Fitch Ratings

Corporates

Property/Real Estate

Sweden

Sveafastigheter AB (publ)

Sveafastigheter's expected rating reflects its Swedish residential-for-rent portfolio and the inherent stability of its regulated rents. The portfolio has low vacancy, and its below-market rents point to future rental growth, with low downside risk. Its Swedish portfolio is located in expanding regions, including Stockholm-Mälardalen, university cities and Malmö-Öresund and Gothenburg. This stable business profile is combined with moderate leverage and forecast interest cover above 2.0x.

The Positive Outlook reflects planned improvements of its financial profile when Sveafastigheter issues senior unsecured bonds to refinance existing interim secured bank debt, extending the group's short debt-maturity profile (end-2024: 2.3 years) and its interest rate hedging.

The assignment of the final rating is contingent on the receipt of final medium-term note (MTN) documentation conforming to information already reviewed and a bond issued under the MTN programme.

Key Rating Drivers

Swedish Property Portfolio: Sveafastigheter's SEK28.1 billion (EUR2.5 billion) Swedish residential-for-rent property portfolio focuses on regions with favourable demographics, employment and disposable income trends although some of its cities are more regional. The top 10 cities comprise 72% of the group's income-producing portfolio, led by greater Stockholm (23%), Linköping (10%), Skellefteå (9%), Västerås (7%) and Helsingborg (6%).

Regulated Residential Rents: Swedish residential-for-rent properties are heavily regulated, resulting in stable below-market rents and index-like rental increases through yearly negotiations with tenant unions. These rents are affordable and a limited supply leads to low vacancy and its tenants averaging a long stay (around five years for Sveafastigheter). Most of its units (82%) are older stock under 'value-in-use' rental regulation with the remainder comprising new buildings with higher 'presumption' rents or units with individual agreements.

Phased Rental Growth: Negotiated rent increases are linked to cost inflation over the last three years, which has led to phased rental growth after the recent period of high inflation. Regulation allows for larger rental uplifts - typically 40% for Sveafastigheter - when units are refurbished to renumerate investments. Newly built units are allowed higher rents, using construction cost-based presumption rents to promote new developments.

Short Debt Maturities: The group's initial debt maturity profile is short, at 2.3 years, with a concentration of debt maturities in 2026 and 2027 and a reliance on short-term Swedish bank debt. Fitch Ratings views this as temporary, after its separation from SBB - Samhällsbyggnadsbolaget i Norden AB (CCC), as Sveafastigheter plans to issue unsecured bonds to repay secured debt and extend its debt maturity profile. This will leave more properties without any secured pledges, creating a larger pool of unencumbered investment properties. Fitch expects the group's refinancing to be supported by its moderate leverage.

Planned Portfolio Investments: Sveafastigheter plans to invest in its portfolio by upgrading 2,000 units over five years on a unit-by-unit basis upon tenant churn. These investments are flexible, and the yield-on-cost is known as the new rental level is pre-agreed with the local tenant union before refurbishment starts. Sveafastigheter also intends to develop 600-800 new units per year, using its own land, and to replenish the pipeline with new land allocations from municipalities. The development programme is mostly located in the growing, CBD-commutable, Stockholm-Mälardalen region, in which tenant demand is high.

Ratings

Long-Term IDR	BBB-(EXP)

Outlook

Long-Term Foreign-Currency IDR	Positive

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	3

2035 Climate Vulnerability Signal: 35

Applicable Criteria

Corporates Recovery Ratings and Instrument Ratings Criteria (August 2024)

Corporate Rating Criteria (December 2024)

Sector Navigators – Addendum to the Corporate Rating Criteria (December 2024)

Related Research

Global Corporates Macro and Sector Forecasts

EMEA Real Estate - Navigator Companion Report (February 2025)

EMEA Residential-for-Rent Property Companies — Relative Credit Analysis (February 2025)

EMEA Real Estate Outlook 2025 (December 2024)

Heimstaden AB and Heimstaden Bostad AB (January 2025)

Vonovia SE (February 2024)

What Investors Want to Know: The Moving Parts of Nordic CRE and the Impact on Banks (June 2024)

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Achieving Green Credentials: Sveafastigheter targets high green and social credentials in its developments and high energy efficiency with its upgrade investments. This will be accompanied by using energy efficient materials, installing heat exchangers and solar panels, and reducing embedded CO2 during construction. As Swedish residential rents are 'warm rents', i.e. landlords are paying for utility costs (heating and warm water), energy efficiency investments typically have high returns. Green credentials are often part of municipalities' land allocation criteria for new developments, enabling better access to land.

