S&P Global Ratings

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Climate Transition Assessment

Heba Fastighets AB

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Current Shade	Transition Progress	Future Shade
Based on mix of activities	Extent of change between the current and expected activities	by 2030
Medium green	Worsening · **Limited** · Moderate · Strong · Transformative	Medium green

Climate Transition Summary

The Current and Future Shades of Medium green reflect Heba's strong climate performance, which we expect to be sustained through 2030. In 2025, Heba allocated about 72% of total capital expenditure (capex) to two new construction projects, to which we assigned a green shade. Other key investments included energy efficiency improvements including the installation of geothermal energy systems, which led to a higher share of Medium green buildings in its portfolio in 2025.

Heba already demonstrates strong energy efficiency, making further improvements increasingly challenging, which is reflected in a Limited transition progress score. Upgrading energy performance has long been a priority for the company, with meaningful progress already made. Heba set ambitious targets of reducing energy intensity to 40 kilowatt hour (kWh) per square meter and achieving an energy performance certificate (EPC) rating of C or higher across its entire property portfolio by 2030. We think Heba is well positioned to achieve its energy targets and sustain its building portfolio's already strong energy efficiency given its clearly defined energy plan, ongoing investments in efficiency measures, and strong track record of energy performance.

Heba's transition status and ambition level are above average domestically and represent a strong commitment to the climate transition from an international perspective. Furthermore, Sweden's comparatively advanced sustainability legislation positions the company well to effectively manage transition risks arising from the evolving European regulatory landscape.

NASDAQ GREEN EQUITY DESIGNATION

Strengths	Weaknesses	Areas to watch
Heba is committed to decreasing its energy use and strengthening its energy reduction target. It has reduced the energy intensity of its portfolio by 41% since 2018. **Heba follows best practices for offsets by financing a permanent carbon removal project within its supply chain.** In 2025, it signed a 15-year contract with Stockholm Exergi, which stipulates carbon removal of 1,000 metric tons annually.	No weaknesses to report.	**Construction entails emissions and biodiversity risks**. Heba's intensity target marks a significant step toward reducing material emissions, and Sweden mandates assessments of biodiversity risks. However, current national practices might not consider biodiversity and climate risks sufficiently.

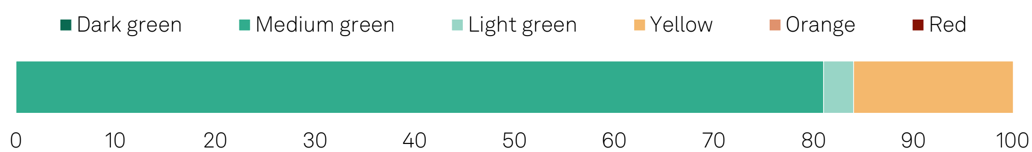
Company Description

Location: Sweden **Sector:** Real estate

Heba Fastighets AB (publ) is a Swedish real estate company that develops, owns, and manages residential and care facilities in the Stockholm and Mälaren regions. As of year-end 2025, its properties had a market value of Swedish krona (SEK) 14.0 billion ($1.5 billion) and a lettable area of 262,000 square meters, comprised of 72% residential premises and 22% care facilities. It owns 57 properties in the regions.

Current Activity

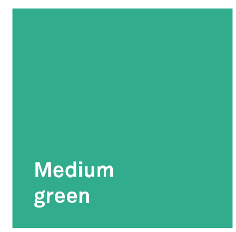
Current activities mix by shade (2025; % of total revenue)



Source: S&P Global Ratings.

Current Shade

Based on activities mix



Activity breakdown by shade (2025 % of total)

Shade	Revenue	Opex	Capex
Dark green	0	0	0

Activities: None

2030 future revenue estimate: Not applicable

Shade	Revenue	Opex	Capex
Medium green	81	78	16

Activities: Energy-efficient buildings in Sweden that have been screened for physical risks and are not heated by fossil fuels. Energy-efficient buildings are defined as those built before 2020 within the top 15% of similar stock in terms of energy efficiency, and those built after 2020 that are 10% better than nearly-zero energy buildings (NZEBs).

