sweden, and it must comply with various requirements set out in a number of laws, codes, acts and regulations including, among other things, zoning regulations, building standards and safety regulations. The Group's business is regulated by, among other things, the Swedish Environmental Code (Sw. Miljöbalken (1998:808)) and the Swedish Planning and Building Act (Sw. plan-och bygglagen (2010:900)). Failure to comply with the Swedish Environmental Code could result in environmental sanction charges, that amount to a minimum of SEK 1 thousand and maximum of SEK 1 million, while a violation of the Swedish Planning and Building Act could prohibit the continuation of building work on the Group's properties, the imposition of fees or the removal of any additions made in the course of an upgrade done without the necessary permits.

On October 9, 2023, the Swedish government presented a legislative proposal (SOU 2023:55) which, if adopted, would introduce a permit procedure for the acquisition of residential properties by municipalities, aimed at preventing malpractice and disreputable ownership of residential properties. Though the scope of the legislative proposal as well as its practical consequences remains uncertain at this stage, if the legislative proposal were to be implemented in its current form, it could lead to increased risks of delays and uncertainties in residential property transactions, as well as additional administrative burdens for Sveafastigheter. There is also a risk of inconsistent application of the law across different municipalities in Sweden, which could further complicate Sveafastigheter's future compliance efforts and operational planning.

New acts and regulations, or a change in the application of existing legislation that the Group must take into account in its operations, or changes that affect the operations of the Group's tenants, may adversely affect the Group's business, financial position, operating profit and prospects. In addition, there is a risk that the Group's interpretation of existing codes, acts and regulations is incorrect, or the accepted interpretation of these codes change in the future which could cause the Group to incur increased costs or face the risk of material fines or penalties. The Group also risks becoming involved in legal or administrative proceedings, which could result in significant claims for damages or other demands for payment, including claims for damages from customers or competitors for breaches of competition law.

It is inherently difficult to predict the outcome of legal, regulatory and other adversarial proceedings or claims and if the outcome of ongoing any future legal or administrative proceeding turns out to be negative for the Group, this could have a material adverse effect on the Group's financial position and operating profit. The Group may become involved in additional disputes or claims. Such disputes may involve, among other things, contractual issues, warranty claims, construction-related issues, environmental issues and intellectual property rights. The conduct of litigation may result in, among other things, costs associated with settlements and awards of damages and other liabilities that may be imposed on the Group. A dispute that is lost or otherwise protracted could result in significant costs for the Group and disrupt normal operations. The consequences of these risks are that it could have a material adverse effect on the Group's business, profit or financial position.

1.4.2 Sveafastigheter operates in a regulated market, which could be subject to change due to political decision making or new regulations

The Swedish residential rental market is regulated, meaning that the rents for tenants do not follow market pricing, which aims to ensure that rent levels do not increase too rapidly and remain at reasonable levels for the benefit of tenants. However, should there be a shift in this system, or a transition to a new system entirely, due to political decisions or new regulations (or for any reason), it could introduce a significant risk for real estate companies operating within the residential sector. While such changes could, for example, allow residential real estate companies to charge higher rents, reflecting market pricing, there is also the potential risk of such real estate companies needing to charge lower rent levels due to, inter alia, the general economy, economic vacancy rate or demographic trends in Sweden developing unfavorably. This could lead to a less predictable rent development trajectory, resulting in more volatile rental income streams for residential real estate companies in Sweden. The unpredictability of rent adjustments may challenge the Group's ability to forecast and manage cash flows effectively.

Furthermore, an increase in rent could precipitate payment difficulties among tenants, leading to higher tenant turnover rates. This scenario could incur additional costs for residential real estate companies due to the need for more frequent tenant searches and potential loss of income during vacancy periods. Additionally, the prospect of increased profitability may attract new entrants to the market, intensifying competition among residential real estate companies. This heightened competition could manifest in a struggle to attract and retain tenants, potentially driving down rent levels. Moreover, an increase in the supply of properties due to more competitors entering the market, or greater new constructions generally, could lead to lower valuations of properties generally. The combined effect of these factors, if any should materialize, could adversely impact the Group's rent levels and property values, and in turn adversely affect the Group's rental income as well as its overall business, financial position and results of operations.

