





CONTENTS ABOUT TRIANON SUSTAINABILITY

**OPERATIONS** 



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### Directors' report

The annual report and consolidated financial statements for the financial year 2023 examined and reviewed by the auditor are included on pages 4-5, 10-11, 14-23, 41-42, 45-46, 49-51, 53-57 and 59-90. The Directors' Report includes pages 4-5, 10-11, 14-23, 41-42, 45-46, 49-51 and 59-60. The Annual Report is also available in Swedish which is the original version.

• Included in the Annual and Sustainability Report 2023

examined by the auditor.

### Other external review

The auditor has reviewed the statutory sustainability report, pages 11 and 14-23, according to FAR's recommendation RevR 12 The auditor's opinion regarding the statutory sustainability report.

The auditor has reviewed the corporate governance report, pages 53-57, in accordance with FAR's statement RevU 16 Auditor's review of the corporate governance report.

Fastighets AB Trianon is a public limited company. Corporate ID number 556183-0281. Registered office: Malmö, Sweden.

All amounts are expressed in Swedish kronor. Kronor is abbreviated to SEK, million kronor to SEK million, and billion kronor to SEK billion. Figures in parentheses refer to the preceding year, 2022, unless otherwise indicated. Square metres are abbreviated to m2.

This report contains forward-looking information that is based on the current expectations of Trianon's management. There is no guarantee that these expectations will be met and future performance may differ from that reported in the forward-looking information, which is based, among other things, on changeable economic, market and competitive conditions, legislative changes and other political measures, exchange rate fluctuations and other

Photos: Pernilla Wästberg et al.

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**ABOUT TRIANON** SUSTAINABILITY **OPERATIONS** 

CORPORATE GOVERNANCE

**ANNUAL REPORT 2023** 

# The year in brief

In 2023, Trianon increased both rental income and net operating income through strong letting, completion of new production and good cost control. The company increased rental income by 6 percent and in the like-for-like portfolio by 10 percent. Net operating income increased by 13 percent and in the like-for-like portfolio by 16 percent. Profit from property management decreased by 30 percent due to increased financial costs.

+6%

+13%

(+16% in like-for-like portfolio)

57.1%

The loan-to-value ratio

was 57.1 percent (54.5).

Operating surplus increased to SEK 798 million (440). 1.6 times

Interest coverage ratio was 1.6 times (2.4).

4.80%

**Yield** was 4.80 percent (4.32).

Rental income

increased to SEK 733 million (688). (+10% in like-for-like portfolio)

2023 2022 2021 2020 2019 Key performance indicators Rental income, SEK million 733 688 618 553 446 498 440 396 369 Operating surplus, SEK million 286 163 232 253 224 177 Profit from property management, SEK million -273 -235 292 Change in value of investment properties, SEK million 1,311 406 -206 1,311 537 307 Comprehensive income for the period, SEK million 171 12,289 12,863 12,666 9,462 7.958 Investment properties, SEK million Total assets, SEK million 13,630 13,798 13,581 10,303 8,420 Interest coverage ratio, times 1.6 2.4 3.2 3.4 2.6 Average return on equity, % -3.9 3.2 31.3 16.7 12.7 Loan-to-value ratio, % 57.1 54.6 53.5 55.7 55.1 Equity ratio, % 36.8 38 9 38.6 35.3 34.6 Equity per share, SEK 27.27 34 11 33 23 23.57 19.41 Equity per share after deduction of hybrid capital, SEK 26.58 31.14 30.60 20.58 16.82 Earnings per share, SEK -1.59 0.84 8.41 3.31 2.14 Long-term net worth per share, SEK 32.09 39.35 38.79 28.22 23.20 Long-term net worth per share after 31.40 36.38 36.16 25.23 20.61 deduction of hybrid capital, SEK 820 798 738 653 558 Rental value, SEK million

Historical key performance indicators per share have been recalculated taking into account a 4:1 share split in 2022.

96

455

95

491

95

488

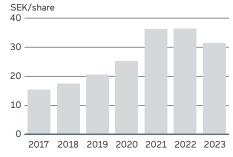
95

402

94

341

### Growth, long-term net asset value



Restated taking into account 4:1 share split in May 2022. Long-term net worth per share after the deduction of equity attributable to hybrid bonds.

11%

Average annual growth

Economic occupancy rate, %

Rentable area excluding garage, thousand m<sup>2</sup>

CONTENTS ABOUT TRIANON

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fair value, SEK million	12,965	12,553	12,568	12,289
Yield (return), %	4.30	4.40	4.40	4.80
Real economic occupancy rate, %	95.3	95.6	95.6	96.1
Loan-to-value ratio (LTV), %	55.5	55.8	56.1	57.1

- Trianon's residential rents in Malmö were increased by 5 percent from 1 January 2023.
- A ten-year lease was signed for a fitness centre in the Häggen property in Malmö.
- The "Färdighet ger möjlighet" job initiative was launched and provided work for five unemployed people.
- Letting continued in the Entré property and the occupancy rate is more than 90 percent.
- Trianon announced the redemption of the outstanding hybrid bonds from the 2019 issue.
- The newly built Rosengårdsbiblioteket library, with an area of 2,000 m² across three floors, was opened and is now twice as large as before.
- The architectural competition for Limhamn silos was concluded and the winning proposal was Habitat. Trianon and Lernacken Fastigheter intend to build 70 apartments here.

- An agreement was signed to sell 45 properties totalling 65,500 square metres for SEK 1.3 billion. The transaction is taking place in two stages. The first 18 properties were vacated in June.
- Senior unsecured sustainable bonds were issued to a value of SEK 150 million.
- A five-year agreement was signed with Normal Sweden AB for Rosengård Centrum.
- An agreement was signed with APL to develop Kvarteret Spiralen with housing, offices and businesses over an area of 40,000 m<sup>2</sup> in Malmö.
- The newly built Kvarteret Trädgårn in Svedala with 53 apartments was completed, built with investment support for reasonable rents.

- 81% of tenants accepted Trianon's rent increase on 1 July. Agreement was reached with the Swedish Union of Tenants on the details in the 2024 rent negotiations.
- New presumption rents agreed for newly built homes in Sege Park and Hyllie, Malmö. Rent levels are SEK 2,200–2,450 per square metre, providing an average return of more than 5 percent.
- Vacated 7 properties in Osby in the property deal initiated in the second quarter.
- Interest rate swaps during the fourth quarter and after the end of the period have, through swaps and short-term fixed-rate loans, increased the hedge ratio from 42 percent to 83 percent in the third quarter.
- Repurchased hybrid bonds totalling SEK 370 million through conversion to class B shares. The aim of the buyback was to increase earnings per share and improve cash flow.

### Events after the end of the period

- Completed rent negotiations in Malmö involving rent increases of 5.3 percent for 2024 and a further 4.9 percent for 2025.
- Extension of the existing senior bond maturing in 2025 with a nominal amount of SEK 75 million.
- Directed new issue and offset issue of existing hybrid bonds against B shares totalling SEK 250 million, of which at least SEK 66 million relates to the offset issue.

THE CEO'S VIEW

# A long-term approach, hard work and adapting to new conditions keep our business intact



In challenging times of high inflation and rising interest rates, it is particularly important to focus on what we can actually influence as a company. Not everything is dependent on external factors – there is a lot that we can control ourselves through hard, focused work. Here we can see that our everyday efforts in relation to letting, as well as our renovations and energy efficiency improvements in the existing portfolio, are achieving good results. Our cost savings are also bearing fruit, which can be seen in our surplus ratio of 68 percent. I am proud of the way the organisation has fought to achieve cost control and focused strongly on increasing revenue and positive letting, with agreements signed for SEK 18 million in 2023.

### Our property portfolio

Not all residential property is the same. We own and manage residential property in Malmö, a city with steady growth and a strong, well-functioning housing cooperative market. Rising interest rates naturally have a negative impact on property values, but in a growth region like Malmö, demand has a much greater effect on value than interest rates. It is well known that there is a difference between the value and the price when it comes to properties. Property valuations should reflect the point where a buver and a seller would meet in a normal market. The property deal with Stjernplan in April 2023 and the renewed interest in investing in residential properties towards the end of the year are clear signals that our valuations are in line with the transaction market. We have externally valued 90 percent of our properties in 2023 and this has resulted in changes in value of SEK -273 million.

### Strong letting work

I am proud of the way the organisation has fought hard to achieve even greater cost control and focused strongly on increasing revenue and positive net letting. We signed new agreements totalling SEK 18 million in 2023. I am verv pleased with the presumption rents negotiated for our newly constructed housing in Sege Park and Hyllie, which settled at SEK 2,200 to SEK 2,450 per square metre. This gives us a return on invested capital in excess of 5 percent. All the apartments in Sege Park were let immediately. The letting work in Hyllie is successfully under way and will be completed in early 2024. In addition, agreement has been reached with the Swedish Union of Tenants for 2024, which entails a rent increase of 5.3 percent and a further increase from 1 January 2025 of 4.9 percent. This provides stable property values. It is important that residential rents keep up with cost inflation in the economy so that the standTHE CEO'S VIEW

ard of rental properties can be maintained. We do not believe in arbitrary rent setting; instead we believe that the current negotiation model must be developed so that it is based on mathematics and predictability, which benefits our customers and us as a company.

### Malmö is growing

Malmö is an attractive and constantly growing city. Last year, the population increased by almost 5,000 and we still have up to 100–150 applicants for every rental apartment that becomes vacant. The current slowdown in new construction is leading to increased demand for rental properties. Malmö's positive development, alongside its strong population growth, is reflected in current statistics from both the City of Malmö and the Police, which show an improvement in school results and an increasing feeling of safety among Malmö residents. The number of households receiving welfare support has also reduced by 15 percent between 2022 and 2023\*.

### Joint ventures enable value-creating urban development projects

We jointly own Burlöv Center Fastighets AB with Wallfast. The company has 40,000 m<sup>2</sup> of retail space and over 100,000 m<sup>2</sup> of land, as well as Kvarteret Hanna, containing apartments and commercial space, which will be completed in the first quarter of 2025. Since December 2020, we have developed the centre and taken it from an occupancy rate of just over 40 percent to the current rate of 83 percent and we have also sold building rights in the area to Riksbyggen and Tornet. Here we are pursuing a detailed plan for residential property with an additional 100,000 m<sup>2</sup> gross total area and we have building rights that have

completed detailed planning for 18,000 m<sup>2</sup> gross total area, where we intend to begin construction when the conditions are right. This is located right next to Burlöv's new station, Malmö Norra Station, with trains every six minutes to central Malmö and Lund in 5 and 7 minutes respectively. Burlöv Center is a major urban development project that will create considerable value for Trianon over the next few years.

Rosengård Centrum is jointly owned with Bonnier Fastigheter. Together we are carrying out a major urban development project for housing, retail and community services. Rosengård Centrum , just a 10-minute cycle ride from the central station, is fully let and footfall has reached record levels recently, with 75,000-83,000 visitors per week. On 1 March 2023, the Rosengardsbiblioteket library was opened and is an important meeting place for local residents, while at the end of the year a lease was signed with discount chain Normal. Grocery store Bazaar Food Market, which offers food from around the world, continues to attract many visitors. One of the key goals is to increase social sustainability in the area, and Trianon is contributing to this with its local knowledge and long-term social engagement.

