

Sustainability report 2024

Real estate – returns and impact

SLÄTTÖ



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Real estate: returns and impact

Slättö is a private equity real estate investor focused on the Nordic region. We serve our investors by seeking to deliver consistent, market-leading returns.

At year-end 2024, Slättö's assets under management stood at EUR 3 billion. Since inception in 2013, we have completed more than 100 transactions with a total value of EUR 4.5 billion.

In late 2023, we judged that most of the market repricing was behind us. Backed by the continued trust of existing and new investors, Slättö became one of the most active investors in the Nordic real estate market.

While global uncertainty may slow the broader recovery, we view the current acquisition window to be the most attractive in over a decade. The Nordics continue to offer the strongest conditions in Europe, supported by economic resilience, transparency, and sound fundamentals.

To serve our investors, Slättö focuses on creating value through operational improvements, development and repositioning, in line with our thematic investment strategy. A key lever here is sustainability.

Energy efficiency is a case in point:

- ▶ 60% of our portfolio consists of new, energy-efficient buildings, many with further optimisation potential.
- ▶ In the remaining 40% old stock, 12% is already energy-efficient and another 16% has profitable potential to transition.

We are committing in-house expertise and efforts to sustainability. For our investors, this will increase risk-adjusted returns by improved income and liquidity of our assets. For society, it will contribute to the broader energy transition.

Our progress depends on collaboration. We thank our investors and partners for their continued trust and look forward to the path ahead.



Johan Karlsson
Managing Partner and CEO



Annachiara Torciano
Head of ESG and
Communication

Market preferences will shift to sustainable real estate

Construction and operation of buildings account for 36% of Europe's total greenhouse gas emissions.

It is an excellent investment opportunity to allocate capital to real estate and drive the climate transition. Already today, energy efficiency and renewable investments in real estate reduce costs and increase asset value. Carbon emissions in construction can also be reduced cost-efficiently.

EU regulations

2030 targets by law in EU

-55%

in carbon emissions

ZERO

operational emissions in new buildings

-16%

energy use in old residential stock

Banks

Green assets targets

5 LARGEST

Nordic banks have **carbon reduction targets on real estate loans**

Investors

Targets and increased awareness of climate risks

3 out of 4

are **willing to pay a premium** for sustainable real estate in Nordics

32% of tier 1-2

global investors **intend to increase allocation** in transition strategies in real estate

Tenants

Commercial tenants' climate targets

37% OF WORLD'S

2,000 LARGEST

companies by revenue have **committed to achieving net zero**, up from 34% in 2022

The price difference between brown and green real estate assets is small today, but it will grow. Drivers are EU legislation, which is shifting investors' and banks' preferences towards low-carbon real estate, and commercial tenants' climate targets.

These are a few of the many reasons we believe the market will increasingly prefer green assets.

Sustainability as a tool:



Higher net operating income



Increase in asset value



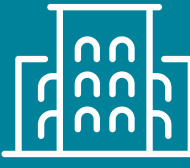












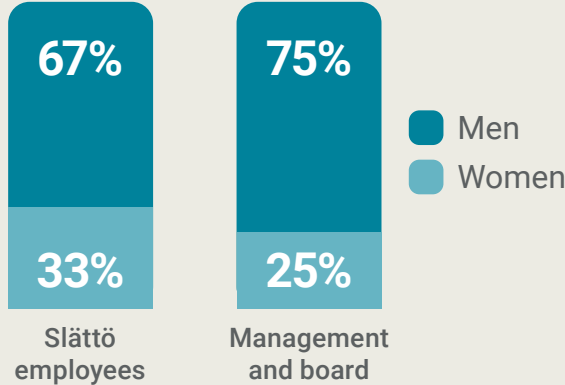
Easier to finance



Meeting future investor preferences

Slättö's ESG targets

<p>Financial impact</p>	 <p>Environment Committed to Science Based Targets Net Zero 2040</p>	 <p>People & society Employee engagement and diversity Tenant satisfaction and safety Supporting vulnerable groups</p>	 <p>Governance Regulatory compliance Internal governance</p>
<p>Sustainability impact</p>  <p>SUSTAINABLE DEVELOPMENT GOALS</p>	<p>Increase net operating income Secure the long-term value of assets</p>	<p>Talent retention Tenant attraction, lower vacancies</p>	<p>Licence to operate</p>
<p>1-3 years targets</p>	<p>Reduce greenhouse gas emissions and minimise other environmental impacts</p>    	<p>Stronger and more inclusive communities</p>    	<p>Responsible business</p> 
	<p>Increase every year the share of Slättö's investments that are in line with the green criteria of the EU Taxonomy</p>	<p>>85% Employee satisfaction >40% Women employees, management and board YoY Tenant survey improvement</p>	<p>Compliance with regulatory requirements, industry standards and internal governance framework</p>

<p>2024 performance</p>	<p>72% energy-efficient assets, meeting the energy criteria of the EU Taxonomy</p>	<p>100% projects with on-site renewables</p>	<p>78% employee satisfaction</p>		<p>Tenant satisfaction survey done across portfolio</p>	<p>3% social contracts</p>
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Energy efficiency and renewables in real estate are profitable

There is a significant potential to optimise both new and old buildings. This requires an upfront investment in expertise and capex in energy installations and digital solutions. The result is lower operating costs, higher asset values, easier financing and improved liquidity at exit.

Investments in energy efficiency create value

Investments in energy efficiency reduce costs from energy bills. Lower operating costs translate into higher net operating income from the property, which leads to higher asset value. The key metrics to assess profitability is Yield on Cost of energy project.

Profitable energy capex

Based on evidence from Slättö's experience and analysis.

Type of building	Logistic and light-industrial	Residential old stock	Residential new stock
Opportunity	Climate transition, turning energy-consuming assets into efficient buildings with very low carbon emissions		Optimise an already energy-efficient building and further reduce costs
Yield on Cost	8–12%	6–7%	7–9%
Valuation Yield	5–7%	3–5%	4–6%
Energy solutions	<ul style="list-style-type: none"> • Heat recovery ventilation • Geothermal conversion • Efficient water heating • Heating optimisation and system balancing • Roof-top solar • Change of thermostat • Automation system • LED lighting 		

Example

In a residential portfolio of older stock valued at 100 EURm, investing 7 EURm energy capex gives a net profit of 3.1 EURm as a result of lower operating costs. Considering the additional effect of improved liquidity and easier financing, the benefits are even higher.