Risk factors (VIII/XI)

1.4.3 Sveafastigheter's operations are exposed to environmental risks and must comply with various health, safety and environmental regulations and these may adversely affect Sveafastigheter's operations and future earnings

Sveafastigheter's operations in property management entail environmental risks and Sveafastigheter is subject to environmental regulations that may impose liability if Sveafastigheter fails to comply. Although Sveafastigheter conducts inspections in connection with the acquisition of individual properties, there is a risk that environmental regulations were not complied with. Under current environmental legislation in Sweden, an operator that has contributed to the contamination of a property is also liable for its remediation. If the operator cannot carry out or pay for remediation of the property, the party who acquired the property and who, at the time of acquisition, knew about or ought to have known about the contamination, is liable for the remediation. This means that under certain circumstances, Sveafastigheter may be ordered to restore the property to a state that is compliant with environmental legislation. This may involve soil decontamination or remediation in respect of the presence of, or suspicion of the presence of, contaminants in the soil, catchment areas or groundwater. The cost to Sveafastigheter of investigation, removal, or remediation required to comply with environmental regulations may be substantial and therefore such orders may adversely affect Sveafastigheter's profit, cash flow and financial position. Furthermore, any future changes to the laws, regulations and requirements from authorities in the environmental sector could result in increased costs for Sveafastigheter with respect to sanitation or remediation regarding currently held or future acquired properties.

Sveafastigheter is subject to further regulation in areas such as occupational health and safety, the handling of asbestos and asbestos removal, as well as acts and regulations limiting emissions of greenhouse gases such as through energy and electricity consumption. These regulations may change and additional regulations may be introduced. Non-compliance with such acts and regulations may result in Sveafastigheter being forced to pay fees, fines or be subject to enforcement measures. Sveafastigheter may also in some cases be subject to, sometimes significant, restrictions on the operations of Sveafastigheter.

Furthermore, contaminants may also be detected on properties and in buildings, in particular during upgrade processes or when buildings are upgraded for environmental certification. The discovery of any contaminants or residual pollution in connection with the lease or sale of a property could trigger claims for rent reductions, damages or lease terminations. Measures to remove such contaminants or remediate any pollution can be required as part of Sveafastigheter's ongoing operations and may, depending on the extent of the contamination, involve considerable costs and have a material adverse effect on Sveafastigheter's profit.

1.4.4 Sveafastigheter's tax situation may deteriorate as a result of tax-related decisions and changes in taxation legislation

The Group operates through a number of subsidiaries in Sweden. The handling of tax issues within Sveafastigheter is based on interpretations of current, relevant, taxation legislation and other taxation regulations and decisions by the Swedish Tax Agency (Sw. Skatteverket). Furthermore, Sveafastigheter regularly obtains advice from independent tax experts on these matters. From time to time, Sveafastigheter and its subsidiaries are subject to tax audits and reviews. There is a risk that tax audits or reviews will result in the imposition of additional taxes, for example in relation to historical transactions and previously finalized acquisitions, mergers, demergers and reorganizations of companies, share transactions with employees and deductions for interest expenses.

If Sveafastigheter's interpretations of taxation legislation and other taxation regulations or their applicability are incorrect, if the Swedish Tax Agency is successful in making negative adjustments to the tax payable for a business unit within Sveafastigheter, or if applicable laws, agreements, regulations or interpretations thereof or the administrative practice in relation thereto are changed, including changes with retroactive effect, Sveafastigheter's past and current handling of tax issues may be questioned. If the Swedish Tax Agency is successful in their claims, this could lead to an increased tax expense (including a tax surcharge and interest) which could have a material adverse effect on Sveafastigheter's profit.

1.4.5 Sveafastigheter's compliance with the EU General Data Protection Regulation may be inadequate, which may adversely affect Sveafastigheter's business and financial position

Sveafastigheter processes a variety of personal data, primarily including the data of its current tenants and employees both in electronic and physical form. Sveafastigheter also processes the data of relatives of its employees, applicants for apartments or employment, and investors. This personal data is mainly processed for the purpose of entering into and executing lease agreements or in order to execute employment agreements. The European Union's ("EU") General Data Protection Regulation 2016/679/EU ("GDPR"), entered into force on 24 May 2016 and has been applied since 25 May 2018. The main objectives of the GDPR are to harmonize EU laws on personal data and facilitate the flows of data across EU as well as to ensure that personal data enjoys a high standard of protection everywhere in the EU. The GDPR includes new requirements for the handling of personal data. If Sveafastigheter's systems that house personal data are hacked, if Sveafastigheter has shortcomings in its processing of personal data or otherwise fails to comply with the GDPR, Sveafastigheter could be subject to substantial monetary fines which could have a material adverse effect on Sveafastigheter's business and financial position. The Swedish Authority for Privacy Protection can impose an administrative sanction fine on a company that violates GDPR rules. The fine can amount to at most EUR 20 million or four percent of the Group's total global turnover of the preceding financial year, depending on which is higher. For less severe violations the fine can at most be EUR 10 million or two percent of the company's total global turnover for the preceding financial year, whichever is the highest.