In February 2023, the winning proposal was presented from the architectural competition to design the Limhamn silos, which we own together with Lernacken Fastigheter AB. Once the detailed plan has entered into force, we will have building rights for 15,000 m<sup>2</sup> gross total area. This is in one of the very best waterside locations in Malmö.

### Genuine sustainability delivers results

During the year, we launched our "Färdighet ger möjlighet" (Skills provide opportunities) job initiative, where our own tenants in Lindängen,

We own and manage residential property in Malmö, a city with steady growth and a strong, well-functioning housing cooperative market. Rising interest rates naturally have a negative impact on property values, but in a growth region like Malmö, demand has a much greater effect on value than interest rates.

Hermodsdal and Nydala in Malmö were employed through a partnership with the Swedish Public Employment Service to keep our properties clean and tidy. Our new colleagues are now moving away from unemployment to a three-month internship and then a further 12 months of employment. This initiative shows our desire to take care not only of our properties but also of the people who live in them.

We continue to work hard to improve energy efficiency, with the aim of reducing energy consumption by 10 percent in 2022-2024. Over the last two years, we have reduced energy consumption by 7.4 percent.

As each summer approaches, we recruit young people aged 16-20 in our neighbourhoods, who are given the chance to work with us for the summer. In addition, Stiftelsen Momentum, the foundation established by Trianon and MKB, is planning ahead for the summer months, with activities such as reading books, sport, art and more made available to children and young people in Lindängen, Hermodsdal, Nydala and Rosengård. I am extremely pleased and proud that last year the foundation was able to provide many thousands of opportunities for children and young people to take part in these activities.

### Strong and sustainable financing

Since 2022, we have renegotiated all of our loans at unchanged margins. Very few mature in 2024. During the fourth quarter and the early part of this year, we implemented interest rate hedges for 83 percent of our debt portfolio. This secures our earnings. Our loan-to-value ratio relative to total assets is 51.5 percent and we will achieve our financial target of an interest coverage ratio of 1.75 times in 2024.

### Goals and focus for the future

Of course, 2023 has been a challenging year for the company. That said, it has also been a year of change and adaptation, which has given us the scope to consolidate and head into 2024 with good cost control, with the interest rate hits absorbed, and with stable property values, strong demand and very secure rental income. All this in a city that is growing. I have said it before - we are in the right place in the right segment. Our long-term business is intact.

Olof Andersson, CEO

<sup>\*</sup> Malmö stad, facts and statistics, and the Police safety survey 2023.

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# **About Trianon**

Trianon owns, manages, develops and builds properties in Malmö and the surrounding area. We want to help develop a city where everyone feels at home. A city with less exclusion and greater confidence in the future. That is why we are actively engaged in our local area and contribute to long-term, sustainable urban development. Trianon owns and manages 131 properties in Malmö, Burlöv and Svedala. We supply residential premises and properties for commercial and community services.



**Commitment** – We are committed and honest. We promote an inclusive culture characterised by trust, respect and humility. We are committed to our employees, tenants, society and the environment. Together, we create a better urban and residential environment with sustainable solutions and long-term profitability.



**Innovation** – We are constantly striving to get better at what we do. We will be involved and contribute to a positive and sustainable social development in Malmö and the surrounding area. With entrepreneurship, we create business benefit, customer benefit and social benefit.



**Courage** – We are brave and dare to develop new business models. We see new opportunities, make decisions and have the courage to invest. Together we make a difference.



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# Trianon – an investment in a sustainable future



### Solid property portfolio

Residential, commercial premises and community properties with low risk and high value creation potential. A project portfolio that contributes to high future value creation through attractive projects in interesting locations.



### Strong demand

Active in an expansive region with strong demand for residential and commercial property. Trianon receives 100–150 applications for every rental apartment that becomes vacant and has strong net letting with a continuous flow of newly signed leases in the commercial portfolio.



### Stable finances

Since listing on the stock exchange in 2017, profit from property management, rental income and property values have increased on average by 9, 20 and 18 percent respectively. Trianon has a stable financial position with carefully and realistically valued properties.



### **Entrepreneurial culture**

A corporate culture that is entrepreneurial and characterised by commitment, innovation and courage. Experienced management and employees who see business opportunities where others see obstacles.



### Social engagement

Good, close contacts with rental market participants, municipalities, regional authorities, businesses and clubs and associations. Social engagement that benefits individuals and also provides added value for the company's shareholders and other stakeholders.

# Financial targets for Trianon 2022–2024

Coming into 2022, the Board of Directors adopted the financial targets below for Trianon to describe the company's growth ambitions and value creation.

Target		Outcome 2023	5-year average	Comments
The profit from property management shall increase by 12% annually.	Profit from property management, % 40 35.6 20 26.4 12.9 -34.0 Target -20 -8.4 2019 2020 2021 2022 2023	-30% Target: > 12%	7% Average annual growth	The decrease in profit from property management is mainly due to higher interest costs
Return on equity shall exceed 12% over an economic cycle.	Average return on equity, %  40 30 20 12.7 16.7 Target  2019 2020 2021 2022 2023	-4% Target: > 12%	12% Average annual return	The return on equity is lower than in previous years, mainly due to negative changes in the value of investment properties and derivatives.
The loan-to-value ratio shall not exceed 60% of the property value.	Loan-to-value ratio, %  80 60 40 20 2019 2020 2021 2022 2023	57% Target: < 60%	55%	The loan-to-value ratio has been negatively affected by changes in the value of investment properties.
The interest coverage ratio shall exceed 1.75 times the financial expenses, including interest expenses for derivatives.	Interest coverage ratio, times  4	1.6 times Target: > 1.75 times	2.6 times	The interest coverage ratio has been affected by higher market interest rates, particularly during the latter part of the year.
Annual investment profit from the project portfolio shall amount to at least SEK 100 million.	Investment profit from the project portfolio, SE  120 114.0 Target  90 60 30 16.0 2022 2023	SEK 16 million  Target: > SEK 100 million	SEK 65 million  Two-year average  The target has been in place since 2022	Annual investment profit is mainly affected by the new production projects of Sege Park and Hyllie Badmössan.

CONTENTS **ABOUT TRIANON** 

Target

SUSTAINABILITY

# Sustainability goals for Trianon 2022–2024

Coming into 2022, the company's Board of Directors adopted sustainability targets below for Trianon. The goals are directly linked to Trianon's assignments and business and to the company's ambition to contribute to long-term, sustainable societal development.

Build more rental apartments with reasonable rents and renovate cost-effectively

- Produce apartments with reasonable rent that are within the reach of low- and middle-income earners.
- Renovate 200 apartments per year, of which 150 according to Trianon's Basic Model to promote long-term living.

Number of renovated apartments 150 100 107

53 completed apartments

Outcome 2023

renovated apartments

Comments

In 2023, no construction began on any apartments. However, 191 apartments were completed, 53 of which with government investment support and therefore lower rents. The number of renovations was lower than in previous years because fewer tenants moved during the year as well as increased yield requirements. Trianon renovates when there is a change of tenant.

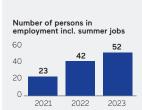
Sustainable Development Goals





### Reduce unemployment in our residential areas during 2022-2024

- Via social clauses, stipulate requirements for Trianon's contractors to give work to 20 unemployed people.
- Offer 6 people who live in the company's residential areas fixed-term/hourly employment.
- Create 100 summer jobs for young people living in Trianon's areas.



people in internships

people in fixed-term/ hourly employment

summer jobs

During 2023, 34 young people got summer iobs, 5 adults received temporary employment in the "Färdighet ger möjlighet" [Skills provide opportunities] initiative and 13 people received internships via our contractors in new production projects.





### Reduce homelessness during 2022-2024

 Offer 60 of the company's terminated apartments to counteract homelessness. Target: 20 apartments per year.

apartments

Every year, vacant apartments are made available to Malmö stad and other municipalities for housing homeless people. There were 22 apartments (25) made available in 2023.

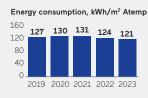




### Reduce energy consumption in our properties and increase the proportion of renewable energy sources

- Through targeted efforts, reduce energy consumption by 10 percent in kWh during 2022-2024<sup>1</sup>.
- Install solar cells in existing stock corresponding to 100,000 kWh/year.





from self-installed solar panels

Energy consumption decreased from 131 kWh/m<sup>2</sup> Atemp in 2021 to 121 kWh/m<sup>2</sup> Atemp in 2023, which is a reduction of 7.4 percent, through investments in energy-saving measures. Solar panels were installed in 2023 with an estimated output of 150,000 kWh per year. Read more on pages 21–23.







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<sup>&</sup>lt;sup>1</sup> The target refers to normal-year-adjusted kWh savings in properties owned as at 31 December 2021. The target pertains to properties that we intend to own and manage in the long term.

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**STRATEGY** 

# Strategic focus

### Strategic focus

Trianon operates in an expansive region with strong demand for residential and commercial premises. We want to contribute to long-term, sustainable urban development through innovative solutions and collaborations that renew, develop and improve the housing and real estate market in Malmö and the surrounding area.

Acquire and own - Our property portfolio is located in Malmö and the surrounding area. We build our portfolio based on our knowledge of the local municipalities and the region and we take a long-term view of our ownership. The properties we acquire must have clear potential for value creation. We often see opportunities where others see difficulties.

**Let and manage** – We manage our properties with our own personnel. This provides our customers with a local and personal service and gives us in-depth knowledge of the condition of each individual property. Housing accounts for the largest proportion of our portfolio, but we also offer commercial premises in attractive locations as well as easily accessible premises for community services.

**Develop** – We have a plan for every building and for every neighbourhood. Our own Trianon

model guides us on how and when we renovate our homes so that this is done in a businesslike manner and with great consideration for the tenants. We work long-term to develop our areas so that they are safe, sustainable and attractive for those who are looking for a new home or a place to run a business.

**Build** - We build new homes on a market with a major housing shortage, which means a low risk of vacancies. By building new homes in attractive locations, we help our region to grow as more people have the opportunity to move here.

### Sustainability

We work actively to create security, confidence and a feeling of community in our neighbourhoods, for example by supporting sports clubs and other associations. We offer temporary employment, summer jobs and internships for our tenants and we are involved in measures to improve security. Through structured work on the energy optimisation of our properties, we reduce our climate impact.

### Core values

Our core values are at the heart of all our work. With commitment, innovation and courage, we are building our company and our Malmö of the future.

### Trianon will be the best-run and most profitable property company in our region

The strength of our business is the management and development of properties and areas. Through leasing, value-creating investments, new production and acquisitions, we create value for tenants, communities and shareholders.







**LET AND** MANAGE



**DEVELOP** 



**BUILD** 

Through COMMITMENT, INNOVATION and COURAGE, Trianon aims to achieve sustainable urban development.











# Strong and local social engagement

Trianon is a committed stakeholder in society that is actively involved in local, regional and national initiatives on sustainable urban development. We work closely with others in the Malmö region to increase security, well-being and confidence in our neighbourhoods. We want those who live and work in our buildings to see how our engagement as more than a landlord makes their everyday life better. Having happy tenants in thriving neighbourhoods contributes to long-term, secure, good returns for our shareholders.

Tenants who feel happy and safe make both Trianon and society stronger, says Ryan Bozorgian, Property Manager.

### How our sustainability work is governed

The Trianon Board identifies how sustainability matters affect the company's risks and business opportunities (see also pages 49–51). Trianon's Head of Business Development for the residential sector is responsible for the company's overall sustainability work. The company's management team is responsible for control and follow-up.