Residential old stock portfolio subject to capex, EURm

100

Energy capex investment, EURm

7

Yield on Cost of energy capex

6.5%

Net operating income increase as result of lower energy costs, EURm

0.5

Net profit, EURm

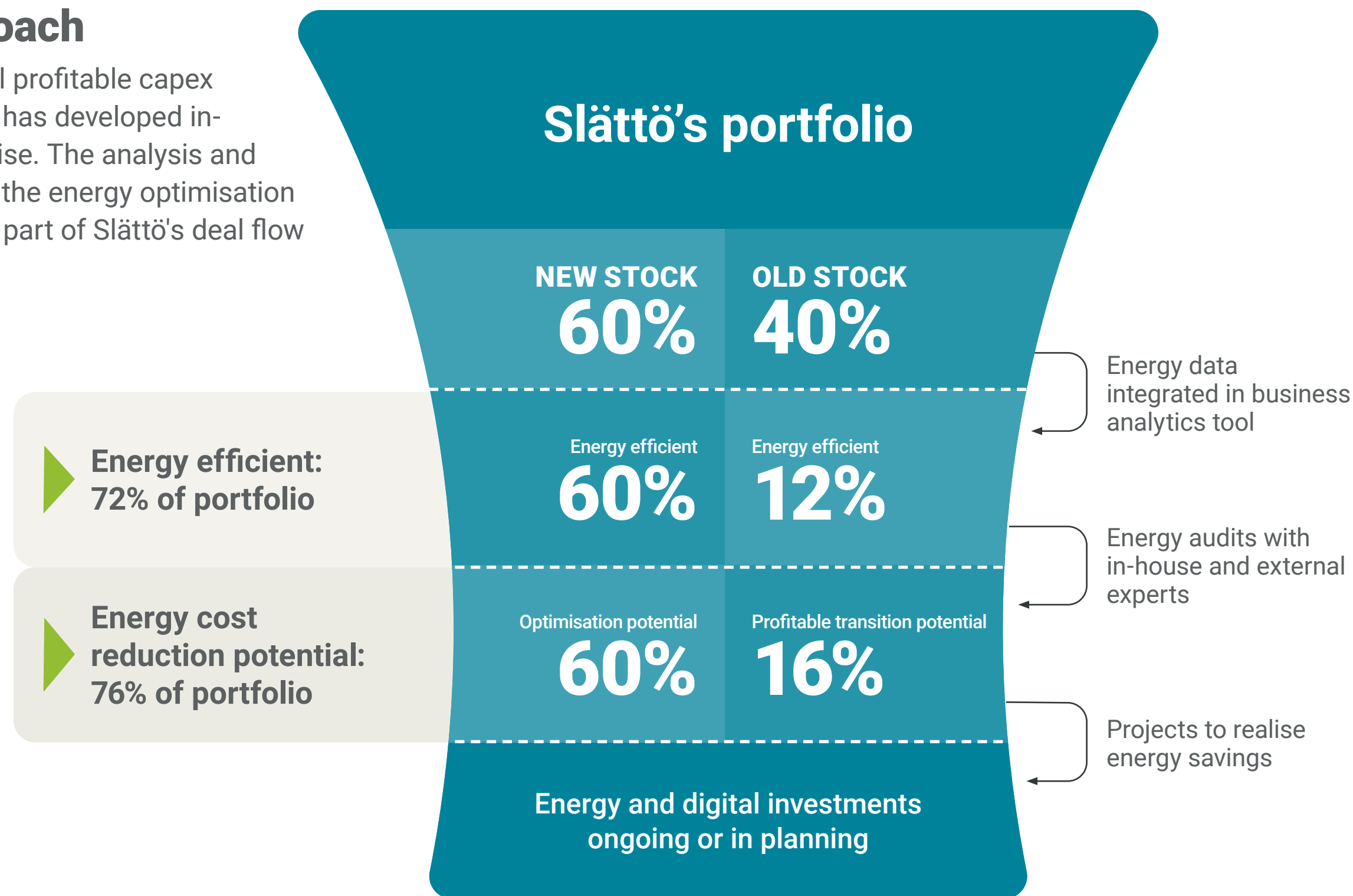
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How Slättö maximises value through energy investments

Slättö is developing a systematic, proactive and data-driven process to realise profitable energy capex opportunities. This will result in lower operating costs, higher asset values, easier financing and better liquidity at exit, giving our investors higher risk-adjusted returns in the future and Slättö a competitive advantage.