Standalone Rating: Fitch assesses Sveafastigheter as a standalone entity, given its 'insulated' legal ringfencing and access and control under Fitch's Parent Subsidiary Linkage Rating Criteria. SBB retains a 61.2% ownership after its October 2024 initial public offering. Covenants in Sveafastigheter's planned public bond documentation, together with its governance framework, enforce limitations such that a weaker parent cannot demand onerous dividends to the detriment of bondholders.

Existing Covenanted Profile: Sveafastigheter's existing public bonds maturing in 2027 include financial covenants – net loan to value (LTV) below 55% and interest cover ratio (ICR) above 1.5x – which are stricter than the standard 65% LTV normally found in bond documentation. These covenants are tested before any restricted payment can be made and the LTV covenant is tested quarterly.

Planned MTN Programme: Sveafastigheter's planned MTN programme is expected to add protection by requiring the board to comprise a majority of independent board members for restricted payments to be made (including dividends) and capping SBB's board representation to two persons.

Independent Governance Framework: Sveafastigheter's governance framework is set up for the group to act independently, including the board having five independent directors out of seven, a conservative financial policy (net debt/EBITDA below 15x, LTV below 50%, ICR above 1.5x) and dividend policy, and a separate funding and cash management (including no cross-default). Under the Swedish Companies Act, the company's public listing requires it to seek an annual general meeting minority approval for any material related-party transactions.

Financial Summary

(SEKm)	2023	2024	2025F	2026F	2027F
Gross revenue	1,126	1,361	1,556	1,656	1,740
EBITDA after associates and minorities	501	597	851	917	964
EBITDA margin (%)	44.5	43.9	54.7	55.4	55.4
EBITDA net interest coverage (x)	1.1	1.2	2.1	2.6	2.0
EBITDA net leverage (x)	32.8	19.8	13.8	13.2	12.9

Note: 2023 and 2024 figures reflects that the company becoming an independent group during 2024 by combining properties from the SBB group. The historical figures include part-year rental contributions, shareholder loans from SBB and related interest cost.
Source: Fitch Ratings, Fitch Solutions, Sveafastigheter

Sveafastigheter AB Property Portfolio at End-2024

Asset class	Residential-for-Rent
Geography (by fair value)	Sweden: 100%
Portfolio size	SEK28.1 billion (EUR2.5 billion)
Number of units	14,669 units
GLA	1 million sqm
Occupancy	94.6% (including ground floor commercial)
EPRA net initial yield (NIY)	4.38% (non-EPRA)

Source: Fitch Ratings, Sveafastigheter

Peer Analysis

Sveafastigheter's SEK28.1 billion (EUR2.5 billion) Swedish residential-for-rent portfolio provides stable rental income with a similar profile to other portfolios in heavily regulated jurisdictions, such as Germany and France, including those owned by Heimstaden Bostad AB (IDR: BBB-/Stable), Vonovia SE (IDR: BBB+/Stable), SCI Lamartine (IDR: BBB+/Stable) and D.V.I. Deutsche Vermögens- und Immobilienverwaltungs Gmbh (IDR: BBB-/Stable).

Sveafastigheter's portfolio is comparable to Heimstaden Bostad's and Vonovia's Swedish portfolios, although with a greater focus on the largest cities than Vonovia. Sveafastigheter lacks the geographical diversification and scale benefits of the materially larger portfolios of some peers. Compared with the more similarly sized Stockholm-focused listed peer Heba Fastighets AB, Sveafastigheter's portfolio is more regional, which is reflected in lower value per square metre (SEK24,500 sqm versus SEK51,600 sqm) and higher yields (residential: 4.4% versus 3.3%).

Sveafastigheter's financial policy is more conservative with a target net debt/EBITDA below 15x (Fitch forecast 2025: 14x) compared with Heimstaden Bostad's and Vonovia's 18x and 17x, respectively, for 2024. This results in stronger interest cover (above 2.0x) than Heimstaden Bostad (around 1.5x) despite a similar cost of debt at 3.0%-3.5%. Vonovia and SCI Lamartine have a similar interest cover as Sveafastigheter but have longer-term interest rate hedging than Sveafastigheter's short three years' fixing.

Sveafastigheter's liability profile is more concentrated and its debt maturity is materially shorter at 2.3 years than those of its larger peers due to its reliance on short-term Swedish bank funding rather than long-term unsecured bonds or longer-dated German or Danish secured funding. This liability profile compares unfavourably with the average debt maturity of its larger peers (Heimstaden Bostad: eight years, Vonovia: 6.9 years) and the similarly sized but higher rated SCI Lamartine's 5.8 years, due to long-term bonds issuance before interest rates had risen materially.