In preparation for working with the new EU Corporate Sustainability Reporting Directive (CSRD), the whole company is involved in reviewing and developing strategy, policies and processes and in collecting the actual data. During the year, an inventory, gap analysis and double materiality assessment will be carried out for both inward and outward impacts in relation to sustainability, linked to Trianon's own operations. This will be followed by the definition of KPIs and the collection of data, ready for reporting in December 2025.

In everyday work and in contact with suppliers, business contacts and other stakeholders, there are a number of policies, guidelines and governing documents that set out Trianon's rules and approaches.

The most important of these are:

- Business plan business concept, goals, strategy and core values, including sustainability goals
- The Board's rules of procedure and CEO instructions
- Finance policy

- Environmental policy
- Purchasing policy
- · Policy against victimisation
- · Code of conduct for employees
- · Code of conduct for suppliers
- Communication policy
- Risk policy
- Tax policy

### Social issues in focus

Trianon is working on a broad range of initiatives to reduce the company's energy consumption and climate impact, including governance, optimisation and renovation of properties. However, it is social sustainability matters that the Board has identified as an area where Trianon can bring the greatest benefit to society. Trianon's sustainability work therefore has a great emphasis on social initiatives aimed at opening up the housing market to more people, getting more people into work and establishing a greater feeling of security and well-being in the company's buildings and areas. Trianon's social engagement is described on pages 18-20.



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# Trianon's sustainability goals 2022-2024





### Build more rental apartments with reasonable rents and renovate costeffectively

- Produce apartments with reasonable rent that are within the reach of low- and middle-income earners
- · Renovate 200 apartments per year, of which 150 according to the Trianon Model to promote long-term living. Read more on pages 35-36.

### Outcome 2023

- 53 (0) newly constructed apartments.
- 109 (151) renovated apartments.



### Reduce unemployment in our residential

- Via social clauses, stipulate requirements for Trianon's contractors to give work to around 7 unemployed people per year (20 people in 2022-2024).
- Offer 2 people (6 people in 2022–2024) who live in the company's residential areas fixed-term/hourly employment.
- Create 33 summer jobs per year (100 summer jobs in 2022-2024) for youth residents of Trianon's areas.

### Outcome 2023

- 13 (7) people have been given work placements with contractors.
- 5 (1) people have been offered fixed-term/ hourly employment.
- 34 (34) summer jobs.





### Reduce homelessness

• Offer 20 apartments per year (60 apartments in 2022-2024) of the company's terminated apartments to Malmö stad and other municipalities to counteract social and economic homelessness.

### Outcome 2023

• 22 (25) apartments plus 1 for Her House and 1 for Stadsmissionen







### Reduce energy consumption in our properties and increase the proportion of renewable energy sources

- Through targeted efforts, reduce energy consumption by 3.33 percent in kWh per vear (10 percent in 2022-2024<sup>1</sup>).
- Install solar cells in existing portfolio corresponding to 100,000 kWh/year.

### Outcome 2023

- Energy-saving: 7.4 percent (2022–2023)
- Renewable energy: 150,000 (100,000) kWh.

### How we set our sustainability goals

Trianon's sustainability goals are based on the UN's Sustainable Development Goals and are designed to be ambitious. The goals for 2022–2024 were set by the Board of Directors at the end of 2021 and are presented here along with the outcomes for the first two years.

The Board of Directors and the Group management share the conviction that having ambitious and goal-oriented sustainability work helps to reduce business risks and increase commercial opportunities. This is particularly true in dealings with players on the financial market, who often have stringent demands for structured sustainability work.

### Sustainable framework and new sustainable bond

In 2022, Trianon's framework for sustainable financing was extended to cover all debt instruments. The framework has been established in accordance with the Sustainability Bond Guidelines (developed by ICMA) as well as the Green Loan Principles and Social Loan Principles (developed by the LMA). The framework has been reviewed by an external party, ISS FSG.

In 2023, sustainable financing was expanded with the addition of a new sustainable bond that matures in June 2025. On the issue of this bond in the amount of SEK 150 million, the previous bond from 2021, corresponding to a nominal amount of SEK 72.5 million, was repurchased. Trianon is working to increase the proportion of sustainable financing through green or socially linked loans. The proportion of sustainable financing was 38 percent.

### Business ethics and anti-corruption

Over the years, the construction and real estate sectors have been plagued by irregularities such as illegal workers, bribery and illegal subletting. Trianon carries out ongoing, targeted work to establish the company's values throughout the business and ensure they are integrated in all collaborations, processes and procedures. Trianon's suppliers are expected to comply with applicable laws and regulations, but also with Trianon's policies and guidelines. Trianon's anti-corruption work is integrated in the company's code of conduct. Trianon had no cases of corruption in 2023.

### Sustainable procurement

In its purchasing, Trianon uses a professional procurement process to select suppliers that are sustainable in terms of both economic and sustainability aspects. The Head of Purchasing ensures that framework agreements are drawn up with the majority of our suppliers, that they are monitored and that the counterparties in framework agreements are financially sound. Suppliers are also required to sign Trianon's code of conduct when signing an agreement or contract.

In many cases, Trianon's suppliers have direct contact with our tenants and so affect the business relationships in Trianon's value chain. It is therefore of the utmost importance that we stipulate requirements for the business ethics, professionalism and service levels of our suppliers. We want everyone who works on our behalf to have acceptable working conditions and a good work environment and we therefore place stringent demands on the suppliers we engage in our projects.

In 2024, we have begun our work on supplier assessments and we plan to conduct two supplier audits

### Whistleblowing

Trianon must be characterised by trust, respect and humility. Everyone must be able to trust us, and employees, as well as suppliers, must comply with the code of conduct. Anyone who suspects or considers themselves to have suffered any misconduct or irregularities should first contact their immediate manager or responsible buyer at Trianon. The company's whistleblowing service is available via the company's website and gives everyone the opportunity to report anonymously any suspicions of misconduct or irregularities. In 2023, no cases were reported via the whistleblowing service.

For sustainability risks, see Risks and risk management on pages 49-51.

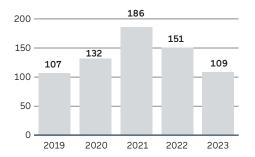
<sup>&</sup>lt;sup>1</sup> The target refers to normal-year-adjusted kWh savings in properties owned as at 31 December 2021. The target pertains to properties that we intend to own and manage in the long term.

# Inclusive housing market even more important in difficult times

All people should be able to afford to live well. This is the foundation of Trianon's work to create an inclusive housing market. A neighbourhood does not consist only of buildings; it is also made up of the people who live and work there. Tenants who feel happy and safe create positive effects for Trianon's business, while at the same time we are helping to build a stronger society.

With a weakening economy and increasing financial strain for many, it is more important than ever before that Trianon contributes to establishing an inclusive housing market. There has been a housing shortage in the rapidly expanding Malmö region for a long time and this is now worsening as higher interest rates and rising costs are causing the postponement of many housing projects. Trianon's social sustainability work is based on

Number of renovations in Trianon's total stock



the global goals and a firm conviction that the right initiatives from Trianon can contribute to increased security, employment and attractiveness. A safe residential area with high employment and a stable socio-economic foundation has a higher property value, which has direct commercial impacts.

### Generous rental policy

Trianon has for some time had a generous rental policy and only requires a net income of 1 x rent, which is lower than most other private landlords and also lower than the public sector (MKB). Trianon also accepts various forms of employment, including hourly employment. Every year, in line with Trianon's sustainability goals, vacant apartments are made available to Malmö stad for housing homeless people.

Another way of creating an inclusive housing market is careful renovation that keeps rents at reasonable levels. Trianon carries out renovations according to a model that is both cost-effective and time-efficient, without sacrificing quality. Large-scale procurement and maintaining similar

standards in many homes can keep costs down. With Trianon's model, the monthly rent generally increases by SEK 2,000-3,000 after renovation, depending on the size of the apartment and the tenants' ability to pay.

### Safer residential areas

Trianon implements extensive security measures in its residential areas - both on its own initiative and in collaboration with others. These include improving lighting, pruning shrubs, making other improvements to the outdoor environment and keeping it clean and tidy. It is also about having local management with visible staff and the "Färdighet ger möjlighet" job initiative, which enables long-term unemployed tenants to find employment. The company takes part in neighbourhood security surveys in the areas of Lindängen and Hermodsdal and refurbishes meeting places and playgrounds. Through Stiftelsen Momentum and collaborations with organisations and other operators, valuable relationships are established that result in engagement and a good relationship with the younger residents in the area.



### $( \bigcirc )$ Focus in 2024

- Continue to use AktivBo's CSI survey to measure customer satisfaction among all residential tenants in order to increase well-being and security in our neighbourhoods.
- Build on the good cooperation with local organisations to create meaningful leisure time for young people through Stiftelsen Momentum.
- Continue to cooperate with relevant stakeholders and work to lower the thresholds to the housing market through action plans and specific measures. Read more about current collaborations and projects on the next page.



As we find ourselves in tougher times, it is even more important for us as property owners to make it easier for people to enter the housing market. Everyone should be able to afford to live well.

Anna Heide, Head of Business Development, Residential



### Stiftelsen Momentum

Together with Trianon's principal owner and Malmö's municipal housing company MKB, Trianon has established the non-profit foundation Stiftelsen Momentum. This is a unique collaboration for the Malmö of the future with a focus on benefiting society by improving the growing up conditions and future opportunities of children and young people. The foundation's goal is to make a long-term contribution to a socially sustainable and safer Malmö by ensuring that children and young people in the residential areas of Nydala, Hermodsdal, Lindängen and Rosengård have stimulating and meaningful leisure time. The activities are run by many different local providers of sport and culture such as FC Rosengård, BK Olympic, Hela Malmö, Stiftelsen Läxhjälpen and Tillsammans i förening. In 2023, around 4,000 young people took part in activities such as reading, excursions, outdoor basketball, swimming lessons and football

### Barns Bostad Först

Skåne Stadsmission, in partnership with Save the Children, has developed a new method to combat structural homelessness among families with children. Those who are structurally homeless are often in a weak financial position and lack contacts, making it difficult for them to enter the housing market. Trianon is one of seven property owners in the Malmö area participating in the Barns Bostad Först partnership, who have offered a main tenancy agreement to structurally homeless families with children.

### AktivBo

Trianon holds regular CSI (Customer Satisfaction Index) surveys in the areas of Nydala, Hermodsdal and Lindängen in order to gauge the tenants' perception of their homes, the physical environment, security, the level of service and of Trianon as a landlord. These surveys are an important tool for understanding the needs and expectations of residents and taking action where necessary. This work is long term, with internal involvement within property management, business development and communication. The work aims to increase well-being, security, and, in the long term, also the property values. One of the KPIs of the sustainability-linked loan from Handelsbanken is that the feeling of security should be increased in the areas of Nydala, Hermodsdal and Lindängen where the measurements are taken. The result for 2023 was a security index of 75.5 percent, with perceived security increasing gradually during the year, apart from a slight drop in October. In 2024, the goal is to conduct CSI surveys for all of the company's tenants.

### Her House Foundation

A frequent problem for women who are affected by domestic violence is that following the emergency support they receive, they are not given help to move to a different permanent residence in order to get away from the perpetrator. The national Her House Foundation works with property companies to support women in this situation and help them through the process of finding a new home, often in another municipality. Through Trianon's partnership with the Her House Foundation, the company offers the foundation apartments with a main tenancy agreement, where women who need long-term sheltered accommodation can begin their new life.