1.5 Risks related to the contemplated separation of Sveafastigheter from SBB

1.5.1 Sveafastigheter's historical financial information does not necessarily reflect a true and complete picture of Sveafastigheter as of the date of the Investor Presentation

Sveafastigheter's combined financial statements does not necessarily reflect a fair and complete picture of Sveafastigheter's operations and financial position had Sveafastigheter been operated as a stand-alone company, with the operations that Sveafastigheter has as of the date of the Investor Presentation, nor should the combined financial statements be used as a basis for conclusions about Sveafastigheter's future financial position and performance. Sveafastigheter in its current form has not been a separate group during the financial years ended December 31, 2023, 2022 and 2021. Thus, there is a risk that Sveafastigheter's historical financial information does not necessarily provide a fair or complete picture of Sveafastigheter as of the date of the Investor Presentation.

As a condition precedent for settlement of the Initial Bonds, the Sveafastigheter group must have been organised, in all material respects, in accordance with a pre-agreed structure chart (the "Structure Condition"). There is a risk that Sveafastigheter is not able to achieve satisfy the Structure Condition, and if so, the Initial Bonds will not be settled.

Risk factors (IX/XI)

2 Risks relating to the Bonds

2.1 Risks related to the nature of the Bonds

2.1.1 Credit and refinancing risks

An investment in the Bonds carries a credit risk in relation to Sveafastigheter. The Bondholders' ability to receive payment under the Terms and Conditions is dependent upon Sveafastigheter's ability to meet its payment obligations, which in turn is dependent upon the performance of the Group's operations and financial position and the Group's financial position is affected by several factors, a number of which have been discussed in this section. Furthermore, since the Group's cash generating operations are carried out in the Group companies, Sveafastigheter's ability to meet its payment obligations under the Bonds is dependent on the value generated in the businesses of such Group companies, and in turn such Group companies' ability to transfer available distributable funds to it. Any transfers to the Sveafastigheter from the Group companies, e.g., in form of dividends or other distributions, revenues, intra-group loans may be restricted or prohibited by law and/or contractual arrangements, including each such Group Company's financing arrangements.

An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would have an adverse effect on the value of the Bonds. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group would be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring its debt or seeking additional equity and/or debt financing. There is a risk that the Group will not be able to effect any of these remedies on satisfactory terms or at all. Another aspect of credit risk is that a decline in the financial position of the Group may reduce the prospects of the Group to receive financing at the time of maturity of the Bonds.

The Group's ability to successfully refinance the Bonds is dependent on the conditions of the debt and equity capital markets and the Group's financial position at the time such refinancing is carried out. In the event the Sveafastigheter is unable to refinance the Bonds or other outstanding debt of the Group, or if such financing can only be obtained on unfavourable terms, this could have an adverse effect on the Sveafastigheter's ability to repay the Bonds at maturity or any other early redemption or repurchase of the Bonds.

2.1.2 Unsecured obligations

The Bonds constitute unsecured debt obligations of Sveafastigheter and shall at all times rank pari passu and without any preference among them and at least pari passu with all other direct, general, unconditional, unsubordinated and unsecured obligations of Sveafastigheter, except obligations which are preferred by mandatory regulation and except as otherwise provided in the Finance Documents. If Sveafastigheter would be subject to any foreclosure, dissolution, winding-up, liquidation, bankruptcy, or other insolvency proceedings, the Bondholders normally receive payment after any prioritised creditors, including those which are mandatorily preferred by law, have been paid in full. Further, following prioritised creditors receiving payment in full, the Bondholders will have an unsecured claim against the Sveafastigheter for the amounts due under or in respect of the Bonds, which means that the Bondholders normally would receive payment pro rata with other unsecured creditors. Consequently, a Bondholder may not recover any or full value in the event of Sveafastigheter's liquidation, bankruptcy, or company reorganisation. Each investor should be aware that by investing in the Bonds, it risk losing the entire, or part of, its investment.

2.1.3 Risks related to Bondholders' currency measurement

Payments in respect of the Bonds will be made in SEK and EUR. This presents certain risks relating to currency conversion if an investor measure its investments return or otherwise carries out its financial activities in a currency, or a currency unit (the "Investor's Currency") other than SEK or EUR. There can be no assurance that exchange rates may not significantly fluctuate (including due to devaluation of SEK, EUR or revaluation of the Investor's Currency) or that relevant authorities with jurisdiction over the Investor's Currency do not impose or modify exchange controls. Consequently, an appreciation in the value of the Investor's Currency relative to SEK or EUR could decrease the Investor's Currency-equivalent yield on the Bonds, the Investor's Currency-equivalent value of the principal payable under the Bonds and/or the Investor's Currency-equivalent market value of the Bonds. Consequently, Bondholders measuring their investments return by reference to an Investor's Currency may receive less interest or principal than expected.