Navigator Peer Comparison

	IDR/Outlook	Operating Environment	Management and Corporate Governance	Property Portfolio	Rental Income Risk Profile	Liability Profile	Access to Capital	Profitability	Financial Structure	Financial Flexibility
D.V.I. Deutsche Vermogens- und Immobilienverwaltungs GmbH	BBB-/Stable	aa	bb+	bbb+	a-	bbb+	bbb-	a	bbb-	bbb+
Grainger plc	BBB-/Stable	aa	a	bbb	bbb	bbb-	bbb	bbb	bbb-	bbb
Heimstaden Bostad AB	BBB-/Stable	aa	bbb	a	a-	bbb	bbb-	bbb	bbb-	bbb-
Peach Property Group AG	CCC+/	aa-	bbb	bbb	a-	b+	bb	a	bb-	b-
SCI LAMARTINE	BBB+/Stable	aa	bbb+	a-	a-	a	bbb+	bbb-	bbb+	a
Sveafastigheter AB (publ)	BBB-(EXP)/Positive	aa	bbb	bbb+	a-	b+	bbb	bbb+	bbb+	bbb
Vonovia SE	BBB+/Stable	aa	a-	bbb+	a-	a	a-	a	bbb	bbb+

Source: Fitch Ratings

Relative Importance of Factor: Higher, Moderate, Lower

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Net debt/EBITDA above 21x.
- EBITDA net interest cover below 1.5x.
- Weighted average debt maturity remaining below three years (end-2024: 2.3 years).
- A 12-month liquidity score below 1.2x.
- Loosening in financial policy linked to increased shareholder distributions.
- Changes to the governance structure or other provisions that loosen Sveafastigheter's ring-fencing can lead to a multi-notch downgrade.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Weighted-average debt maturity above four years, with well spread maturities.
- Net debt/EBITDA below 17x.
- EBITDA net interest cover above 1.7x.

Liquidity and Debt Structure

Sveafastigheter had SEK316 million in readily available cash at end-2024 and a short-dated SEK1 billion credit facility maturing in June 2026 (of which SEK725 million undrawn), which cover the group's SEK143 million debt maturities in 2025. To manage its material debt maturities in 2026 and 2027, Sveafastigheter plans to issue unsecured bonds and refinance or roll over existing secured bank loans. This will extend Sveafastigheter's average debt maturity to above three years, from the short 2.3 years at end-2024.

Sveafastigheter targets a capital structure with around 30% unsecured debt/total debt and a reduction in debt maturity concentrations. Sveafastigheter's financing is primarily secured (86% of debt) and mostly matures in 2027. Its average cost of debt was 3.3% at end-2024, with 95% having fixed or hedged interest rates, while the average interest rate duration matched the debt stock, at 2.9 years. We expect the interest rate duration to be extended as longer-dated debt is issued.

Fitch expects Sveafastigheter's unencumbered investment property/unsecured debt to remain above 2.0x pro forma for the planned bond issuance (end-2024: 2.5x). Further, the group had SEK3.2 billion of development properties, which Fitch has not included in the unencumbered investment property/unsecured debt calculation.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's Corporate Rating Criteria. For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Climate Vulnerability Signals for Non-Financial Corporate Sectors.

The end-2024 revenue-weighted Climate.VS for Sveafastigheter for 2035 is 35 out of 100, suggesting low exposure to climate-related risks in that year.

Sveafastigheter estimates that 96% of its portfolio was able to withstand climate risks at end-2024, and targets to increase this share to 100% by 2030.

Sveafastigheter targets high green and social credentials in its new developments with a minimum target of environmental certification 'Miljöbyggnad Silver' for future developments. The group also plans to invest in its property portfolio to improve energy performance. It also plans to use 100% renewable energy by 2030.