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CORPORATE GOVERNANCE

# Strong culture that produces committed and courageous employees

At Trianon, employees are given great responsibility and have good opportunities to influence the organisation. In 2023, an organisational change was made to clarify roles and responsibilities. There was a strong focus during the year on deepening the company's values, including through a values workshop attended by all employees.

#### New roles

Trianon's values of innovation, commitment and courage permeate the company. The culture is characterised by an unpretentious entrepreneurial spirit, where employees both are given and take great responsibility. In line with this, the organisational change introduced a new role: property technician. This is a role that involves greater responsibility for individual properties. The property technician is responsible for the day-to-day running of one or more properties, including ordering maintenance, etc. This gives individual employees greater responsibility, as well as the opportunity to develop their skills.

The division of roles in the management team was changed during the year so that there is now a business development manager for residential properties and one for commercial and community properties. Following this change, the management team now consists of five people. The change has meant that several employees in the company were given new managers or new lines of reporting, and the company has placed great emphasis on involving those affected and communicating how the new organisational change works.

### **Employee survey**

An employee survey is conducted every year to gauge employee satisfaction and identify any action required. Trianon's employees are generally very happy and the survey for 2023 showed that employees believe Trianon's goals are clear and easy to understand, that they are proud of the company's sustainability work and that they would recommend Trianon as an employer. A certain amount of stress is felt, particularly at peak times.

### Skills development

The skills development of each individual employee is discussed and determined in consultation with their immediate manager and a sum of money is set aside for skills development for every employee. An individual skills development plan is drawn up in connection with the annual employee review.

In 2023, training programmes were provided in leadership and self-leadership. Among the training

measures, management training has been organised for all those with responsibility for staff, and self-leadership workshops for all employees.

Trianon promotes job rotation and encourages employees to develop by seeking new roles within the company. A range of internal career paths are therefore offered within the company. One example is the opportunity to develop skills to grow from caretaker to property technician, which is a new position created during the year.

#### An inclusive culture

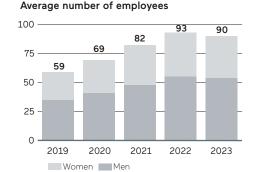
Six times a year, all employees attend a staff meeting in person where they are brought up to date about what is happening in the company. In 2023, systems were developed for digital meetings and

Health rate (95)

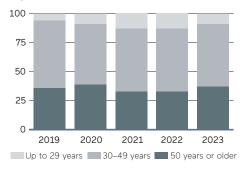
Total number of hours worked (after deducting the total number of hours of sick leave), in relation to the total number of expected hours of work.

Number of employees at year-end (88)

Average age (44)







for digital internal communication to promote participation and knowledge sharing.

All new employees are given an induction programme where they meet key personnel in the company who talk about their areas of responsibility. This is an easy way for a new employee to gain an understanding of the company's working methods and values but is also a good way for them to establish relationships with their new colleagues. For Trianon, the induction programme is a way of ensuring that everyone who works for the company understands its values and their own role in the overall picture.

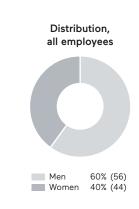
### Work environment and risk assessments

Trianon carries out work environment management in close cooperation with the occupational health service to safeguard both the physical and the psychosocial work environment. Safety inspections, safety committee meetings, risk assessments, reviews of policies and procedures, fire safety reviews, annual follow-up, employee interviews and employee surveys are all examples of activities in this area.

### Gender equality and diversity

Overall, Trianon has a relatively even distribution between female and male employees. The staff at





### Values workshop

In September, a values workshop was held for all Trianon employees. As a company where values are an important part of our business and our identity, it is important from time to time to discuss ethical dilemmas that occur in everyday work and to remind each other of our values. This workshop looked mainly at how we treat each other and our customers and how we can approach situations where there is no clear right or wrong. Important and constructive discussions were held and in the final evaluation, employees felt that the day "strengthened relationships with colleagues", "provided new insights and knowledge" and "increased knowledge of Trianon's values". The values workshop will certainly become a recurring part of Trianon's work to develop both its employees and its corporate culture.



CONTENTS ABOUT TRIANON SUSTAINABILITY OPERATIONS CORPORATE GOVERNANCE ANNUAL REPORT 2023 INFORMATION

### Control and follow-up

Trianon has 85 employees and work environment management is coordinated by HR. This work takes place in accordance with Swedish law and the Swedish Work Environment Authority's regulations. Governing policies for the organisation include:

- · Health and safety policy
- Gender equality policy
- · Code of conduct for employees
- Procedure for discrimination cases
- · Information security policy
- IT policy
- Guidelines for telephony and email

Trianon's intranet contains policies, regulations and checklists, as well as information on matters such as working hours, insurance, work environment, health, safety, holidays and benefits. Trianon's whistleblowing function is available on the company's website.

With regard to Trianon's relationship with suppliers, stringent demands are placed on working conditions and safety and these are described in the company's code of conduct for suppliers. Trianon also has rules on systematic reporting of damage at contractors, where each incident is followed up to prevent similar damage from happening again. Follow-up takes place partly through regular meetings with suppliers and employees, and partly through an annual employee

head office are predominantly female, while the employees on the property management side are predominantly male. Trianon works in different ways to equalise the gender balance at departmental level, including by trying to recruit women to the property management side or men in administrative positions. The majority of Trianon's operations are in Malmö and the company strives to reflect the diversity of the city in its employees. There is a benefit from having employees who can speak several languages and are able to communicate easily with tenants who do not speak Swedish.

### Health and wellness

Health checks are carried out on our employees every two years and examine factors such as physical activity, lifestyle and physical well-being. The results are evaluated together with the occupational health service and any measures necessary are implemented. All employees are encouraged to keep fit and active, and Trianon offers a generous wellness allowance. The health rate is 95 per cent (95).



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# Saving energy reduces costs and climate impact

One of Trianon's sustainability goals for 2022–2024 is to reduce energy consumption in the property portfolio by 10 percent. The aim is not only to reduce climate impact, but also to cut costs at a time when energy prices are fluctuating widely.

The real estate sector accounts for a third of the total energy use in Sweden and a sixth of carbon dioxide emissions. From a climate perspective, therefore, it is important for Trianon to contribute with actions that reduce its own energy consumption. It also has positive economic effects at a time when energy prices are highly volatile and external developments are making the future cost situation uncertain.

### Ten per cent lower in three years

In 2021, Trianon's Board of Directors adopted sustainability goals for 2022–2024, including the goal of reducing energy consumption in the property portfolio by 10 percent. Energy savings can be achieved in a variety of ways, such as recycling exhaust air, replacing windows, new district heating systems, or new control equipment. It is also possible to clad facades with additional insulation or to install solar panels when renovating roofs. Trianon has a plan for every property, where the design, year of construction and standard of the property determine which measures are appropriate.

In 2023, the switch from gas heating to district heating was completed in Svedalagården in Svedala and the previous energy supplier E.ON was replaced by local firm Svedala Fjärrvärme. New ventilation with comfort cooling and air recycling was installed in the large grocery store ICA Malmborgs Limhamn. Planning also began for the expansion of the rooftop solar panel facility at Rosengård Centrum. In addition to the larger projects, work continued on inventorying possible measures to implement in the portfolio, as well as optimising the operation of existing facilities.

### Focus on renewable energy

An important part of Trianon's work to reduce climate impact is its investment in renewable energy. In Södra Möinge, northwestern Skåne, there is a solar energy farm covering 7,800 m², which supplies Trianon's properties in southern and eastern Malmö with around 2 GWh of renewable electricity every year. There are solar power facilities at several properties, including in Lindängen, Hermodsdal and Sofielund, as well as on the roofs of Entré and Rosengård Centrum. An existing solar

panel facility was used in Sege Park to meet some of the electricity demand during construction and this has since been replaced by a new installation for the future operation of the property. The rooftop solar panels on the properties are used today to pre-heat hot water for the tenants.

### Information provided to residents

Trianon works continuously to inform tenants about how they can reduce their energy consumption and climate impact. This may include their water use or heating, or sorting their waste. Increased awareness among tenants leads to lower climate impact and reduced costs for Trianon as a whole.

### Carbon dioxide emissions

Trianon's climate impact is compiled according to the accounting standard Greenhouse Gas Protocol (GHG Protocol), which divides carbon dioxide emissions into what are known as scopes.

 Scope 1 is direct emissions from self-controlled sources. For Trianon, this includes biogas for heating properties under Trianon's control, as well as fuel for service vehicles.



We continuously review our properties to optimise their energy consumption and switch to sustainable alternatives for heating and operation.

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Lars Åkewall, Head of Business Development, Commercial Property

Fastighets AB Trianon | Annual and Sustainability Report 2023

When the 193 apartments at Svedalagården in Svedala were built in the early 1970s, the area was typical of its day, with a strong focus on creating child-friendly and family-friendly homes and outdoor environments, something that is still in evidence today. After 50 years, it was time for a new heating system and Trianon chose to partner with Svedala Fjärrvärme, a family-owned company that offers locally generated fossil-free district heating. Trianon has extensive experience of working with small operators - which often provide better service and cooperation than the major players. This work has been carried out during 2023 and has reduced the annual carbon dioxide emissions for heating Svedalagården by as much as 90 percent. It has also halved operating costs and the area now has a modern, reliable and sustainable heating system.

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- Scope 2 is indirect emissions from purchased energy. For Trianon, this includes district heating consumption and electricity consumption under Trianon's control.
- Scope 3 is indirect emissions in addition to purchased energy over which the company has no direct control but which occur due to the company's operations. At Trianon, we have chosen to report our own business travel by air and private car.

### Carbon dioxide emissions 2023, tonnes of CO, equivalents (tCO,e)



### Scope 1 direct emissions

Biogas for heating 0.3 (0.5) tCO<sub>2</sub>e Fuel from service cars 35.9 (35.7) tCO<sub>2</sub>e

### Scope 2 indirect emissions

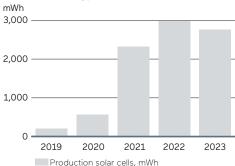
3,955.9 (3,960.2) tCO<sub>2</sub>e District heating Electricity market-based 0 (0) tCO e

### Scope 3

Category 6 - Business travel 6.2 (5.7) tCO<sub>2</sub>e

The calculation of carbon dioxide emissions from Trianon's cars is based on the annual mileage; other emissions are based on actual consumption. Emission factors for district heating come from industry organisation Swedenergy - Energiföretagen Sverige and for electricity come from the supplier's information, for cars and biogas they have been taken from the UK Government GHG Conversion Factors for Company Reporting, Emission factors for air travel come from IVL (2020) and NTM (2018).

### Renewable energy

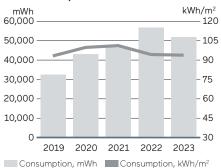


Energy generated by solar cells owned by Trianon, either directly or indirectly.



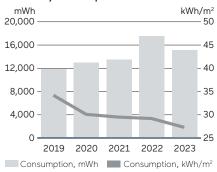
### Focus in 2024

- · Continued work on energy savings to achieve the target of reducing energy consumption by 10 percent during 2022-2024.
- · Additional investments to increase the share of renewable energy and the use of solar cells.
- Continued dialogue with tenants to inspire energy-saving measures.