2.2 Risks related to the Bondholders' rights and representations

2.2.1 Priority rights and structural subordination

The Group has, as part of its financing, incurred debts to certain credit institutions and its shareholder(s), and security over the Sveafastigheter's assets has been provided in relation thereto mainly in the form of share pledges and pledges over mortgage certificates. Such secured loans normally constitute a preferential claim on the relevant Group Company. Subject to the provisions set out in the Terms and Conditions, there are limited restrictions as to what further debt and security that may be taken up or issued by Sveafastigheter. Hence, Sveafastigheter may seek further financing in which case further pledges to secure such financing may be provided. In addition, subject to certain exceptions, Sveafastigheter may retain, provide or renew security over certain of its current or future assets to secure, inter alia, bank loans, either via Sveafastigheter itself or any other Group Company, with security interests normally constituting a preferential claim on the borrower. No present or future shareholder or subsidiary of the Sveafastigheter (or any other party) will guarantee Sveafastigheter's obligations under the Bonds.

Almost all assets are owned by and all revenues are generated in subsidiaries of the Sveafastigheter. Thus, Sveafastigheter is dependent upon receipt of sufficient income related to the operation of and the ownership in such entities to make payments under the Bonds. The subsidiaries have no obligation to make payments to the Sveafastigheter of any surpluses generated from their business. The subsidiaries' ability to make payments is restricted by, among other things, the availability of funds, corporate restrictions and law.

Furthermore, the Terms and Conditions allow the Group companies to incur certain additional debt. If Sveafastigheter's subsidiaries incur additional debt, the right to payment under the Bonds will be structurally subordinated to the right of payment relating to debt incurred by the subsidiaries of Sveafastigheter, which could have a negative impact on the Bondholders' recovery under the Bonds. Sveafastigheter also has the right to incur pari passu debt with the Bonds, which could also risk reducing recovery under the Bonds. In the event of the insolvency or liquidation of (or a similar event relating to) one of the Sveafastigheter's subsidiaries all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before Sveafastigheter (as a shareholder) would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of the subsidiaries and there is a significant risk, should a subsidiary be subject to, inter alia, an insolvency or liquidation proceeding, that Sveafastigheter will not be entitled to any payments.

Risk factors (X/XI)

2.2.2 Risks related to acceleration of the Bonds and put option

Upon the occurrence of an Event of Default (as defined in the Terms and Conditions), the Bonds may be accelerated at the terms and price set out in the Terms and Conditions. Furthermore, in the event of a:

(a) Change of Control Event, meaning the occurrence of an event or series of events whereby one or more Persons (other than an Eligible Buyer, the Main Shareholder or any Main Shareholder Company) acting in concert, acquire control over the Company and where "control" means:

- (i) acquiring or controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Sveafastigheter; or
- (ii) the right to, directly or indirectly, appoint or remove all or a majority of the directors of the board of directors of the Sveafastigheter,

save that the occurrence of such an event or series of events as set out above shall not be deemed to constitute a Change of Control Event if occurring as a result of a successful IPO (or, for the avoidance of doubt, if any Eligible Buyer acquires such control);

- (b) a Listing Failure Event; or
- (c) a De-listing Event,

(each term as defined in the Terms and Conditions) occurring, the Bonds will be subject to prepayment at the option of each Bondholder (put option) at the terms and price set out in the Terms and Conditions. There can be no assurance that the Sveafastigheter will have sufficient funds at the time of such prepayment or acceleration to make the required redemption of, or payment in respect of, the Bonds. In addition to an investor running the risk of losing part of, or its entire investment, this could in turn adversely affect the Sveafastigheter, e.g., by causing illiquidity, insolvency or an Event of Default under the Terms and Conditions, and consequently adversely affect all Bondholders, and not only those that choose to exercise the put option.

2.2.3 Voluntary early redemption

Sveafastigheter has, pursuant to the Terms and Conditions, reserved a right to redeem the Bonds in full prior to the final maturity date on any Business Day falling on or after the First Issue Date of the Bonds. Such redemption may be made at a price of 100 per cent. of the nominal amount of the Bonds. The possibility for Sveafastigheter to, at its own discretion, redeem the Bonds may negatively affect the market value and secondary trading of the Bonds, and the market value for the Bonds will most likely not be significantly higher than the redemption price. If Sveafastigheter exercises its right to early redemption of the Bonds when the market value of the Bonds is higher than the redemption price, it could affect the investor's possibilities to re-invest the repaid amount on the same terms as the terms of the redeemed Bonds.