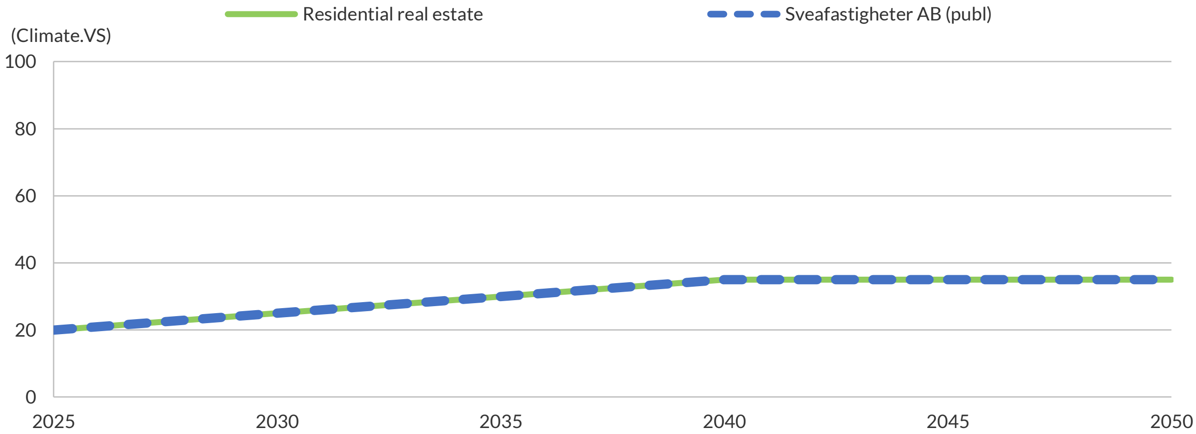
The group's portfolio's Swedish energy performance certificates range from A to F with half of the portfolio scored as D or better. EPC scores are not fully comparable across countries as the requirements differ. On average Sveafastigheter's portfolio used 106 kWh/sqm in 2024, which is lower than Heimstaden Bostad's Swedish portfolio (141 kWh/sqm) but higher than Heba Fastighets (75kWh/sqm). Sveafastigheter is reviewing its properties' existing energy ratings given energy investments already made which may not be reflected in current scores.

Sveafastigheter's Portfolio Energy Performance at End-2024

Energy Performance Certificate	Share of market value (%)	Cumulative share of market value (%)
A	1	1
B	17	18
C	9	27
D	22	49
E	29	78
F	13	91
G	2	93
Other	7	100

Fitch Ratings, Sveafastigheter

Climate.VS Evolution
As of Dec 31, 2024



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(SEKm)	2025F	2026F
Available liquidity		
Beginning cash balance	308	285
Rating case FCF after acquisitions and divestitures	120	-350
Total available liquidity (A)	**428**	**-65**
Liquidity uses		
Debt maturities	-143	-2,073
Total liquidity uses (B)	**-143**	**-2,073**
Liquidity calculation		
Ending cash balance (A+B)	285	-2,138
Revolver availability	725	0
Ending liquidity	**1,010**	**-2,138**
Liquidity score (x)	8.1	neg

F – Forecast.
Source: Fitch Ratings, Fitch Solutions, Sveafastigheter

Scheduled Debt Maturities

(SEKm)	31 Dec 24
2025	143
2026	2,073
2027	9,669
2028	261
2029	—
Thereafter	—
Total	**12,146**

Source: Fitch Ratings, Fitch Solutions, Sveafastigheter

Key Assumptions

Fitch's Key Assumptions within Our Rating Case for the Issuer

- Like-for-like rental growth of 4.9% in 2025, slowing to 3.0% in 2026 and 2.5% in 2027, assuming normalised inflation rates.
- Fitch has included full-year rental contributions for completed developments, rather than part-year, to reflect their earnings capacity relative to debt.
- Investments in new developments and upgrade capex totalling SEK1 billion a year on average until end-2029. Fitch has assumed investments will gradually increase towards Sveafastigheter's operational targets, but subject to meeting its financial policy.
- No dividend payments.
- No acquisitions or new equity.
- Average cost of debt includes future year's policy rates from Fitch's Global Economic Outlook, and the benefit from Sveafastigheter's existing derivatives.