The majority of Trianon's properties are heated using district heating. A few individual properties are heated using biogas or heat pumps. Consumption includes properties owned throughout the respective calendar year. Properties acquired or sold during a calendar year are thus excluded from that year's values. Total consumption has increased through the replacement of a large biogas facility with a district heating facility. Normal year-adjusted values have been used. Consumption per m² is calculated on the properties' total Atemp¹ for each calendar year: 347,141 m² for 2019, 430,352 m² for 2020, 457,637 m² for 2021, 600,400 m² for 2022 and 552,619 m² for 2023.

### **Electricity consumption**



The electricity consumption corresponds to the property electricity. Consumption includes properties owned throughout the respective calendar year. Properties acquired or sold during a calendar year are thus excluded from that year's values. Consumption per m² is calculated on the total property area for each calendar year: 347,141 m² for 2019, 430,352 m² for 2020, 457,637 m² for 2021, 600,400 m² for 2022 and 552,619 m² for 2023.



 $<sup>^{\</sup>rm 1}$  The total internal area for each floor, attic and cellar that is heated to more than 10°C.



High inflation and significantly higher interest rates were major factors for the property market in 2023

Inflation appears to be on a downward trend and interest rates have probably now peaked. The transaction market slowed considerably in 2023 but the more stable market situation we are now seeing ensures there will be more business opportunities and higher transaction activity in 2024.

### Transaction market

The previous year ended with a cautious market and this trend continued in 2023. High inflationary pressures and significant interest rate changes have had a major impact on the finance market. Access to finance has reduced, while at the same time large bonds maturing have required partial financing through new bank loans. Some companies have had to sell property to strengthen their balance sheets and will need to do so again in the future. There were few sales during the year, but we have not seen any sales under stress in the market. However, the banks have been and remain active in lending to the real estate sector, although they have focused mainly on existing

As a result of significantly higher interest costs and lower loan-to-value ratios, the yield required by investors has increased. This has led to a sharp decline in transaction volumes in 2023 compared with previous years. According to Colliers, the transaction volume in Sweden was down 62 percent in the first half of the year compared with the first half of 2022. The segments most affected have been the ones with low yields, housing in particular.

The year saw much narrower transaction processes, reduced transparency and more creative solutions than usual. Buvers are more likely to be funds, low-debt real estate companies and foreign investors. Listed real estate companies have typically been net sellers in 2023.

Inflationary pressures have eased and interest rates appear to have peaked. In 2023, the key interest rate increased from 2.5 percent to 4.0 percent. As recently as early May 2022, the key interest rate stood at 0.0 percent. During the final few months of the year, long-term swap rates fell significantly, by around 120 points from 3.50 to 2.30 percent. This stabilisation makes the future more predictable, which bodes well for a healthier and stronger transaction market in 2024, where volumes are expected to increase again.

### Housing market

An important task of a municipality is to establish the conditions for everyone to live in good housing. Initiatives must span the entire municipal toolbox: land and development, physical planning, municipal housing companies and a major effort to combat homelessness. The County Administrative Board of Skåne notes that the national



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housing situation or the conditions to achieve this.

The worsening economic situation, with high inflation and rising interest rates, has contributed to shrinking margins for households, who are reducing their consumption and finding it more difficult to meet their housing costs. Demand for housing persists, while housing construction is declining sharply, as the same time as the population continues to increase.

The government's removal of investment support for the construction of rental properties has also contributed to the decline in housing construction. Around one-third of all rental properties built in Skåne during the period 2017-2022 were in receipt of investment support. It is difficult to say what proportion would not have been built without the investment support, but it is clear that the investment support helped to provide more opportunity for those on lower incomes to afford these homes, as the rent level was significantly lower than for rental properties that did not receive investment support.

Population growth, strong demand and the low level of housing construction provide good opportunities for the recovery of rental properties on the transaction market. There is very high

demand for Trianon's housing and the vacancies in the portfolio are due solely to relocation.

### Rent increases in 2023

Trianon signed an agreement with the Swedish Union of Tenants to increase rents in Malmö by 5 percent from 1 January 2023. In line with increased costs and our desire for more even rent development, we requested negotiations with the Swedish Union of Tenants on a rent adjustment of 2 percent from 1 July 2023. Following negotiations, we were unfortunately unable to reach a mutually acceptable agreement, whereupon a rent increase of 1.75 percent was proposed directly to the tenants. The new rent increase was accepted by 81 per cent of Trianon's tenants. Agreement has been reached with the Swedish Union of Tenants for 2024, which entails a rent increase of 5.3 percent and a further increase from 1 January 2025 of 4.9 percent.

### Commercial properties

In its latest survey of the office market in major cities, CityMark Analys notes that Malmö appears to have coped with the challenges of recent years better than other major cities. Other cities experienced increased vacancies during the pandemic, while Malmö saw a downward trend, albeit marginal. Vacancy rates are falling, particularly in the CBD\*, where some of Trianon's portfolio is located. This generally applies to both newer and older stock. In Hyllie, the current major development area in Malmö, the vacancy rate is at its lowest since pre-pandemic levels.

### Community properties

Community properties are specifically adapted for community services financed by the state, region or municipal authority. They can range from retirement homes to healthcare and social care facilities to schools and preschools. In recent years, the sector has seen a sharp rise in interest from the investor market and a relatively low supply has caused the required property yields to fall sharply and means this is now considered a low-yield sector. Community property, along with residential property, is one of the sectors hit hardest by the interest rate environment we have experienced during 2023. The growing and ageing population and the increasingly strained state, regional and local government finances are likely to present opportunities in this sector in the future.

\*Central Business District

### Real estate market participants in Malmö and surrounding area

### Larger real estate companies, residential

- · Stena Fastigheter
- Heimstaden
- Willhem
- Victoriahem
- Municipal housing companies

### Larger real estate companies, community properties

- Hemsö
- Rikshem
- Municipal real estate companies

### Larger real estate companies, offices

- Castellum
- Vasakronan
- Wihlborgs

### Larger real estate companies, retail

- · Atrium Liunabera
- Steen & Strøm
- Vasakronan

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# **Our properties**



Trianon owns, manages, develops and builds properties in Malmö, Burlöv and Svedala. Through innovation, commitment and courage, we work to achieve long-term sustainable urban development.

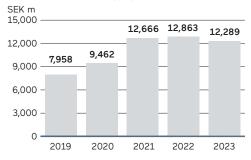
131 Number of properties 4.8%

455,485 m<sup>2</sup> plus 3,000 garage and parking spaces SEK 12,289 million

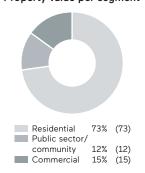
27,000 SEK/m<sup>2</sup>

Trianon's property value per square metre, including projects

### Fair value investment properties









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SUSTAINABILITY OPER

# Property portfolio with a focus on housing in Malmö

Trianon's property holdings are mainly located in Malmö and the surrounding area and consist of residential, community and commercial properties. In total, the property portfolio consists of 131 properties with a total rentable area of 455,000 m². In addition to this, there are around 3,000 garage and parking spaces. The portfolio contains approximately 4,600 rental apartments.

As at 31 December 2023, the market value of the property portfolio was SEK 12,289 million (12,863). The distribution by category in terms of the market value of the properties was: Residential 73 percent (73), community properties 12 percent (12), commercial properties 15 percent (15). The economic occupancy rate rose to 96.1 percent (95.2) during the year, which is the result of positive net letting of SEK 7 million. During 2023, rental bad debts (actual and anticipated) amounted to 0.0 percent (0.1) of total rental income.

### Major tenants

- Malmö Stad
- Region Skåne
- Ica Sverige
- Coop
- Axfood
- Systembolaget
- · Swedish Migration Agency
- Apoteket
- Lidl

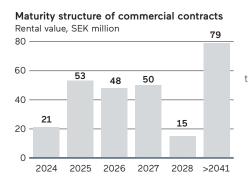
### Earning capacity by segment

	Number of	Number of Rentable		Property value		Rental value	
	properties	apartments	area, m²	SEK million	SEK/m²	SEK million	SEK/m²
Property category							
Residential*	62	4,078	295,632	8,154	27,581	514	1,737
Community	17	166	47,959	1,454	30,308	104	2,165
Commercial	16	62	63,389	1,834	28,934	155	2,446
Total excluding project properties	95	4,306	406,980	11,442	28,113	772	1,898
Properties sold (not vacated)**	19	289	18,168	508	27,942	28	1,548
Projects	17	54	30,337	339	-	20	-
Total including project properties	131	4,649	455,485	12,288	26,977	820	1,801

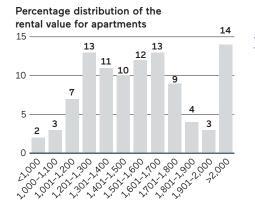
	Economic occupancy rate, %	Rental income, SEK million	Operating surplus, SEK million	Surplus ratio, %	Net operating profit, excl. admin, SEK million	Yield excl. admin, %
Property category						
Residential*	99	507	358	71	372	4.6
Community	95	99	75	77	78	5.4
Commercial	88	136	96	71	99	5.4
Total excluding project properties	96	741	530	71	549	4.8
Properties sold (not vacated)**	99	28	17	61	18	3.5
Projects	-	9	0	-	1	-
Total including project properties	95	778	547	70	568	4.6

The classification of the properties above is based on the predominant share of rental value.

<sup>\*\*</sup> Properties sold (not vacated) refers to properties sold to Stjernplan but not yet vacated.



WAULT
4.4 years
Average remaining lease term, weighted by agreed rental income.



1,514 SEK/m<sup>2</sup>
Average rent level.

<sup>\*</sup> The rental value as at 31 December 2023 from apartments only, excluding block agreements, in the entire property portfolio averaged SEK 1,514 per square metre.

CONTENTS ABOUT TRIANON SUSTAINABILITY OPERATIONS CORPORATE GOVERNANCE ANNUAL REPORT 2023 INFORMATION

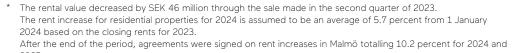
# **Earning capacity**

The earning capacity on a 12-month basis should not be equated with a forecast for the next 12 months. For example, the earning capacity does not include assessment of rent trends, vacancies, or changes in interest rates. Trianon's income statement is also affected by the trend in the value of the property portfolio as well as upcoming acquisitions and/or sales. In addition, the income statement is affected by changes in the value of derivatives, which are also not taken into account in the earning capacity described.

Earning capacity is based on the contracted rental income, estimated property expenses over a normal year and the expense of administration. Properties acquired during the period have been adjusted to full-year. Costs for interest-bearing liabilities have been based on an average interest rate of 4.4 percent including the effect of derivative instruments and fixed-rate loans calculated on the net debt.

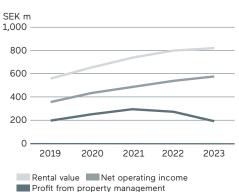
### Current earning capacity, 12 months

Group companies SEK million	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Rental value*	820.3	793.2	778.9	805.9	798.4
Vacancies	-33.3	-31.4	-29.7	-27.0	-28.2
Contracted vacancies	-1.5	-2.1	-2.6	-3.7	-3.8
Discounts	-7.2	-7.6	-7.5	-8.8	-8.2
Other income	8.2	6.7	6.7	6.7	6.7
Rental income	786.4	758.9	745.9	773.1	765.0
Property costs	-210.3	-213.8	-212.5	-228.1	-226.8
Property administration	-21.1	-22.6	-22.7	-23.3	-22.1
Operating surplus	555.0	522.5	510.7	521.7	516.0
Surplus ratio, %	71	69	68	67	67
Central administration	-62.2	-61.6	-64.1	-65.4	-65.4
Profit/loss from participations in associates and joint ventures	13.8	15.3	19.6	25.1	24.2
Ground rent	-6.1	-6.1	-6.1	-6.1	-6.1
Financial income and expenses**	-309.5	-285.2	-271.3	-265.7	-196.1
Profit from property management	191.0	184.9	188.8	209.6	272.6
Interest coverage ratio, times	1.6	1.6	1.7	1.8	2.4



<sup>\*\*</sup> Based on an average interest rate of 4.4 percent on net debt at the end of the period.