2.2.4 No action against Sveafastigheter and Bondholders' representation

In accordance with the Terms and Conditions, the Agent will represent the Bondholders in all matters relating to the Bonds and an individual Bondholder is not entitled to bring any action against Sveafastigheter relating to the Bonds unless such actions are supported by the majority pursuant to the Terms and Conditions. Consequently, there can be no assurance that the market value of the Bonds may decline meanwhile a requisite majority of Bondholders are not willing to undertake legal action against the Issue. Such unwillingness or passivity, as the case may be, to take action against Sveafastigheter (in breach of the Terms and Conditions), could therefore adversely affect an acceleration of the Bonds or other actions against Sveafastigheter. For instance, should an individual Bondholder initiate insolvency proceedings against Sveafastigheter, such proceedings could, despite being contractually non-valid under the Terms and Conditions, be legally valid and thus cause Sveafastigheter or Bondholders damage.

Furthermore, under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all Bondholders, including the right to consent to amendments and waivers in respect of the Terms and Conditions. Consequently, there can be no assurance that actions so taken by certain majorities of Bondholders would affect the Bondholders' rights under the Terms and Conditions in a manner undesirable for some Bondholders. Moreover, a failure by the Agent to properly perform its duties and obligations under the Terms and Conditions could adversely affect the enforcement of rights by the Bondholders.

2.3 Risks related to the admission to trading of the Bonds

2.3.1 Liquidity risks and secondary market

Subject to the Terms and Conditions, Sveafastigheter has the intention to have the Bonds admitted to trading on Nasdaq Transfer Market of Nasdaq Stockholm (or another MTF) within thirty (30) days after the first issue date and, within 12 months from the First Issue Date, on the corporate bond list of Nasdaq Stockholm or another regulated market (as defined in Directive 2014/65/EU on markets in financial instruments). Furthermore, if the Bonds have not been admitted to trading within sixty (60) days after the issue date, each Bondholder has the right to request that all, or some only, of its Bonds be repurchased (put option). There is, however, a risk that the Bonds will not be approved for trading within the aforementioned time frame, or at all, or following a successful admission is unable to maintain the listing of the Bonds on a MTF or, subsequently, on a regulated market. Even if the Bonds are admitted to trading, active trading in the Bonds may not always occur and thus, there can be no assurance that a liquid market for trading in the Bonds will exist or be maintained. If a liquid market for trading in the Bonds will not exist or cannot be maintained, it may lead to Bondholders being unable to sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market, or can only sell their Bonds at a loss. Consequently, lack of liquidity in the market may have a negative impact on the market value of the Bonds.

Furthermore, pursuant to the Terms and Conditions, each Group Company may, subject to applicable regulations, at any time and at any price purchase Bonds on the open market. Even if such Bonds may not be cancelled, the secondary trading of the Bonds may be affected as a result of such purchase, and where such purchase is merely made for the Group's liability management and is not communicated to the market, there can be no assurance that the trading in the secondary market accurately reflects whether a liquid market for the Bonds exists or not.

[Furthermore, the Bonds carry a fixed interest rate at a level that may not correspond to current market expectation in terms of yield and may reduce the willingness to invest in the Bonds due to the inability to absorb interest rate risk. This may adversely affect the trading in the secondary market.] It should also be noted that during a certain period of time, it may be difficult or impossible to trade the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions or other regulatory restrictions preventing trading of the bonds in close connection to, for instance, redemption.

Risk factors (XI/XI)

2.3.2 Absence of a prospectus

Investors should be aware that, in connection with the issuance of the Bonds, no prospectus will be made available for their review for a significant period of time, potentially up to 12 months following the First Issue Date. During this period, the only disclosures available to them will be the Investor Presentation and other related marketing materials provided to them by the arrangers and which exist on the date of the Investor Presentation. The absence of a comprehensive prospectus means that investors will have limited information upon which to base their investment decision. This limited disclosure may not provide all the information that is typically available in a prospectus for a bond offering. As a result, investors may not have access to detailed information about the Sveafastigheter's financial condition, results of operations, business strategies, or the risks associated with the Issuer's business and the Bond issuance. The lack of a prospectus and reliance on less comprehensive marketing materials could result in investors being less informed about the investment than they would be if a prospectus were available. This could adversely affect the ability of investors to make a fully informed investment decision, which in turn could negatively impact the market value of the Bonds.



Samhällets bygg- och tekniska



Sveafastigheter