Financial Data

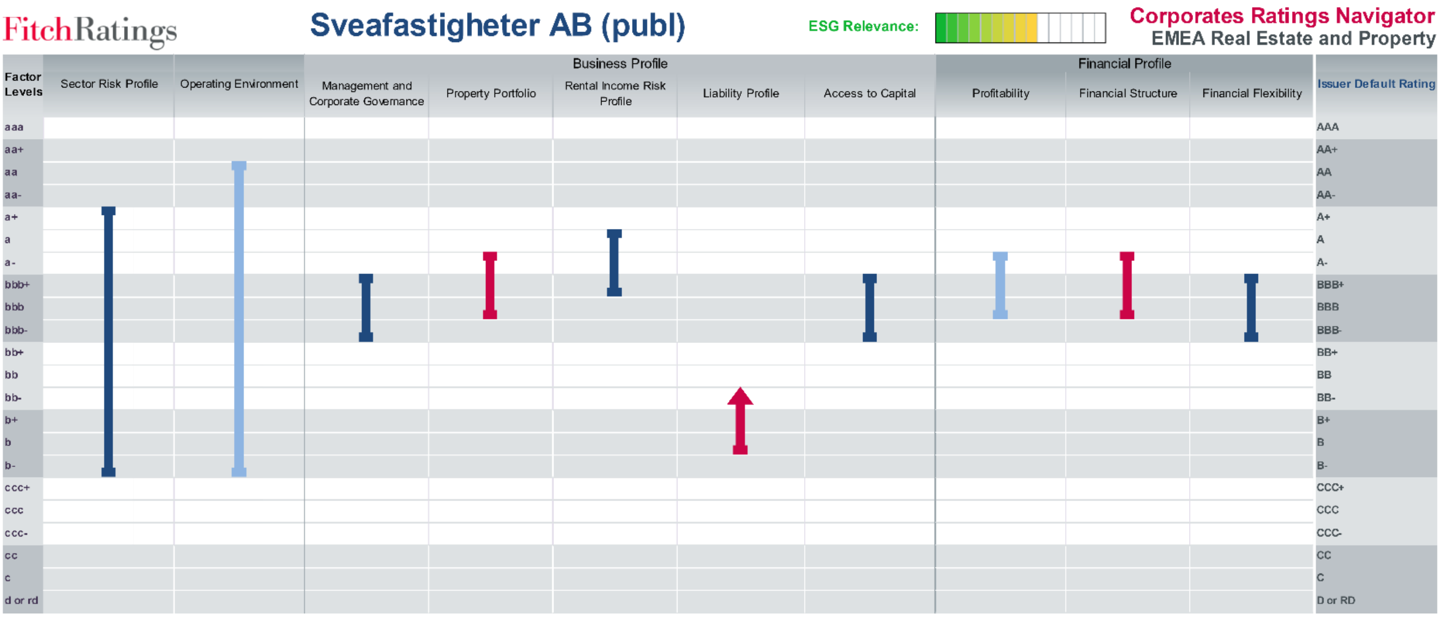
(SEKm)	2023	2024	2025F	2026F	2027F
Summary income statement					
Gross revenue	1,126	1,361	1,556	1,656	1,740
Revenue growth (%)	—	20.9	14.3	6.4	5.0
EBITDA before income from associates	501	597	851	917	964
EBITDA margin (%)	44.5	43.9	54.7	55.4	55.4
EBITDA after associates and minorities	501	597	851	917	964
EBIT	501	597	851	917	964
EBIT margin (%)	44.5	43.9	54.7	55.4	55.4
Gross interest expense	-464	-491	-401	-354	-481
Pretax income including associate income/loss	-5,061	-1,019	450	563	482
Summary balance sheet					
Readily available cash and equivalents	316	308	435	512	985
Debt	16,756	12,146	12,153	12,580	13,411
Net debt	16,440	11,838	11,718	12,068	12,426
Summary cash flow statement					
EBITDA	501	597	851	917	964
Cash interest paid	-464	-491	-401	-354	-481
Cash tax	-22	-31	-45	-56	-48
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—	—
Other items before FFO	-221	598	—	—	—
FFO	-197	681	405	507	434
FFO margin (%)	-17.5	50.0	26.0	30.6	24.9
Change in working capital	-12	47	—	—	—
CFO (Fitch-defined)	-209	728	405	507	434
Total non-operating/nonrecurring cash flow	—	—	—	—	—
Capex	-1,286	-629	—	-857	-792
Capital intensity (capex/revenue) (%)	114.2	46.2	—	51.7	45.5
Common dividends	—	—	—	—	—
FCF	-1,495	99	—	-350	-358
FCF margin (%)	-132.8	7.3	—	-21.2	-20.6
Net acquisitions and divestitures	-991	-285	—	—	—
Other investing and financing cash flow items	1,291	-435	—	—	—
Net debt proceeds	-1,402	613	7	427	831
Net equity proceeds	—	—	—	—	—
Total change in cash	-2,597	-8	127	77	473
Calculations for forecast publication					
Capex, dividends, acquisitions and other items before FCF	-2,277	-914	-285	-857	-792
FCF after acquisitions and divestitures	-2,486	-186	120	-350	-358
FCF margin after net acquisitions (%)	-220.8	-13.7	7.7	-21.2	-20.6
Gross Leverage ratios (x)					
EBITDA leverage	33.5	20.4	14.3	13.7	13.9
(CFO-capex)/debt	-8.9	0.8	1.0	-2.8	-2.7
Net Leverage ratios (x)					
EBITDA net leverage	32.8	19.8	13.8	13.2	12.9
(CFO-capex)/net debt	-9.1	0.8	1.0	-2.9	-2.9
Coverage ratios (x)					
EBITDA interest coverage	1.1	1.2	2.1	2.6	2.0

Note: Sveafastigheter's 2023 and 2024 figures reflect that it became an independent group during 2024 by combining properties from the SBB group. The historical figures include part-year rental contributions, shareholder loans from SBB and related interest cost.
CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions, Sveafastigheter

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	□ Stable

FitchRatings

Sveafastigheter AB (publ)