### Historical earning capacity



# Current earning capacity of associates and joint ventures

The table shows the earning capacity of associates and joint ventures on a 12-month basis. It is important to note that the current earning capacity is not to be equated with a forecast for the coming 12 months.

The table is presented as 100 percent of the earning capacity of the property, and Trianon's ownership share is shown in a separate table. This has been calculated on the same principles as for Group companies. The Burlöv Center property has been owned jointly with Wallfast since 2020 and is a large urban development project with the potential for the development of 1,000 homes. Rosengård Centrum has been owned in a joint venture with Brunswick Real Estate and Bonnier fastigheter since 2021 and will be developed with homes and nearby retail properties and community services. During the fourth quarter, 7 properties in Osby were vacated in connection with the deal agreed with Stjernplan AB (publ). Trianon will remain part owner of the properties in Osby during 2024 and these are therefore recognised as associates.

### Current earning capacity, 12 months

Associates and joint ventures SEK million	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Rental value	178.9	161.4	167.0	165.9	164.7
Vacancies	-18.6	-19.5	-17.1	-19.2	-19.7
Contracted vacancies	-0.5	-1.2	-1.9	-0.2	-0.2
Discounts	-5.8	-5.9	-6.0	-5.4	-5.5
Rental income	154.0	134.8	142.0	141.2	139.3
Property costs	-52.4	-49.0	-49.0	-49.0	-49.0
Property administration	-4.5	-2.6	-2.6	-2.6	-2.6
Operating surplus	97.1	83.2	90.5	89.6	87.8
Surplus ratio, %	63	62	64	63	63
Central administration	-19.5	-17.7	-17.7	-17.7	-17.7
Ground rent	-1.7	-1.7	-1.7	-1.7	-1.7
Financial income and expenses	-48.3	-33.2	-31.9	-20.0	-20.0
Profit from property management	27.6	30.6	39.2	50.2	48.3

### Shareholdings in associates and joint ventures

Property	Trianon's holding
Burlöv Arlöv 22:189	50%
Burlöv Kv Hanna	50%
Burlöv Tågarp 15:4, Burlöv Center	50%
Malmö Bojen 1	50%
Malmö Fendern 1	50%
Malmö Landshövdingen 1, Rosengård Centrum	50%
Malmö Smedjan 2	50%
Osby Kandidaten 7	50%
Osby Linjalen 1	50%
Osby Linjalen 11	50%
Osby Linjalen 12	50%
Osby Linjalen 13	50%
Osby Linjalen 14	50%
Osby Smeden 16	50%



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ACQUIRE AND OWN

# Portfolio streamlined through largest-ever transaction



The real estate market remained cautious throughout 2023. Nevertheless, Trianon was able to complete its largest-ever transaction in 2023, streamlining its portfolio through the sale of 45 properties.

Significant interest rate changes have had a major impact on the financing market. Access to finance has reduced, while at the same time large bonds maturing have required partial financing through new bank loans. The banks remain active in lending to the real estate sector, although the focus is mainly on existing customers. Combined with lower loan-to-value ratios and significantly higher interest costs, this has reduced transaction volumes considerably in 2023.

When Trianon acquired Signatur Fastigheter in 2021, the aim was to strengthen the portfolio in Malmö and the surrounding area. The acquisition included a number of properties in locations around Skåne, as well as some in Stockholm. In order to benefit from economies of scale and local knowledge, Trianon intends to focus on Malmö and the surrounding area and therefore reached an agreement in 2023 to sell 45 properties (65,500 m<sup>2</sup>) to the Stjernplan property management group. The purchase price was based on a net property value of SEK 1.3 billion, which was in line with the book values. The deal strengthened Trianon's KPIs and increased the company's opportunities to make value-creating investments in the existing portfolio.

### Acquisitions in the Malmö region

Trianon's focus is on Malmö and the surrounding area. The organisation and infrastructure are already in place here, which reduces overheads when making new acquisitions. Establishing a new management organisation can be expensive and time-consuming for major acquisitions made elsewhere.

As well as having an attractive geographical location, the properties acquired must also be a good fit for the rest of Trianon's portfolio and have a development potential that provides scope for value-creating improvements. The acquisition's ability to contribute to an increased yield in Trianon's portfolio is also a key consideration.

Only one acquisition was made during the year – Helmer 10, which is a small office property in the Limhamn district of Malmö. Possession was also taken on its completion in 2023 of the Svedala 1:87 property, which has 53 apartments and was built with investment support. The project had already been acquired by Wästbygg in 2021.

### Strategy for 2024

Despite a slowdown in the market, Trianon continues to receive offers to acquire both individual

properties and property portfolios. Trianon evaluates all business opportunities and is ready to make acquisitions when the right property comes onto the market at the right price. Trianon has often trod its own path with regard to acquisitions

and seen opportunities where others have seen problems. Two examples of this are Entré and Rosengård Centrum – both properties involving major challenges that have been developed and are now almost fully let.

### **Principles for Trianon's acquisitions**

- The acquisition shall fit in with Trianon's business model of owning, managing, developing and building properties in Malmö and the surrounding area.
- The acquisition shall contribute to an increased average yield in the portfolio.
- The property shall have the correct geographical location in relation to Trianon's other holdings.
- The property shall have development potential – to enable Trianon to make value-creating investments, for example.

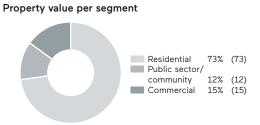
There must nevertheless always be scope to make acquisitions outside these parameters if the deal is so attractive and has such great potential that it creates value for the company.

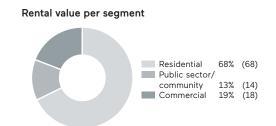
### For acquisitions in the surrounding municipalities:

 The property shall be located in a municipality experiencing growth, preferably near a railway station, and shall be large enough to take advantage of synergies with Trianon's management.

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### ACQUIRE AND OWN





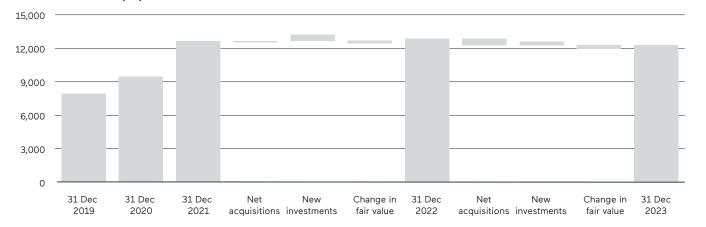
### Trianon's acquisitions in 2023

	Number of properties	m²	Apartments	Value	Information
Malmö Helmer 10	1	1,070	0	35	

### Trianon's divestments in 2023

	Number of properties	m²	Apartments	Value, SEK million	Buyer
Properties in Skåne	18	36,500	471	645	Stjernplan
Properties in Osby	7	11,500	115	135	Stjernplan
Malmö Torshammaren 9	1	740	0	5	Kattarp Invest

### Fair value investment properties





Trianon's focus is on Malmö and the surrounding area. The ability of our acquisitions to contribute to an increased yield in Trianon's portfolio is also a key consideration.

Jonas Karlsryd, Head of Transactions

The fair value of investment properties decreased from SEK 12,863 million on 31 December 2022 to SEK 12,289 million on 31 December 2023. Acquisitions via companies totalled SEK 147 million, investments in new production and renovations amounted to SEK 350 million, changes in value to SEK -315 million and sales to SEK -756 million. Trianon's property portfolio is valued by independent external valuation companies. For more information, see Note 18 on page 80.

CONTENTS ABOUT TRIANON SUSTAINABILITY

LET AND MANAGE

# Attractive locations and strong demand mean few vacancies



Demand for housing remains high in the expanding Malmö region, with zero vacancies and Trianon receives up to 100-150 applicants for every rental apartment that becomes vacant. There is no slowdown in the letting of offices or premises for community services, while demand for retail premises is slightly lower than it was. In 2023, Trianon nevertheless signed agreements in the commercial portfolio worth SEK 17.7 million.

Trianon's strategy of focusing on residential premises in an attractive and expanding region pays off when times are tough. Despite rising interest rates and costs, there has been no fall in the demand for housing. Newly built homes are also being rented out rapidly and one possible reason for this is that renting has become more attractive as mortgage rates have multiplied in a short space of time

Malmö and the surrounding area will continue to be a very attractive place to live and demand for housing is expected to increase in the years to come. This is partly because many of the housing projects in the region have been put on hold during the past year, which will further exacerbate the housing shortage in a few years' time. The rental market for residential property in the Malmö region is therefore expected to remain stable for many years to come.

### Few vacancies in office properties

Most of Trianon's office premises are located in attractive, central locations in Malmö. The economic downturn has not so far been reflected in increased unemployment, which means that demand for office space is stable and rent levels have been maintained

Demand is also good for community services premises and there are several examples in recent years where office or retail premises have been converted into community services premises. This may entail initial costs for converting the premises, but these are compensated for by the fact that the rental contracts are signed for several years and with municipal, regional and state customers who have stable finances. One example of space being converted to a new type of business is in Entré, where Malmö's Evidia X-ray clinic rents 766 m<sup>2</sup>.

### Declining trend for retail premises

Demand for retail premises is falling and adaptation requirements when new businesses move into premises are somewhat greater than before. There is strong demand for café and restaurant premises, but not all retail premises are suitable for conversion. When Trianon signs an agreement for any type of food service operation, it is important that the tenant is able to demonstrate previous experience of running this kind of business in order to reduce the risk of it not being viable and Trianon incurring conversion costs that it is unable to recoup.

All the premises in Rosengård Centrum are let and there is a waiting list of traders wishing to set up there. The premises have gradually been redeveloped to make them more suitable for customers and traders, and the range on offer is considered very attractive by local residents and others.

In Burlöv Center, premises were let during the year to retailers such as Hemtex and SWE Outlet. Some stores have been relocated within the centre in order to enhance the customer experience. The current occupancy rate is 83 percent, which is a significant increase from the occupancy rate of 40 percent when Trianon acquired the property together with Wallfast.

Entré is now a centre for retail, community services, offices, experiences and restaurants close to residential areas. During the year, agreements were signed with tenants including DCL Sports (martial arts), Nabo (property management) and Berättarministeriet (see box). The occupancy rate has risen considerably since Trianon acquired the property in 2017 – from 48 percent to the current level of approximately 90 percent.

One lease was signed during the year that related to all three sites. Chain store Normal has established outlets in Burlöv Center and in



### (b) Focus in 2024

- Continued focus on a growing Malmö that will continue to be a very attractive place to live in the future. Demand for housing is expected to increase further in the coming years.
- · A continued aggressive strategy in the letting of commercial premises in order to quickly and flexibly find a solution that benefits the tenant, nearby businesses and us as the property owner.