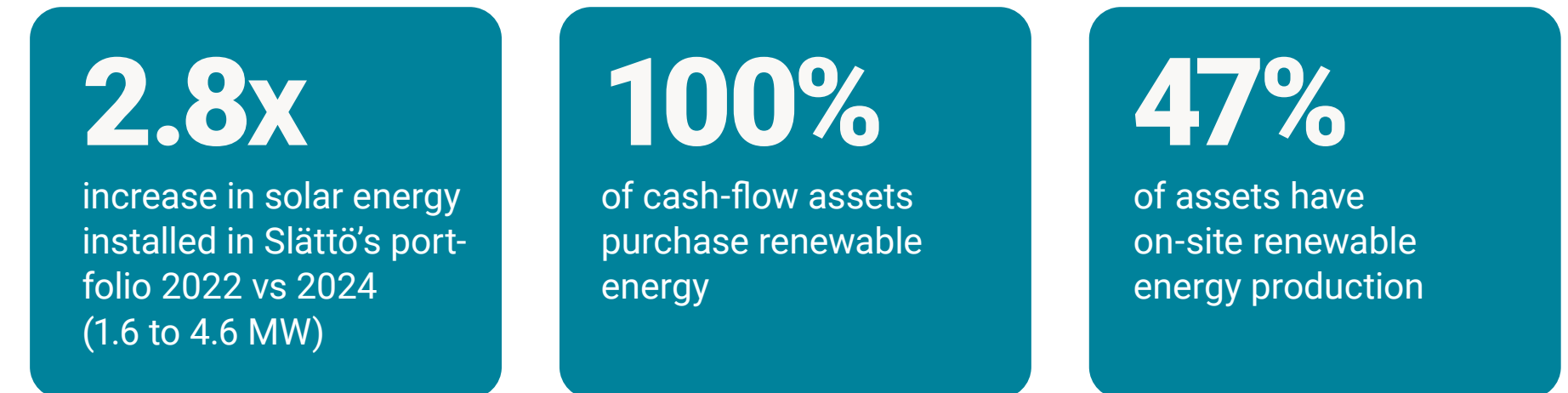
Slättö's approach

To find and realise all profitable capex opportunities, Slättö has developed in-house energy expertise. The analysis and early assessment of the energy optimisation potential is a natural part of Slättö's deal flow review.



Results 2024

Renewable energy



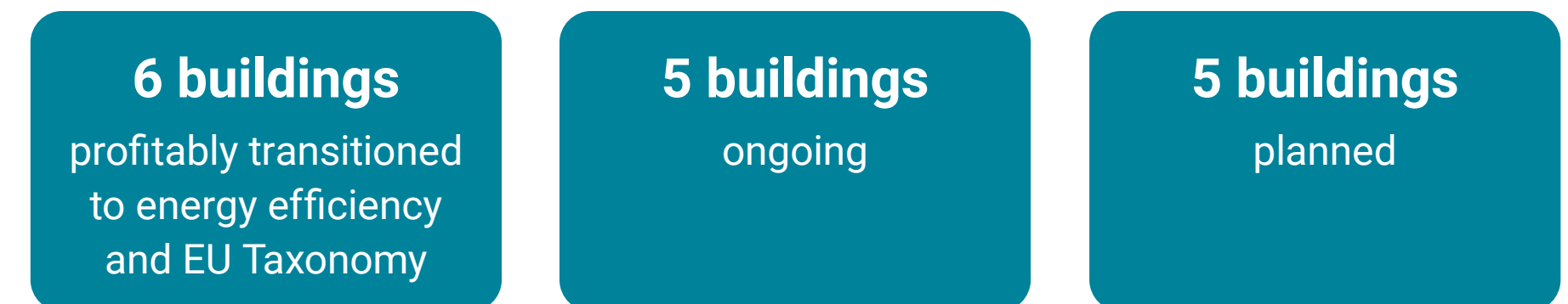
Climate transition

Turning older buildings into efficient assets in line with EU Taxonomy is a climate transition strategy.

Optimisation

We have successfully run an AI pilot for heat balancing in residential new stock, and will roll out the solution across the portfolio.

Energy capex investments



Building low-carbon portfolios is an investment opportunity

Demand for energy efficient, low-carbon real estate will increase. Following a science-aligned path will increase resilience in real estate investments.

Road to Net Zero 2040

Slättö is committed to reaching Net Zero emissions by 2040 and is setting climate targets based on a third-party method, the Science Based Targets initiative.

There are two sources of climate impacts in real estate: one is buildings in operation, the other is construction.

In the graph to the right, we illustrate Slättö's mid-term 2030 targets. The targets are ambitious as Slättö's assets under management will grow substantially in this period.

The target for embodied carbon in construction is especially

challenging. Part of the target can be reached by Slättö using best-available cost-efficient solutions, in particular within concrete and steel. Part of the target will require innovation and faster scaling from the supply chain. Slättö's task is to reach these targets as far as possible, with good risk-adjusted returns to our investors.

Strategy and execution

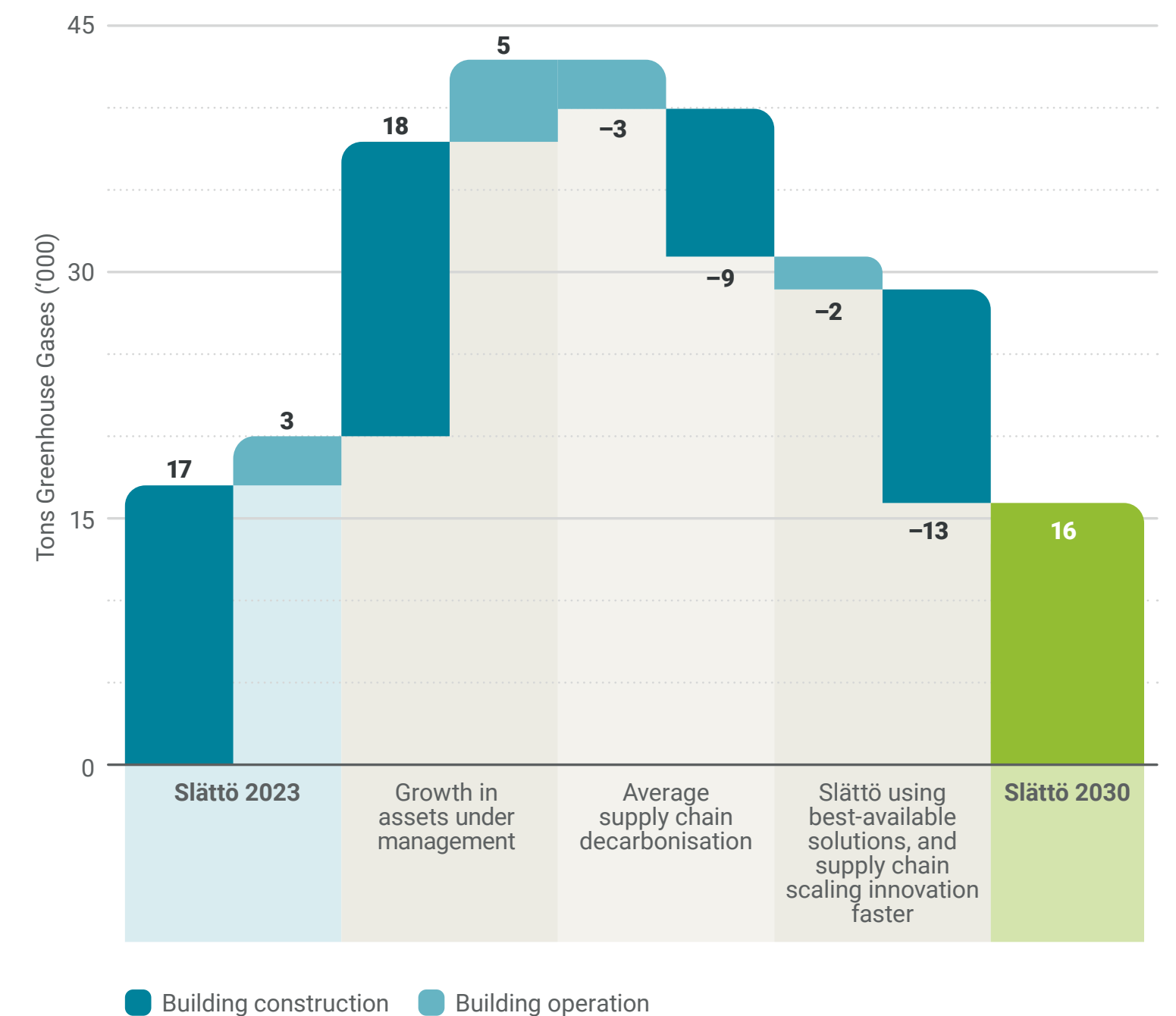
To save energy in existing buildings, Slättö has a multi-year plan for energy efficiency investments.