Corporates Ratings Navigator
EMEA Real Estate and Property

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific-funding characteristics and the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption, government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Management and Corporate Governance

a-	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
bbb+	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
bbb	Group Structure	bbb	Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions.
bbb-	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bb+			

Property Portfolio

a	Portfolio Liquidity and Ability to Leverage Assets	a	Good institutional appetite (buyers/sellers/lenders) in best markets, indicating high liquidity and ability to leverage assets.
a-	Investment Granularity	a	Very high portfolio granularity. Top 10 assets comprise less than 20% of net rental income or value.
bbb+	Geographic Strategy	bbb	A strong and focused presence in a prime market; or focus on two to three markets with appropriate scale. Markets display different economic and business cycles.
bbb	Asset Quality	bbb	Prime and good secondary.
bbb-	Development Exposure	a	Committed development cost to complete of up to 5% of investment properties. Limited speculative development.

Rental Income Risk Profile

a+	Occupancy	a	Limited occupancy volatility through cycles. Occupancy consistently above 95%. Track record of limited tenant defaults.
a	Lease Duration, Renewal and Lease Maturity Profile	bbb	Lease duration (or average tenure for residential) of above five years with most renewed. Smoothed lease maturity profile with no large lease expiries in the near term.
a-	Rental Income Volatility	a	Sustained rental income growth and/or low volatility in rental income compared to sector levels. Evidence of realizable reversionary potential in rents in the near term.
bbb+	Tenant Concentration and Tenant Credit	a	Top 10 tenants comprise less than 15% of annual passing rent; below-average tenant credit risk.
bbb			

Liability Profile

bb	Debt Maturity Profile	b	Average debt tenor less than three years. No year represents more than 30% of total debt.
bb-	Interest Rate Hedging Profile	bb	Fixed or hedged debt above 50% of total debt (recent period-end measured) with average interest rate maturity above three years. However, no clear hedging policy or lack of record.
b+			
b			
b-			

Access to Capital

a-	Sources of Capital	bbb	Solid access to all common and preferred equity, unsecured bonds/bank debt, secured debt, and/or joint ventures.
bbb+	Unencumbered Asset Pool	bbb	Leveragable unencumbered pool with limited adverse selection.
bbb	Absolute Scale	bbb	Rent-yielding property assets of at least EUR1.5bn.
bbb-			
bb+			

Profitability

a	FFO Dividend Cover	a	1.4x
a-	Asset Class Volatility	bbb	Portfolio values change less than 30% peak to trough with a track record of recovery
bbb+			
bbb			
bbb-			

Financial Structure

a	Loan-To-Value	bbb	50%
a-	Unencumbered Asset Cover	bbb	2.0x
bbb+	Managing Balance Sheet Through the Cycle	bbb	Maintenance of a suitable LTV taking asset volatility into account.
bbb	EBITDA Net Leverage	ccc	>11.0x
bbb-			

Financial Flexibility

a-	Financial Discipline	a	Clear commitment to maintaining a conservative policy with only modest deviations allowed.
bbb+	Liquidity Coverage	bbb	One-year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
bbb	Recurring Income EBITDA Interest Cover	bbb	1.75x
bbb-	FX Exposure	aa	No material FX mismatch.
bb+			

Credit-Relevant ESG Derivation

Sveafastigheter AB (publ) has 9 ESG potential rating drivers

- Focus on low-carbon new-builds and renovations
- Buildings' energy consumption, focus on renewable sources
- Sustainable building practices including Green building certificate credentials
- Portfolio's exposure to climate change-related risk including flooding
- Shift in market preferences
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	9	issues	3
not a rating driver	3	issues	2
	2	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

FitchRatings

Sveafastigheter AB (publ)

Corporates Ratings Navigator
EMEA Real Estate and Property

Credit-Relevant ESG Derivation

Sveafastigheter AB (publ) has 9 ESG potential rating drivers

- Sveafastigheter AB (publ) has exposure to emissions regulatory risk but this has very low impact on the rating.
- Sveafastigheter AB (publ) has exposure to energy productivity risk but this has very low impact on the rating.
- Sveafastigheter AB (publ) has exposure to unsustainable building practices risk but this has very low impact on the rating.
- Sveafastigheter AB (publ) has exposure to extreme weather events but this has very low impact on the rating.
- Sveafastigheter AB (publ) has exposure to shifting consumer preferences but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	9	issues	3
not a rating driver	3	issues	2
	2	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	3	Focus on low-carbon new-builds and renovations	Property Portfolio; Rental Income Risk Profile; Access to Capital; Profitability	5
Energy Management	3	Buildings' energy consumption, focus on renewable sources	Property Portfolio; Rental Income Risk Profile; Access to Capital; Profitability	4
Water & Wastewater Management	2	Buildings' water consumption, recycling	Property Portfolio; Profitability	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Sustainable building practices including Green building certificate credentials	Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility	2
Exposure to Environmental Impacts	3	Portfolio's exposure to climate change-related risk including flooding	Property Portfolio; Profitability; Financial Structure; Financial Flexibility	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Data security	Property Portfolio; Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility	4
Labor Relations & Practices	2	Impact of labor negotiations and employee (dis)satisfaction	Rental Income Risk Profile; Profitability; Financial Flexibility	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Shift in market preferences	Property Portfolio; Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