2030 future revenue estimate: We anticipate that ongoing investments in energy efficiency will sustain and enhance the energy efficiency of the portfolio, likely increasing the proportion of Medium green buildings and, to a limited extent, Medium green revenue

Shade	Revenue	Opex	Capex
Light green	3	2	72

Activities: Existing buildings with a green building certification, qualifying for the top 30% of similar stock, screened for physical risks, and not heated by fossil fuels; and new construction projects with a green building certification, energy performance levels at least 30% better than building code, and not heated with fossil fuels

2030 future revenue estimate: We expect the share of Light green revenue to slightly increase following energy efficiency improvements in existing buildings. A small portion of buildings we assess as Yellow could transition to Light green, while some Light green buildings are likely to shift to Medium green.

Yellow	**16**	**20**	**12**

Activities: Existing buildings that do not meet the green criteria, are not heated by fossil fuels, and have been screened for physical climate risks

2030 future revenue estimate: We expect the share of Yellow revenue to slightly decrease

Orange	**0**	**0**	**0**

Activities: None

2030 future revenue estimate: Not applicable

Red	**0**	**0**	**0**

Activities: None

2030 future revenue estimate: Not applicable

As of Dec. 31, 2025. Most accounting systems do typically not provide a breakdown of revenue and investments by environmental impact, and the analysis may therefore not be directly comparable with annual reporting. Opex--operational expenditure. Capex--Capital expenditure. Source: S&P Global Ratings.

Shade Rationale

We assign Heba a Current Shade of Medium green, reflecting that 84% of its revenue now stems from green buildings. In 2025, Heba invested in the construction of two energy-efficient buildings that we assigned a Light green shade to and in property portfolio management. The company sold one residential property in 2025, which had previously been assigned a shade of Yellow, and did not complete any new acquisitions during the year.

Heba's properties are connected to district or other low-carbon heating systems and have no exposure to direct fossil-fuel-based heating, thereby limiting transition risks. Of 66 buildings in the management portfolio, 53 use district heating and the remainder mainly use geothermal heat pumps. In 2025, Heba signed an agreement with Stockholm Exergi, with which it aims to reduce the carbon footprint of purchased district heating. As of year-end 2025, the share of renewables in Heba's purchased district heating was 90% (based on the supplier mix). No buildings in the portfolio use direct fossil fuels. Additionally, Sweden's commitment to clean energy and building regulations with sustainability elements reduce the exposure of its real estate sector to climate-related risks compared to other jurisdictions. In 2025, the majority of Sweden's energy used for district heating came from renewable and waste-to-energy sources, with a minimal share from fossil fuels. This has led to a carbon intensity below the EU average.

All of Heba's properties are screened for physical climate risks, and the company has a strategy to enhance its adaptive capacity. The assessments were done by asset, and the company used Swedish government datasets and conservative climate scenarios developed by the Intergovernmental Panel on Climate Change to identify the buildings with the greatest degree of exposure. Adaptation measures are being implemented to climate proof buildings. This includes, for example, incorporating stormwater management, roof drainage, and moisture protection in all new construction and renovation projects. A climate risk inventory of the existing portfolio informs Heba's maintenance and investment planning.

The majority (72%) of capex is tied to two new construction projects, which received a Light green shade. The remaining capex is primarily attributable to energy efficiency improvements in the asset management portfolio. The shade reflects the resulting improvements in energy performance, physical climate risk, and the consideration, to an extent, of embodied emissions.