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Rosengård Centrum and will be establishing one in Entré. Normal is expanding and has a low-price profile and a broad, attractive range that is a good fit for all the locations.

### Aggressive strategy

Vacant residential properties and office premises are marketed through digital channels, while the declining retail market requires a more aggressive strategy characterised by Trianon's three core

values of commitment, innovation and courage. Trianon conducts an outreach operation, which includes contacting local businesses whose concepts could complement the range in Trianon's properties. These could be cafés or other businesses that provide added value to the existing offering. This means quickly and flexibly finding a common platform together with the potential tenant in order to find a solution that benefits both parties.

SEK7.2 million Net letting 2023

SEK17.7 million

Newly signed contracts in the commercial portfolio

### Major contracts signed in 2023 with commercial tenants

Property name	Tenant	Type of property	Length, years	m²
Burlöv Center	Swedala Outlet AB	Commercial property	10	1,646
Entré, Uno 5	DCL Sports Management AB	Commercial property	7	1,439
Burlöv Center	Clas Ohlson AB	Commercial property	10	1,369
Rosengård Center	Statens Servicecenter	Commercial property	6	777
Häggen 13	STEAM	Residential property	10	749
Burlöv Center	Hemtex AB	Commercial property	5	741
Entré, Rolf 6	Nabo Group AB	Community properties	5	625
Rosengård Center	Normal	Commercial property	5	502
Entré, Rolf 6	Normal	Community properties	5	473
Burlöv Center	Leklust	Commercial property	3	400
				8,721



### **Berättarministeriet**

Berättarministeriet works to reduce the negative impact of segregation on children's education by supporting teachers and pupils in their everyday learning. It does this by offering free school programmes that encourage students of any ability to conquer the written word. In February 2024, Berättarministeriet is opening its new premises at Entré in Malmö.

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**DEVELOP** 

# Major value creation potential in property development



Trianon's property portfolio has great development potential, but in 2023 the renovation rate was lower than the previous year because of increased interest rates and the high cost of materials and tradespeople. Trianon's strategy is to renovate apartments primarily when there is a change of tenant and the work is carried out according to a specific method – what is referred to as the Trianon model.

Trianon sees great potential for value creation in gradually refurbishing the apartments and properties in the portfolio. The renovation potential amounts to 55 percent (62), but in 2023 Trianon chose to reduce the renovation rate slightly. The goal is to renovate 200 apartments annually and 109 (151) were renovated in 2023. Trianon has good, close relationships with its contractors, which are often small operators with many years of experience working for the company. This establishes continuity and a common understanding of how renovation and maintenance should be carried out in a long-term, cost-effective manner.

### The Trianon model reduces costs

Trianon pursues a renovation strategy that is based on renovating those apartments that are in need of renovation primarily when there is a change of tenant. This is in order to have the minimum impact on other tenants, but is also for cost reasons.

Apartments are usually renovated according to the Trianon model, which involves comprehensive refurbishment, where the kitchen is replaced, all surfaces are renewed and appliances are replaced. Careful consideration is given to the choice of materials so that the apartment is of a good standard but is still at a reasonable rent

The standardised model saves both time and money through easier planning, reduced purchasing costs and the peace of mind of using trusted materials. This model is used for those parts of the portfolio that have a similar layout and standard, such as in Lindängen, Hermodsdal and Nydala. In apartments that have unique conditions, because of their age or design, renovations are made using a checklist agreed between the Swedish Union of Tenants and the industry association Fastighetsägarna.

### Conversion is a commercial opportunity

Commercial properties and premises are renovated according to their conditions and, where appropriate, they can be converted for other operations, such as community services. Entré, for example, has been converted purposefully from a shopping centre with a low occupancy rate when Trianon acquired it to the fully let property we see today, with a mixture of shops, offices, restaurants and community services. At Stensjögatan in Malmö, an office property has been partially converted into community services in the form of a preschool, health centre and folk high school. Community services tenants traditionally sign long contracts and are reliable payers.

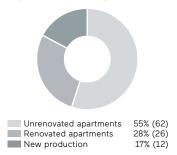
### Technical lifespan decisive

Trianon plans ongoing maintenance according to the technical lifespan of each property. Maintenance is carried out when it is needed rather than at specific intervals. If possible, Trianon seeks to combine maintenance with other value-creating measures, such as installing solar panels during a roof renovation. In recent years, Trianon has intensified its efforts to improve and optimise the energy efficiency of its property portfolio and many of its maintenance initiatives are therefore designed to reduce energy consumption. The target is to reduce the total energy consumption of the property portfolio by 10 percent during the period 2022–2024. Read more about this work on pages 21–23.

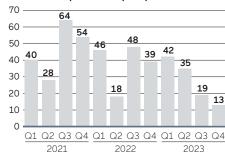
### Renovation

Apartments are primarily renovated when there is a change of tenant. The target is to renovate 200 apartments per year. In 2023, 109 apartments were renovated. Lower turnover in the unrenovated portfolio meant that the renovation target for the year was not achieved.

### The potential of the apartment stock



### Renovated apartments per quarter



SUSTAINABILITY



### Focus in 2024

- Continue to renovate apartments with a 10 percent return.
- Implement energy efficiency measures to reduce both consumption and costs.
- Continue to develop and push forward new detailed plans.



BUILD

# Strong population growth makes continued new production attractive



The rapidly changing interest rate and cost situation meant that Trianon did not start any new projects in 2023. Ongoing projects were completed according to plan and work continues as before on detailed plans and building permits for future projects. The aim is to be ready to begin construction as soon as there is good profitability again.

The housing market in Malmö will continue to be very attractive for many years to come. Malmö stad's own population forecast indicates that the city will grow by more than 150,000 new residents over the next 25 years, resulting in continued high demand for rental apartments. Trianon already currently receives 100–150 applicants for every apartment that becomes vacant.

Like most other operators, Trianon is holding off on commencing new construction until the situation becomes more attractive with regard to interest rates and costs. This will result in a shortage on the Malmö housing market in a few years' time, as few or no apartments will be completed in the near future, at the same time as the population is growing.

#### Key part of the strategy

Trianon's strategy is to supplement its property portfolio with new production. This has not changed, despite external conditions, and Trianon is therefore continuing to pursue detailed planning processes and building permit applications at the same pace as before. The project portfolio had 117 apartments that had completed the detailed planning process at the end of 2023.

One of the major projects in planning is Limhamn silos, where a former cement factory is set to be converted into attractive housing in a waterfront location, together with retail and other community services close to the residential property. An architectural competition was organised together with Malmö stad and was concluded in February 2023. The winning proposal, Habitat, is now undergoing a detailed planning process. Limhamn silos is a joint venture with Lernacken Fastigheter.

#### New homes in Sege Park and Hyllie

During the year, a project to develop 65 rental apartments was completed in Sege Park in northern Malmö. The homes have been built in an attractive, leafy park environment, with great emphasis on sustainable solutions in the form of various sharing models, including for electric vehicles and cargo bikes. On the roof is a modern solar panel system that generates electricity for the property, while the residents pay individually for their electricity and hot water use as part of our efforts to create conscientious and climate-smart living.

In the southern Malmö district of Hyllie, 44 apartments were completed for occupation at the end of 2023 and a further 29 for occupation in

February 2024. Kvarteret Badmössan occupies an attractive location close to the railway station in a rapidly growing neighbourhood with a wide range of shops, community services and transport links.

#### Kvarteret Trädgårn in central Svedala

Trianon acquired a project for the new production of 53 apartments in the centre of Svedala in 2021 and this was completed in spring 2023. The energy-efficient apartments were quickly let at reasonable rents, having been constructed when investment subsidies were still available.

#### Apartments near the railway station in Burlöv

Together with Wallfast, Trianon is developing 111 apartments in Kvarteret Hanna in a fantastic location near Burlöv Central Station. The property will be a landmark in Burlöv, just a few minutes' walk from the station and then only another 5–7 minutes from Malmö or Lund by train. Community services, shops and restaurants will be built around a public square. The project is ongoing, with occupation is expected by the turn of the year 2024/2025.

### **Kvarteret Hanna**

With the railway station and Burlöv Center as its nearest neighbours, Kvarteret Hanna is an up and coming hybrid property. The project started out as a land allocation competition run by the municipality of Burlöv, which was won by Trianon and Fojab, and construction is now under way on 111 apartments, along with spaces for community services, shops and restaurants, all in a fantastic location for commuters.



SUSTAINABILITY

#### Project portfolio

Project properties	Number of apartments	Gross total area, m²	Living area/ Area of premises m <sup>2</sup>	Estimated investment, SEK million*	Accrued expenses, SEK million	Estimated rental value, SEK million	Expected construction start	Expected completion
Projects with an existing detailed plan					'			
Badmössan 1, Hyllie (commercial premises and rental apartments)	73	5,445	4,206	185	174	11	2021	2024
Svedala 22:8 (terraced houses)	21	3,600	3,050		10		Not decided	
Centralköket 3, Sege Park (residential)	11	1,580	1,232		14		Not decided	
Fjällrutan 1 (residential)	12	1,050	900		0		Not decided	
Total projects with existing detailed plans	117	11,675	9,388	185	198	11		
Projects under detailed planning								
Svedala 25:18	120	11,300	8,900		2		Not decided	
Husie 172:75, Malmö	60	9,000			4		Not decided	
Spiralen 10, Malmö**	180	17,000			3		Not decided	
Total projects under detailed planning	360	37,300	8,900	0	8	0		
Total project portfolio	477	48,975	18,288	185	206	11		
Divested with future possession								
Norra Sorgenfri, phase 1 and phase 2**	385	22,200	16,650	726	102	37	2022	2026/2027



## Focus in 2024

• Given the current environment and cost situation, construction starts have been postponed. Work is under way, however, on detailed planning processes in several of the company's joint ventures and urban development projects, which will have a high level of value creation in the future.

<sup>\*</sup> Estimated investment is indicated only after investment decision.

<sup>\*\*</sup> Estimated additional residential building rights in kv Spiralen including contracted but not yet completed acquisitions, Spiralen 6 and Spiralen 11.

<sup>\*\*\*</sup> Norra Sorgenfri, phases 1 and 2 sold, with possession when the property is completed.

## Joint ventures enable value-creating urban development projects

Working together with other operators in joint ventures has brought Trianon great commercial benefits. Three of Trianon's most high-profile projects are operated in this way: Burlöv Center, Rosengård Centrum and Limhamn silos.

SUSTAINABILITY



The advantage of joint ventures is that the participants share the risk and at the same time are able to support the project with different types of skills and experience. This can create more value than if the companies were to act individually. Trianon currently has three projects that are operated as joint ventures: Burlöv Center, Rosengård Centrum and Limhamn silos

#### Burlöv Center

Trianon, together with Wallfast, acquired Burlöv Center in 2020. This site has generally been known to many people in Skåne as a large shopping centre since the early 1970s, but for Trianon and Wallfast, the project is all about urban development. The location is very attractive, being only a few minutes' commute by train to Malmö or Lund. Jointly owned company Burlöv Center Fastigheter AB is developing apartments

and premises close to the future Burlöv Central Station and at the same time continues to operate Burlöv Center, which currently has a low vacancy rate and many attractive shops. Since Burlöv Center was acquired by Trianon and Wallfast, the occupancy rate has increased from 40 to 83 percent. Trianon and Wallfast have building rights in the area and sold two of these to Riksbyggen and Tornet last year. There is a major focus on the remaining building rights and on pursuing new detailed plans for the area together with Burlöv municipality.