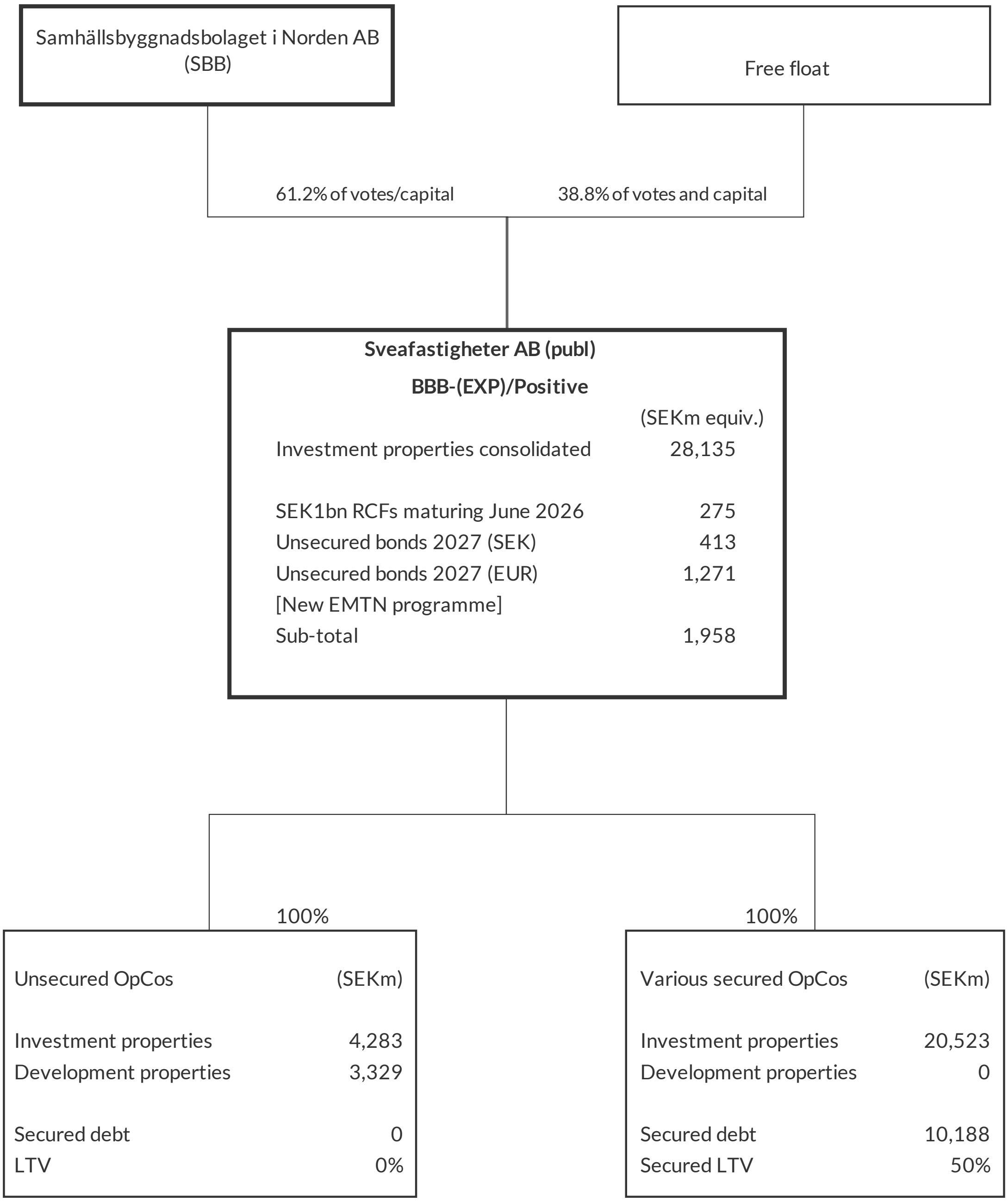
How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, Sveafastigheter, as of December 2024