- New construction projects have significant climate impacts, particularly from embodied emissions in materials used. Heba notes that the two construction projects will emit a maximum of 375 kilograms (kg) of CO_2 per square meter. By comparison, newer versions of the Miljöbyggnad Silver certification set a maximum threshold of 290 kg of CO_2 per square meter for residential buildings. In our view, these projects represent high emissions in the near term, but because of their energy efficiency and climate resilience, we assign them a Light green shade. We expect Heba's future new construction projects to be Medium green. This expectation is based on the company's stringent sustainability criteria, including a 50% decrease in embodied emissions, for new buildings from 2025. Heba does not yet have visibility over performance against this new target, since it has not initiated any new construction projects beyond those currently in the pipeline.
- One of the two construction projects is located on greenfield land. Development on greenfield land may pose biodiversity and climate risks. Heba mitigates these risks in part by complying with applicable building regulations, including requirements for environmental impact assessments on large projects and the implementation of compensation, conservation, and monitoring measures. However, land-use change and deforestation inherently carry negative climate impacts, and existing mitigation practices may not fully address these risks, even under stringent regulatory frameworks.

Climate Transition Plan

Future Shade

We assign Heba a future shade of Medium green by 2030. Enhancing energy efficiency has long been a strategic priority for the company, and it has already made meaningful progress. Continued investments in energy efficiency are expected to sustain and further improve the buildings' overall energy performance. As a result, the share of Medium green buildings within the portfolio could slightly increase, driving limited growth in Medium green revenue. Heba's climate targets are aligned with the 1.5 C pathway under the Paris Agreement and follow the Science Based Targets initiative (SBTi)'s sector-specific guidance for the construction and real estate sector.

Future Shade
by 2030

Medium green

Transition Progress

With energy efficiency already at a high level, further improvements are becoming more challenging, indicated by the Limited transition progress score. We expect the company to maintain a portfolio of buildings that is energy efficient through its investments until 2030. We think Heba is well on track to achieve its energy and climate targets, considering its clear energy plan, dedicated investments, and strong historical performance. Although the company's scope 1 and 2 emissions target will not have a material impact on future revenue due to its minimal share of total emissions, we think that alignment with the SBTi sector-specific guidance and measures to reduce embodied carbon will help Heba reduce its scope 3 emissions.

Transition Progress
Extent of change between the current and expected activities

Limited

Transition plan summary

Key targets →	Actions and investments →	Expected impact on revenue
Reduce the intensity of scope 3 greenhouse gas emissions from new construction projects 50% by 2030	Assessing opportunities to incorporate reused materials Prioritizing the use of materials with high recycled content Supplier requirements	Slightly increasing the proportion of Medium green revenue associated with future new construction projects once they materialize
Scope 1 and 2--climate-neutral property management by 2030	Purchasing lower-carbon district heating Electrification of vehicle fleet Purchasing 100% renewable electricity through guarantees of origin	Emissions are expected to decrease, while revenue will remain Medium green
Reduce total energy consumption of the portfolio from 75 kWh per square meter to 40 kWh per square meter	Investments in expansion of self-produced renewable energy systems, including geothermal heating and solar panels	Expected decrease in energy intensity and slight increase in Medium green revenue

All buildings to achieve EPC C or higher	Investments in energy-efficient technologies, digital monitoring	

Source: S&P Global Ratings.

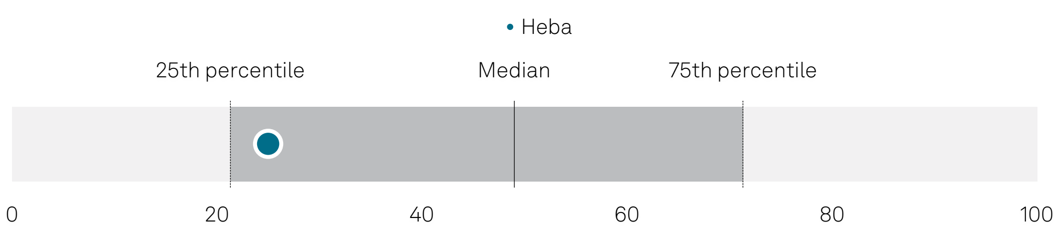
Metrics And Targets

Peer comparison

We assess Heba's revenue mix, which comprises a high share of energy-efficient buildings, as Medium green, a strong result globally. Most real estate activities are typically assessed Yellow or Orange. A high share of Medium green revenue (81%) positions Heba among the leading real estate companies in the world.