In construction of new buildings, some low-carbon solutions are already available and cost-neutral, such as optimised building structures. Other technologies

are more costly as they are in an early stage. But just as with earlier technologies like renewable energy or electric cars, they are expected to scale and decrease in cost.

Already today there is large potential to cut carbon cost-efficiently. For example, Slättö has included embodied carbon in the procurement of a large residential project in Bromsten, Stockholm in 2024. As a result, the project will reach at least 18% lower carbon than the 2023 Swedish residential market median, at no higher cost.

Slättö 2030 climate roadmap



Value creation through partnerships

Slättö cooperates with many stakeholders across our business activities. We create value for them and they help us deliver on our business goals and build a more resilient and respected firm.

	Value Slättö creates	Result
Investors	Market-leading returns	Investors choose us
Banks	Loan portfolios with strong and sustainable cash flows	Banks continue to support us
Tenants	Attractive assets, active management, energy savings	Satisfied tenants, lower vacancies, higher rent
Future buyers of Slättö's portfolios	Well-managed portfolios with high sustainability performance, in segments with macro tailwinds	Higher liquidity at exit
Business partners	Business opportunities with a strong transaction partner	Off-market deal flow, lower risk
Innovation start-ups and academia	Access to knowledge, projects and high-quality investor network	Innovation and sustainable solutions for real estate
Governments and municipalities	Larger, well-managed real estate stock that contributes to positive urban development	Land and building permits
Social organisations	Support to carry out projects in society	Stronger communities, stronger Slättö brand
Industry and standard-setting bodies	Industry participation and expertise	Transparency by using third-party standards

Example: Research roundtables

Slättö with a leading technical institute, Linköping university, invited researchers, peers and value chain innovators to four roundtables on concrete, wood, energy and biodiversity.

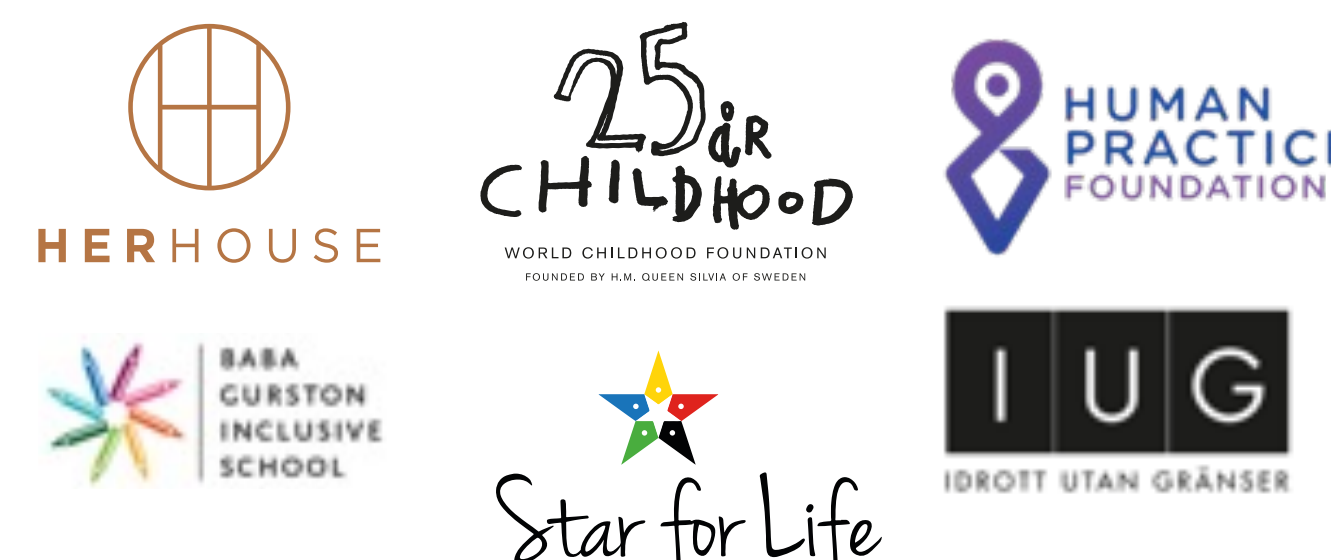
The result was increased knowledge about cost-effective solutions for sustainable buildings today and in the future.

Slättö is also part of academic research projects within concrete optimisation, circular materials, energy management and physical climate risks together with research centres at SEI, KTH and LiU.

Industry groups and standard setters



Social partnerships



Academia



For more information about our partnerships with social organisations and industry groups, visit slatto.se/sustainability.