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (EURm)	EBITDA margin (%)	EBITDA after associates and minorities (EURm)	EBITDA interest coverage (x)	EBITDA net leverage (x)
Sveafastigheter AB (publ)	BBB-(EXP)						
		2026F	150	55.4	83	2.6	13.2
		2025F	141	54.7	77	2.1	13.8
		2024	119	44	52	1.2	19.8
Heimstaden Bostad AB	BBB-						
	BBB	2023	1,342	61	813	1.6	21.4
	BBB	2022	1,142	58	667	2.6	25.3
	BBB	2021	835	55	460	2.1	33.0
Vonovia SE	BBB+						
		2023	4,875	49	2,323	3.2	18.8
		2022	5,152	44	2,239	4.1	19.5
SCI LAMARTINE	BBB+						
	BBB+	2023	60	57	34	1.2	23.0
	BBB+	2022	38	58	22	220	35.7
D.V.I. Deutsche Vermogens- und Immobilienverwaltungs GmbH	BBB-						
	BBB-	2023	120	66	80	2.1	17.7
	BBB-	2022	95	79	77	3.7	17.4
	BBB-	2021	73	80	60	3.9	13.3
Grainger plc	BBB-						
	BBB-	2024	346	44	152	2.4	11.9
	BBB-	2023	315	47	148	2.7	11.1
	BBB-	2022	324	45	147	3.1	9.9
Peach Property Group AG	CCC+						
	BB	2023	121	53	64	1.4	22.5
	BB	2022	117	50	58	1.2	26.5
	BB	2021	100	50	50	1.2	28.0

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(SEKm as of 31 December 2024)	Standardised values	Other adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary					
Revenue	1,361	—	—	—	1,361
EBITDA	-587	—	-4	1,188	597
Depreciation and amortization	—	—	—	—	—
EBIT	-587	—	-4	1,188	597
Balance sheet summary					
Debt	12,104	—	—	—	12,146
Of which other off-balance-sheet debt	—	—	—	—	—
Lease-equivalent debt	—	—	—	—	—
Lease-adjusted debt	12,104	—	—	—	12,146
Readily available cash and equivalents	308	—	—	—	308
Not readily available cash and equivalents	—	—	—	—	—
Cash flow summary					
EBITDA	-587	—	-4	1,188	597
Dividends received from associates less dividends paid to minorities	—	—	—	—	—
Interest paid	-491	—	—	—	-491
Interest received	8	—	—	—	8
Preferred dividends paid	—	—	—	—	—
Cash tax paid	-31	—	—	—	-31
Other items before FFO	1,829	—	4	-1,235	598
FFO	728	—	—	-47	681
Change in working capital	—	—	—	47	47
CFO	728	—	—	—	728
Non-operating/nonrecurring cash flow	—	—	—	—	—
Capex	-629	—	—	—	-629
Common dividends paid	—	—	—	—	—
FCF	99	—	—	—	99
Gross leverage (x)					
EBITDA leverage	-20.7	—	—	—	20.4
(CFO-capex)/debt (%)	0.8	—	—	—	0.8
Net leverage (x)					
EBITDA net leverage	-20.2	—	—	—	19.8
(CFO-capex)/net debt (%)	0.8	—	—	—	0.8
Coverage (x)					
EBITDA interest coverage	-1.2	—	—	—	1.2

CFO – Cash flow from operations
Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region.
Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Debt in the standardised values column excludes lease liabilities of SEK262 million.
Source: Fitch Ratings, Fitch Solutions, Sveafastigheter AB (publ)

Parent Subsidiary Linkage Analysis

Key Risk Factors and Notching Approach

Parent	SBB - Samhallsbyggnadsbolaget i Norden AB
Parent LT IDR	CCC
Subsidiary	Sveafastigheter AB (publ)
Subsidiary LT IDR	—
Path	Stronger Subsidiary
Legal ring-fencing	Insulated
Access and control	Insulated
Notching matrix outcome	Standalone
Override applied	No
Notching approach	—

LT IDR – Long-Term Issuer Default Rating
Source: Fitch Ratings

Stronger Subsidiary Notching Matrix

Access and control	Open	Porous	Insulated
With open ring-fencing	Consolidated	Consolidated+1	Consolidated+2[b]
With porous ring-fencing	Consolidated+1	Consolidated+2[b]	Consolidated+2[b]
With insulated ring-fencing	[a]	Standalone	Standalone

[a] It is unlikely that considerations for "insulated" legal ring-fencing would coexist with the conditions outlined under "open" for access and control. It is more likely that other factors relevant to legal ring-fencing or access and control, but not within this table, would move either one, or both, of the individual Linkage Factor Assessments (LFAs) to a "porous" level that would lead to a consolidated+1, consolidated+2 or standalone outcome.
[b] Notching is capped at the subsidiary's Standalone Credit Profile.
Source: Fitch Ratings

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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