About 25% of Heba's properties are externally certified, while 100% are assessed under its own HållFast certification system, a factor we consider relevant to the Shade of Green for real estate. Heba has signed an agreement for the external verification of HållFast, to be carried out during the second quarter of 2026. The HållFast certification system is based on established third-party green building certification standards. The system categorizes buildings to indicate their improvements compared to the minimum regulatory level. It covers energy use and emissions, and will be expanded to include additional environmental indicators such as biodiversity. Despite their limitations, green building certifications cover a broad set of environmental issues and can be a good indicator of the overall environmental performance of a building.

Floor area covered by sustainability certifications (% of total; 2025)



Source: S&P Global Sustainable1, S&P Globa Ratings. Notes: Sustainability certifications are those accepted by GRESB Reference Guide Appendix, including LEED, BREEAM and a range of other schemes. Data was collected for the latest year of either 2023 or 2024. Based on a sample of 47 European real estate companies representing at least 50% of sector revenue in 2023. Data in the chart represents 23 companies for which there were public disclosures.

Transition targets

Heba has established a strong set of short- and medium-term emission reduction targets for its property management and, to an extent, supply chain activities. In our opinion, Heba has included its most material emission sources in its targets, including emissions from new builds (construction phase), contractors and materials, waste, transportation, and relevant tenant-related emissions, and it demonstrates solid ambition in targeted reductions. The company's climate targets are in line with the 1.5 C scenario under the Paris Agreement and follow sector-specific transition pathways for the construction and real estate sector in accordance with the SBTi.

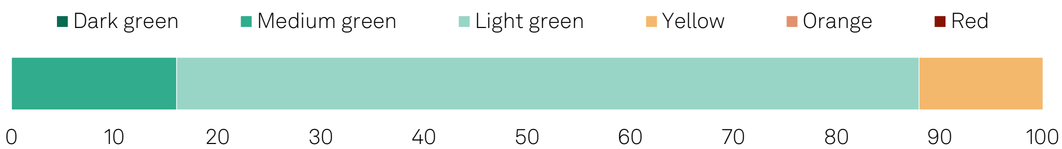
Target time frames

Transition metrics	Baseline metric (2018)	2022	2024	2025	2030	2045
Absolute scope 1 and 2 emissions (ton CO_2)	1,206 (2018)	886 (27% reduction)	572 (53% reduction)	188 (91% reduction)	Climate neutral	-
Absolute scope 1, 2, and 3 emissions (ton CO_2)	-	13,176	1,361	1,155	-	Net zero
Scope 3 emissions CO_2/square meter GFA	375 (2023)	-	-	-	188 50% reduction	-
Energy intensity (kWh/square meter)	114	86	75	67	40	-
% reduction in energy use, including landlord energy	0% (2021)	7%	19%	27%	-	-

GFA--Gross floor area. Source: Company Reporting and S&P Global Ratings

Actions And Investments

2025 Capex breakdown by shade (% of total)



Source: S&P Global Ratings.

Heba's strong historical performance and sustained efforts position it well to meet its climate targets and address key sustainability risks. The company improved the energy efficiency of its real estate portfolio in 2025 and has measures in place to further reduce buildings' energy use and greenhouse gas emissions.

We expect Heba's ongoing investments in energy efficiency to result in a slight increase in Medium green revenue. In 2025, the company reduced the average energy intensity of its portfolio to 67 kWh per square meter from 114 kWh in 2018. This 41% reduction was achieved through the optimization of technical installations such as heating and ventilation systems, demand-controlled lighting, improved monitoring, and renovations, including window replacements, enhanced insulation, and the installation of heat recovery systems. Heba has developed an energy plan, with investments until 2030 (SEK150 million approved by the board). Key actions under the energy plan include conversion to geothermal heat pumps, the installation and optimization of FTX/FX ventilation systems, the deployment of solar panels, and general energy efficiency improvements. We think the company is well positioned to meet its energy-related targets, given its strong historical performance, clear plan, and investments in energy efficiency. This, in turn, will drive limited growth in Medium green revenue through 2030.