Sustainability report 2024
Factsheet

SLÄTTÖ

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Summary of environmental, social and governance issues

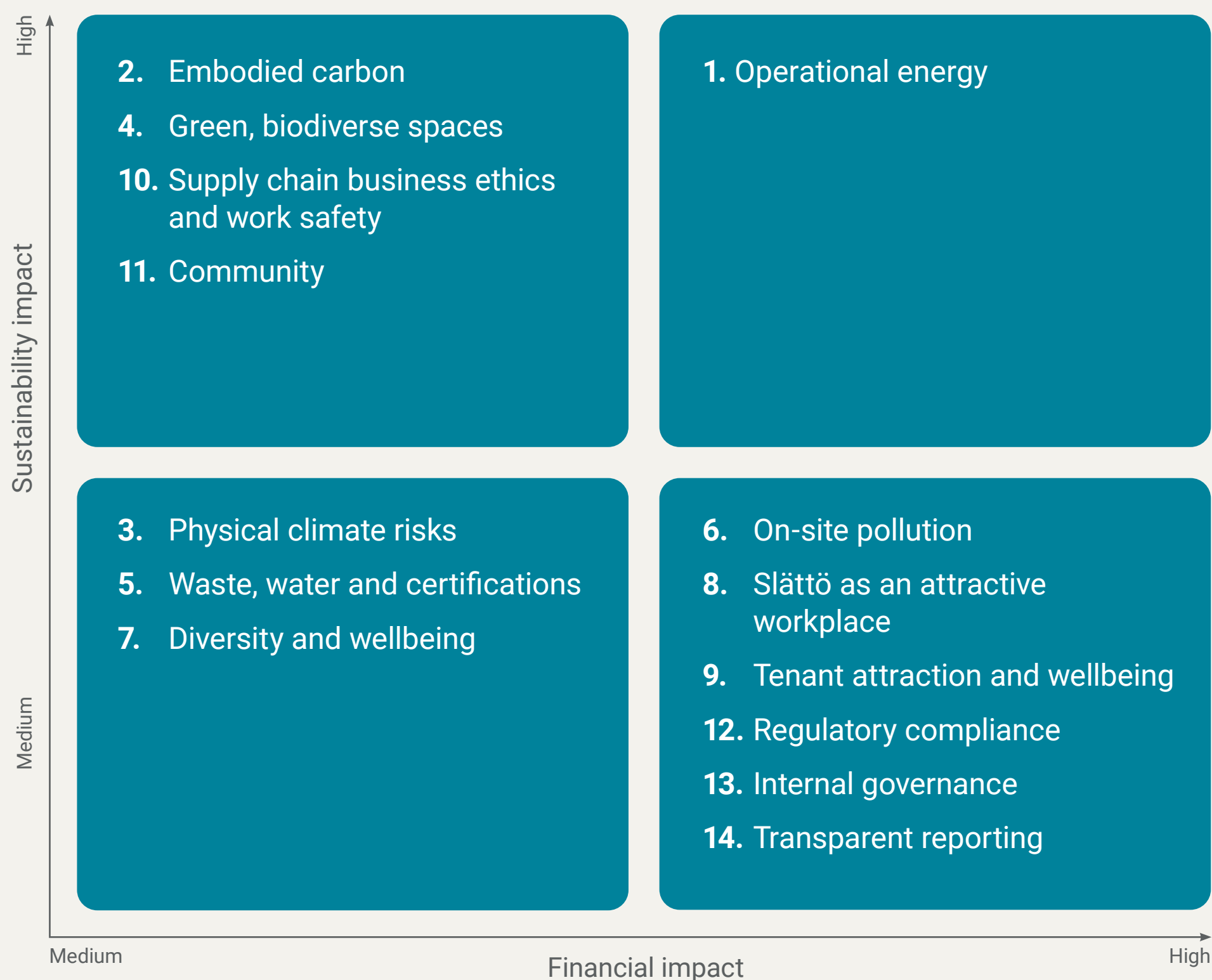
Slättö has identified priority ESG issues that impact returns and sustainability and includes them in our investment strategy and asset management.

	Environment Climate • Biodiversity • Water, waste, pollution	People & Society Employees • Tenants • Supply chain • Community	Governance Regulatory compliance • Internal governance • Transparency
ESG issue	<ul style="list-style-type: none"> ▶ Operational energy ▶ Embodied carbon in construction ▶ Physical climate risks ▶ Green, biodiverse spaces ▶ Reducing water use and waste, and preventing pollution 	<ul style="list-style-type: none"> ▶ Diversity and wellbeing ▶ Tenant attraction and wellbeing ▶ Business ethics and work safety ▶ Initiatives to increase social cohesion 	<ul style="list-style-type: none"> ▶ Compliance with regulation, internal governance framework, transparent reporting
Financial impact	<ul style="list-style-type: none"> ▶ Increase net operating income and secure long-term value ▶ Anticipate regulation risk and shift in market preferences ▶ More attractive projects for municipalities ▶ Reduce asset damage from climate events 	<ul style="list-style-type: none"> ▶ Attract and retain top talent ▶ Satisfied tenants, lower vacancies, higher rent 	<ul style="list-style-type: none"> ▶ Licence to operate ▶ Slättö as a trusted partner for key business stakeholders
Sustainability impact	<ul style="list-style-type: none"> ▶ Drive climate action in real estate, which is responsible for 36% of Europe's greenhouse gases ▶ Protect and enhance biodiversity ▶ Less resource use and pollution 	<ul style="list-style-type: none"> ▶ Diversity and inclusion ▶ Support and protect vulnerable groups ▶ Worker safety ▶ Social cohesion 	<ul style="list-style-type: none"> ▶ Responsible business
Policy and commitments	<ul style="list-style-type: none"> ▶ Slättö Policy for Responsible investments ▶ Net Zero 2040 Science Based Targets, and mid-term target 2030 	<ul style="list-style-type: none"> ▶ Sustainability Standards for Project Development and Asset Management ▶ Construction supplier Code of Conduct 	<ul style="list-style-type: none"> ▶ Signatory of UN PRI, UN Global Compact ▶ Reporting to GRESB

Materiality analysis

We have evaluated the impact of these environmental, social and governance issues based on upcoming legislation and in dialogue with key business stakeholder groups. By talking to tenants, investors and banks continuously, we understand market preferences today and trends that will impact returns in the future. Our materiality analysis has not changed since 2023.

ESG issues have sustainability and financial impact



... and contribute to returns

ESG issue	Financial impact
1	Reducing energy use and installing renewable energy production in buildings increases net operating income. It also secures long-term value as market preferences shift towards low-carbon assets.
2	Designing construction projects with lower climate impact will help meet future regulation and shifts in market preferences.
3	A warming climate will increase floodings, fires and extreme temperatures, which can damage real estate assets. With proactive measures, future costs can be reduced.
4	Green areas make assets and neighbourhoods more attractive to tenants. We meet municipalities' preferences by increasing green spaces and including biodiversity aspects.
5	In new buildings and some cash-flow assets, certifications are important for tenants and future buyers. Certifications cover many aspects, from waste and water to quality and wellbeing.
6	With environmental due diligence before investments, we can reduce the potential costs of addressing pollution in older assets.
7-8	We need to attract and retain top talent to continue delivering market-leading returns to investors.
9	Initiatives for tenant satisfaction and wellbeing contribute to lower vacancies, lower turnover and willingness to pay higher rent.
10-14	Licence to operate, Slättö as a trusted and preferred partner for key business stakeholders.

Slättö's ESG targets and performance

Based on the analysis of material ESG issues, we have set targets, with the objective of driving returns and sustainability.

	Environment Climate • Biodiversity • Water, waste, pollution	People & Society Employees • Tenants • Supply chain • Community	Governance Regulatory compliance • Internal governance • Transparency
Targets 1-3 years	<ul style="list-style-type: none"> ▶ EU Taxonomy year-on-year increase in alignment ▶ Renewable energy: on-site in 100% projects ▶ Biodiversity action plans in 100% of our larger projects ▶ Environmental certification in 100% of projects and as many cash-flow assets as possible 	<ul style="list-style-type: none"> ▶ Employee satisfaction >85% ▶ Gender diversity >40% ▶ Sick leave: Short-term <2%, long-term <3% ▶ Tenant satisfaction year-on-year improvement +2% ▶ 100% new projects Construction Supplier Code of Conduct ▶ Social contracts 5% of residential assets 	<ul style="list-style-type: none"> ▶ Compliance with regulatory requirements and industry standards ▶ Follow internal governance framework ▶ Use globally-recognised ESG reporting norms
Targets 4-8 years	<ul style="list-style-type: none"> ▶ GHG emissions in scopes 1-2-3: 2030 mid-term Science Based Targets ▶ Biodiversity action plans in 100% of our assets 		
2024 performance (2023)	<ul style="list-style-type: none"> ▶ Energy efficient assets in Slättö's portfolio, meeting the criteria of the EU Taxonomy: 72% ▶ EU Taxonomy aligned assets, as share of Slättö funds' investments: 10-46% (52-60%) ▶ Environmental certifications: 100% (100%) of projects, 30% (53%) of cash-flow assets ▶ Renewable energy: 100% (100%) project developments with on-site renewables; 100% (96%) cash-flow assets purchasing renewable energy 	<ul style="list-style-type: none"> ▶ Tenant satisfaction survey done across portfolio ▶ Sick leave: Short term 0,29% (0,23%), long term 0% (0%) ▶ 100% (100%) new projects Construction Supplier Code of Conduct (CoC) signed ▶ 78% (80%) employee satisfaction ▶ 3% (5%) social contracts <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>67% (66)</p> <p>33% (34)</p> <p>Slättö employees</p> <p>Men</p> </div> <div style="text-align: center;"> <p>75% (66)</p> <p>25% (66)</p> <p>Management and board</p> <p>Women</p> </div> </div>	<ul style="list-style-type: none"> ▶ Continuous employee training ▶ Strengthened risk management framework

More information on 2024 performance

Slättö's assets under management grew from EUR 1.8 billion in 2023 to EUR 3 billion in 2024 driven by acquisitions of standing assets. As a consequence, the share of taxonomy-aligned assets in our funds decreased in percentage terms. In the future, it will increase like-for-like as we optimise newly-acquired assets.

Milestones

Sustainability is part of creating value through development, repositioning and operational improvements.

2021

- ▶ First green leases for commercial assets
- ▶ First green loans signed
- ▶ GHG emission accounting scope 1-2-3
- ▶ Social partnerships, e.g. Her House foundation, which facilitates social housing contracts

2022

- ▶ Reporting in line with EU Sustainable Finance Disclosure Regulation and Taxonomy
- ▶ ESG targets set by Slättö Board of Directors
- ▶ Full carbon footprint analysis of six projects
- ▶ Systematic energy audits across portfolio

2023

- ▶ Committed to Science Based Targets Net Zero 2040
- ▶ Expanded energy audit program
- ▶ Analysis of energy capex opportunities, first investments done
- ▶ First GRESB, PRI reports
- ▶ Two feasibility studies for construction projects targeting the lowest possible climate impact
- ▶ Energy consumption followed up throughout portfolio
- ▶ Automated monitoring, smart water system, in-use certification in ~30 logistics and light industrial assets
- ▶ Tenant surveys throughout the portfolio