Heba's planned investments and climate actions correspond well to its greenhouse gas emission reduction targets. Overall, Heba invests approximately SEK200 million (operating expenditure and capex) per year in the property management portfolio. In 2025, scope 1 emissions were almost zero, while scope 2 emissions decreased by 67% compared to 2024. The decline is primarily attributable to a contract signed with Stockholm Exergi in 2025 for climate-neutral district heating, resulting in a 95% reduction in energy-related emissions. However, there was a slight increase in scope 3 emissions in 2025 compared to 2024, primarily due to a broader reporting scope for waste generated. Key actions to achieve the climate neutrality target include energy efficiency improvements in the existing portfolio and transitioning to 100% renewable energy. To reduce scope 3 emissions from construction projects, Heba will prioritize materials with high recycled content, assessing opportunities for reused materials, insulation, and reinforcement. Tenant-related scope 3 emissions are addressed through green leases. At year-end 2025, green leases accounted for 53% of the portfolio, and the company aims to increase this share by 10% annually to reach 100% by 2030.

Heba aims to neutralize residual emissions through permanent carbon removals, in line with best practice. Heba's 15-year agreement with Stockholm Exergi covers the development of bio energy carbon capture and storage technology and includes investments in certified negative emissions corresponding to approximately 1,000 tons of CO_2 equivalent per year from 2029. We view it as encouraging that the company uses certified removals exclusively to address residual emissions, demonstrating a reduction-first approach. Furthermore, we view it as best practice that the captured biogenic carbon dioxide will be permanently stored in geological formations.

Implementation Drivers

Heba is well positioned to execute its sustainability strategy and further improve the energy efficiency of its portfolio. As a Swedish company operating under one of Europe's most advanced sustainability legislation, Heba is well placed to navigate and mitigate transition risks arising from the region's evolving regulatory environment. Yet the current legal framework falls short of what is needed for net-zero ambitions.

Sound governance mechanisms enable the successful implementation of Heba's climate transition plan. Sustainability at Heba is governed at the board level, with the board of directors holding ultimate responsibility for its integration into the company's strategy and operations. The board sets and monitors environmental, social, and governance targets, oversees climate- and sustainability-related risks, and guides decisions on green investments and sustainable financing. It also ensures transparent reporting in line with Corporate Sustainability Reporting Directive requirements. Heba has established procedures to ensure its sustainability strategy complies with applicable regulations and internal policies.

Heba plans to finance its decarbonization plan with sustainable finance proceeds. The company first issued green finance in 2021, and in 2024 it updated its use of proceeds and sustainability-linked frameworks. The use of proceeds framework covers new construction, efficiency improvements, renovation activities, and acquisition of existing buildings. The sustainability-linked framework incorporates the company's scope 1, 2, and 3 emissions reduction targets. As of 2025, the green financing accounted for 63% of total financing and Heba aims to achieve 100% by 2030.

Sweden's regulatory framework provides a strong foundation for energy-efficient buildings, yet the pace of legislative developments may slow progress toward emissions reduction in the supply chain. Sweden has a history of enforcing more rigorous building standards compared to many other countries. In addition, it aligns with EU regulations such as the Energy Efficiency Directive. However, legislation is not advancing at the pace needed to meet net-zero targets, potentially slowing emissions reductions in the buildings sector and affecting Heba's ability to reduce scope 3 emissions. For example, although greater use of circular construction materials is essential, stringent building codes--particularly around technical performance and documentation--may constrain the uptake and scaling of reused and recycled components.