2024

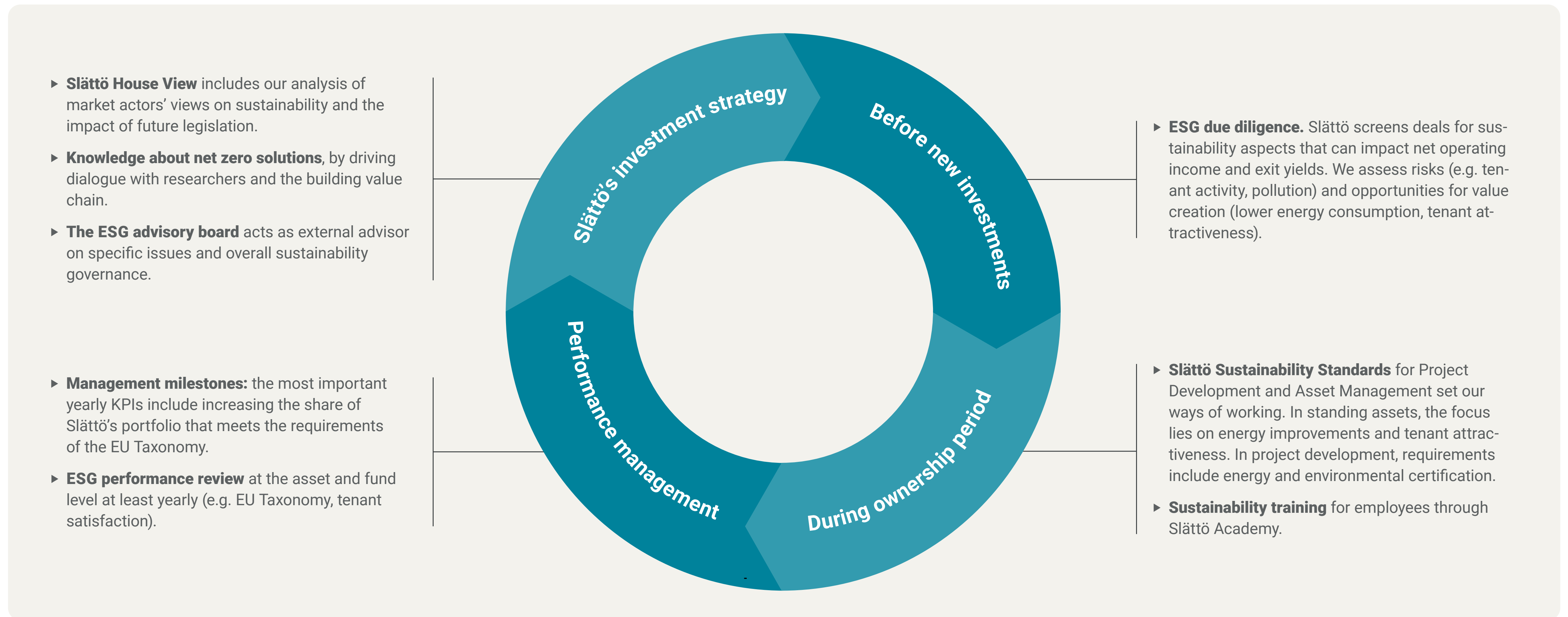
- ▶ Energy capex investments:
 - > 6 buildings profitably transitioned to energy efficiency and EU Taxonomy
 - > 5 buildings ongoing
 - > 5 buildings planned
- ▶ Slättö Sustainability Standards for Project Development and Asset Management
- ▶ Included embodied carbon in project procurement, leading to cost-effective carbon reductions in new residential construction
- ▶ Started work on SGBC NollCO2 certification of one project
- ▶ Held three research roundtables on net-zero solutions for concrete, wood construction and energy

2025

- ▶ Automated portfolio environmental data in business intelligence system
- ▶ Set 2030 mid-term Science Based Targets
- ▶ Held two research roundtables on biodiversity and steel construction

Key processes

Sustainability is a core part of Slättö's business, from strategy to investment decisions, value-creation activities in the portfolio, and the overall performance management of the firm.



Environment

Higher net operating income, better liquidity and easier financing

Energy and carbon

Slättö has set Science Based Targets for mid-term 2030

- ▶ A key Slättö focus is energy-efficient buildings, which we define according to the EU Taxonomy.
- ▶ Slättö has set Science Based Targets for mid-term 2030 and is committed to Net Zero 2040. This means we have targets aligned to the most credible third-party method. We are waiting for target validation from SBTi.

Physical climate risks

We analyse physical climate risks in all assets that are energy aligned under the EU Taxonomy

- ▶ Climate risk assessment is carried out for every asset that meets the energy criteria of the EU Taxonomy.
- ▶ We identify assets where measures can be taken to reduce risks from climate events.
- ▶ These measures include maintaining and improving ditches and drainage systems, or installing window films to reduce heat radiation.

Biodiversity

Biodiversity aspects are part of all larger development projects

- ▶ In larger development projects, we ensure the right ecosystems for protected species and manage stormwater with plant beds.
- ▶ Bee hives on rooftops of our logistics and light industrial assets improve pollination and produce honey for our tenants.
- ▶ A part of Slättö's portfolio has green roofs, which lead to temperature regulation and stormwater management.

Certifications, water and waste

We certify 100% of new development projects, and cash-flow assets where market relevant

- ▶ Slättö certifies all development projects, preferably with BREEAM Excellent and Miljöbyggnad Silver.
- ▶ We certify older assets in the Logistics and Light Industrial portfolio with in-use certification.
- ▶ Smart water system in all logistics and light industrial assets.
- ▶ Every project has a waste management plan.

Social

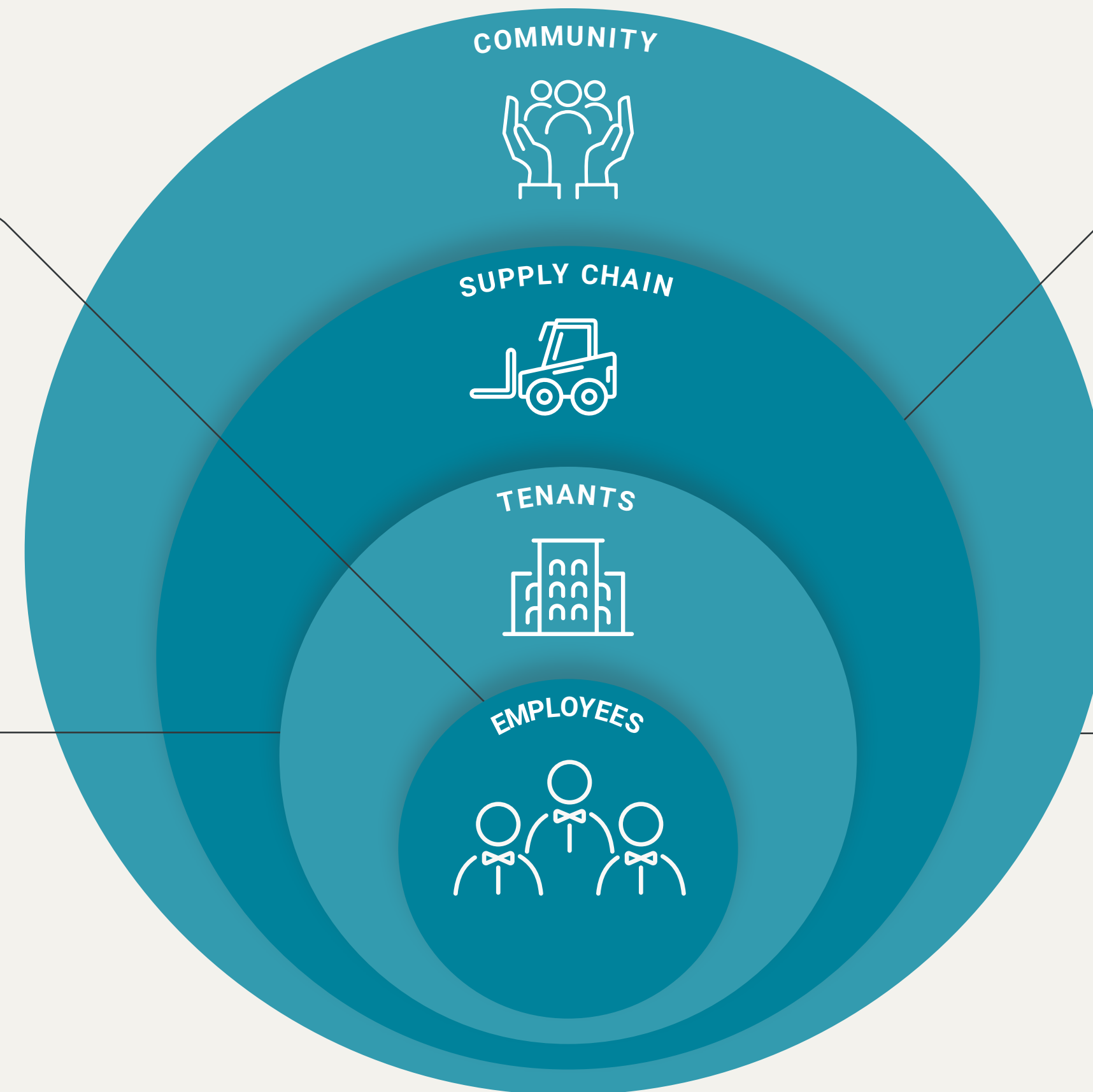
Attractive investments in the long term and cohesive community.

Slättö employees

- ▶ Yearly employee reviews assess not only performance but also behaviours in line with Slättö's values.
- ▶ Employee surveys are conducted yearly, and action plans are implemented to continuously strengthen leadership and culture.

Tenants

- ▶ We carry out activities that increase tenant satisfaction, sense of safety and the attractiveness of our assets. We measure this yearly through tenant satisfaction surveys.
- ▶ Our focus is on well-maintained buildings, pleasant green areas, safety mappings, crime prevention cooperation, tenant communication, and safe work environment for commercial assets.



Supply chain

- ▶ Construction Supplier Code of Conduct is a requirement for all new development projects. It includes business ethics, anti-corruption and worker safety.

Community

- ▶ We partner with civil society organisations and municipalities to provide housing contracts to vulnerable groups such as victims of domestic violence.
- ▶ Slättö also makes philanthropic investments, for example we support the World Childhood Foundation in its work to protect children from all forms of violence and Idrott utan Gränser, which provides sport activities to youth in underserved communities.
- ▶ We also support the right of all children to education, for example by helping finance the construction of two schools in Kenya.

More info about our philanthropic investments at slatto.se/sustainability.

Governance

Transparency and responsibility are part of our core values.

- ▶ Effective governance is key to sustainable business operations, investor confidence and ultimately, long-term profitability and value creation.
- ▶ Our team of partners and employees are invested in Slättö's long-term success. This shared ownership ensures alignment of interests with investors.
- ▶ We have set policies and processes in all key areas of governance and follow them in our daily work. These include policies on conflict of interest, ethics, remuneration and investment management.
- ▶ Slättö's Board of Directors includes independent directors, and investors are represented in our funds' Advisory Boards.
- ▶ Slättö works to apply international standards and best practices, such as the governance guidelines of the European Association for Investors in Non-listed Real Estate (INREV).

Slättö's vision

To be the most respected investor within private market Nordic real estate.

Slättö's values

Commitment

We take initiative and deliver result

Entrepreneurship

We create opportunities

Responsibility

We are reliable

Transparency

We are transparent and value integrity



Appendix

Definitions and abbreviations

Definitions

Taxonomy aligned	Assets need to be energy class A or top 15% or 30% in the national stock (assets built before 12/2020) or 10% lower than nearly zero-energy buildings (assets built after 12/2020), in addition to other criteria
Energy aligned / Energy efficient assets	Meeting the Taxonomy criteria of top 30% in the country's building stock or better
SBTi	Science Based Targets initiative, an organisation that defines best practice in emissions reductions and targets in line with climate science
GHG	Greenhouse gases
Capex	Capital expenditure
On-site renewables	Solar energy and geothermal heating
Social contracts	Contracts in collaboration with municipalities to house vulnerable groups, as well as rented apartments with special services for adults (LSS)

External sources

European Commission	Energy Performance of Buildings Directive (EPBD) (EU/2024/1275), adopted in May 2024
Cushman & Wakefield	Nordic Investor Confidence Index, 2023 and 2025
Aviva	Aviva Investors Real Assets Study, 2024
Blackrock	Global Transition Investing Survey, 2023
Accenture	The Journey to Net Zero Emissions by 2050, 2023

Further reading:

Slättö GHG reporting



Slättö sustainability partnerships



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