Heba's transition plan could also be hindered by its district heating and electricity providers' failure to meet their own climate targets. Scope 1 and 2 emissions constitute a smaller proportion of Heba's total carbon footprint. Nevertheless, its climate neutrality target relies on its suppliers meeting their own decarbonization targets and, in the case of Stockholm Exergi, the operationalization of its biocarbon capture and storage facility in 2029.

Nasdaq Green Designation

Nasdaq Green Equity Designation

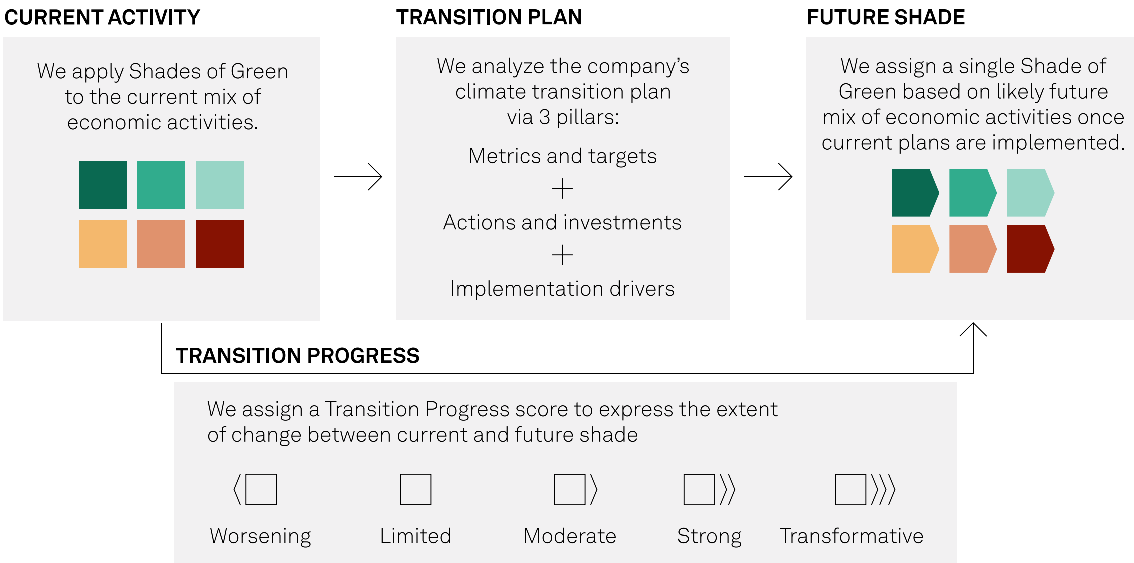
S&P Global Ratings confirms that Heba meets the requirements for Nasdaq Green Equity Designation set out in the Nasdaq Green Equity Principles.

In 2025, 84% of Heba's turnover came from assets with some Shade of Green, exceeding the 50% threshold for green activities for company turnover. The sum of opex and capex allocated a Shade of Green is 85%. This exceeds the 50% threshold for investments, defined as the sum of capex and opex. In 2025, Heba had no turnover derived from fossil fuel activities, meeting the threshold of less than 5% of the company's turnover being derived from fossil fuel activities.

In addition, Heba meets Nasdaq's transparency requirements on environmental targets and KPIs. It has reported environmental targets and KPIs data publicly through the Nasdaq ESG portal. Heba is not subject to reporting requirements under the EU Taxonomy Regulation.

Investors should note that the statements above are the results of S&P Global Ratings' assessment.

Assigning a Shade for S&P Global Ratings' Climate Transition Assessment



Source: S&P Global Ratings.

S&P Global Ratings' Shades of Green

Assessments	Dark green	Medium green	Light green	Yellow	Orange	Red
Description	Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects	Solar power plants	Energy efficient buildings	Hybrid road vehicles	Health care services	Conventional steel production	New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades. LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Related Research

- Analytical Approach: Climate Transition Assessments, May 29, 2025
- FAQ: Applying Our Integrated Analytical Approach For Climate Transition Assessments, May 29, 2025
- Analytical Approach: Shades Of Green Assessments, July 27, 2023

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