#### Rosengård Centrum

Trianon owns Rosengård Centrum together with Fastighets AB Hemmaplan, which in turn is owned by Bonnier Fastigheter. Together they are carrying out a major urban development project for housing, retail and community services. The

area's shopping centre is fully let and has a waiting list of interested parties. On 1 March 2023, the Rosengårdsbiblioteket library was opened and is an important meeting place for local residents. One of the goals of the project is to increase social sustainability in the area, and Trianon is contributing to this with its local knowledge and long-term social engagement.

#### Limhamn silos

In February 2023, the winning proposal was presented from the architectural competition to design the new Limhamn silos area. In a waterfront location close to a marina and recreational facilities, Trianon is planning a new development containing residential, retail and community service properties together with Lernacken Fastigheter AB.

Joint venture	Number of apartments	Gross total area, m²	Living area/Area of premises m²	Estimated investment, SEK million*	Accrued expenses, SEK million	Estimated rental value, SEK million	Expected con- struction start	Expected completion
Kvarteret Hanna, Burlöv (commercial premises, rental and condominiums)	111	16,600	11,500	463	278	18	2022	2024/2025
Rosengård Centrum, phase 1 Södra	54	5,400	4,600		3		2025	2027
Tågarp 15:4, phase 1 (Burlöv Center)	258	39,000			18		2024/2025	2026/2027
Bojen 1 and Fendern 1 (Silos at Limhamn)	130	13,400					2025	2027
Rosengård Centrum, phase 1 Norra	75	7,000			3		2025	2027
Tågarp 15:4, phase 2 (Burlöv Center)	850	100,000			3			
Smedjan 2, Malmö			8,200**					
Total	1,478	181,400	24,300	463	306	18		

#### Possible future detailed plans

Rosengård Centrum, phases 2 and 3

- \* Estimated investment is indicated only after investment decision.
- \*\* Refers to new Living area/Area of premises.



CONTENTS ABOUT TRIANON

SUSTAINABILITY

## Focus on reducing risk in an uncertain world

The uncertain global situation, inflationary concerns and rapidly rising interest rates made 2023 a challenging year. Trianon is committed to the strategy of increasing the share of sustainable financing and maintaining a high proportion of bank financing. Two actions taken during the year to reduce uncertainty and costs were an increase in the fixed interest period and a voluntary buyback offer to holders of the company's sustainable hybrid bonds.

The uncertain external environment had a major impact on Trianon's capital resources in 2023. Interest rate margins were maintained at the same levels as before, but a sharp rise in the STIBOR posed major challenges on the cost side. Capital availability decreased as the bond market was no longer an attractive financing option. At the end of 2023, Trianon had approximately 98 percent of its financing through banks and the company works with all the major banks operating in Sweden. The proportion of sustainable financing was 38 percent.

#### Sustainable bank financing

Trianon strives to increase the share of sustainable bank financing and in 2022 took out its first sustainability-linked loan through Handelsbanken. The loan has maturities of 3 and 6 years and is linked to social and environmental targets. The aim is to create a more inclusive housing market, increase security and reduce climate impact, and Trianon receives a lower interest rate if the company achieves its targets. The loan has been increased from SEK 1.9 billion to SEK 2.1 billion in 2023.

#### Buyback of sustainable hybrid bond

At the end of 2023, Trianon offered the holders of the company's existing subordinated hybrid bond the opportunity to participate in a partial buyback offer where the bond was redeemed for class B shares in the company. This was designed to improve the company's cash flow and increase earnings per share and the offer was accepted by holders of SEK 370 million, of which Trianon's major shareholders accounted for SEK 300 million. Dilution was approximately 14.5 percent.

Following the Trianon buyback, hybrid bonds remain with a nominal amount of SEK 130 million. The first redemption date for the bonds is November 2025 and they carry a floating rate of STIBOR 3M plus 7 percent. The hybrid bond is recognised as equity.

#### Sustainable financial framework

As of 2022, Trianon has a new framework for sustainable financing. All debt instruments can be included in the framework, which has been prepared in accordance with Sustainability Bond Guidelines (developed by ICMA) as well as Green

Loan Principles and Social Loan Principles (developed by LMA). An independent third party, ISS ESG, has performed an external review of the framework. Out of the SEK 12.2 billion total value of Trianon's property portfolio at the end of the period, SEK 4.5 billion has been defined as linkable to the framework. The framework is described on pages 43–44.

#### Finance policy

Trianon's finance policy aims to ensure that the company's expansion target and profitability target can be achieved with a satisfactory level of risk. It is established by the Board of Directors and reviewed at least annually. Trianon's risks mainly comprise liquidity risk, refinancing risk and interest rate risk. For a description of these, see Note 3 on pages 73–75.

#### Liabilities

Consolidated interest-bearing liabilities amounted to SEK 7,100.6 million (7,107.4) at the end of the period, including bond loans of SEK 222.7 million (398.8). Approved overdraft facilities amounted



We continue to pursue a strategy with a high proportion of bank financing. We will also continue to increase the share of sustainable financing so that we can continue investing wisely in energy efficiency and making social investments in our neighbourhoods.

Mari-Louise Hedbys, CFO and Deputy CEO

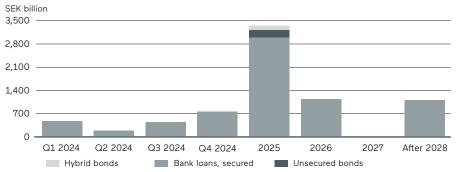
#### Finance policy

	Target	Outcome 2023	Outcome 2022
Fixed interest period, year <sup>1</sup>	2-4	2.6	0.5
Capital tied up, year	2	2.9	3.2

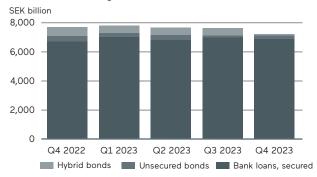
SUSTAINABILITY

<sup>1</sup> The fixed interest period is affected by both the share of interest rate swaps and the share of loans with fixed interest rates, which amounted to 21 percent (9).

### Maturity profile, loan



#### Allocation of funding



to SEK 60 million (35), of which SEK 21.7 million (0.0) was utilised. The liability has reduced as a result of property sales and amortisation and has increased through investments in existing properties as well as new production.

Of total interest-bearing liabilities, 97 percent (94) were secured against mortgage deeds and 3 percent (6) were unsecured.

#### Average interest rate and fixed interest

Owing to the uncertain external environment, Trianon chose to change its interest rate strategy slightly during the year and increase the hedge ratio. Towards the end of 2023, long-term interest rates fell relatively sharply and Trianon effected interest rate hedges through both interest rate derivatives and by agreeing fixed-rate loans in January 2024 with maturities of one to two years. This increased the hedge ratio to 83 percent (3). The average fixed interest period was approximately 2.6 years (0.5). The target in Trianon's Finance Policy is for the Group's fixed interest period to be between two and four years. Of total interest-bearing liabilities, 79 percent (91) have variable interest rates and 21 percent (9) fixed interest rates.

The average interest rate during the period was 3.9 percent (2.2). The loan-to-value ratio was 57.1 percent (54.6) compared with the financial target of not exceeding a loan-to-value ratio of 60 percent. The loan-to-value ratio relative to total assets was 51.5 percent (50.9).

#### Equity

Equity amounted to SEK 5,020.3 million (5,372.9), of which SEK 5,020.3 million (5,372.9) was attributable to shareholders in the Parent. Equity attributable to shareholders in the Parent was reduced by comprehensive income for the year of SEK -206.1 million (171.4). No dividend to Trianon's shareholders affected equity in 2023 (-78.5 in 2022). Dividends linked to the hybrid bond have reduced equity by SEK -58.5 million (-39.8) and the buyback of the hybrid bond by SEK -98.0 million (0.0). Conversion of hybrid bonds to class B shares has had a net impact on equity of SEK -1.6 million. Equity per share after deductions for equity attributable to hybrid bonds amounted to SEK 26.58 (31.14) per share and including equity attributable to hybrid bonds to SEK 27.27 (34.11) per share. The equity ratio was 36.8 percent (38.9) at the end of the period.

#### Covenants

In framework agreements with the Group's financing banks, Trianon has undertaken to fulfil the following covenants: The loan-to-value ratio must not exceed 60 percent, the interest coverage ratio must not be less than 1.5 times and the equity ratio must not be less than 30 percent. All covenants have been met both during the current and previous financial years. For more information, see Note 3, pages 73–75. Bond loan, Sustainable financing framework and special loan covenants for bank loans totalling SEK 3.1 billion contain a change of ownership clause should control of the Group change.

## Sustainable frameworks

Trianon had two bond issues outstanding at the end of the period. A sustainable hybrid bond (issued in 2022) with a nominal amount of SEK 130 million and a sustainable bond (issued in 2023) with a nominal amount of SEK 225 million, both linked to Trianon's sustainable framework. The purpose of these is to provide the company with greater opportunities to make social and environmental investments in southern and eastern Malmö. More information about Trianon's framework for sustainable investments can be found on the company's website.

#### How the proceeds are used

An amount corresponding to the net proceeds from Trianon's sustainable financing instruments will be used to finance or refinance, in whole or in part, complete eligible assets and activities that provide clear environmental benefits (green eligible assets) and/or social benefits (social eligible assets). The look-back period applies to the proceeds and is limited to two years. The company will continually use its professional judgement and its expertise in sustainability when identifying relevant eligible assets and activities.

#### Reporting

To be completely transparent with investors and other stakeholders, Trianon commits to annual reporting, provided that the company has sustainable financing instruments outstanding. Information about the allocation of the proceeds will be renewed annually, until these have been allocated in their entirety, and well in advance of any significant developments. The report will be made available on Trianon's website www.trianon.se and will cover some of the following areas:

#### Reporting on the allocation of proceeds

- The total amount for instruments issued for sustainable financing.
- The proportion of the proceeds used for financing/refinancing and the proportion of the proceeds used for the categories described in Section 2.
- Proportion of unallocated proceeds (where applicable).
- List of buildings financed using sustainable financing, unless this is confidential.

#### Reporting of impact

Trianon intends to report quantitative impact indicators where relevant information is available for the main categories on the right-hand side of this page.



## Green and energy-efficient buildings Category I - New buildings and major renovations<sup>1</sup>

i. New buildings that either fulfil or aim to fulfil the requirements2 of Miljöbyggnad Silver or equivalent standard from a certification scheme, or

ii. New buildings with energy consumption that is at least 20% below that of the applicable national building regulation<sup>3</sup>, or

iii. New buildings with an Energy Performance Certificate (EPC) class A or B, or

iv. Major renovations that lead to a reduction of primary energy demand of at least 30%.

#### Category II - Existing buildings

- i. Buildings that fulfil the requirements of i., ii. or iii. in Category I, or
- ii. Buildings within the top 15% of the national building stock expressed as primary energy demand or based on EPC levels according to available independent studies.

Relevant environmental objectives aligned with the **EU Taxonomy** 





Climate change mitigation



### Investments in energy efficiency

Energy renovations, such as the installation of solar panels, heat pumps, improvements to ventilation systems, expansion of district heating and district cooling systems, improvements and introduction of control systems and infrastructure for electric or hybrid vehicles.



Climate change mitigation

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### Affordable housing

New and existing buildings with rental apartments with regulated rent. The rent is negotiated annually between the property owner and the Swedish Union of Tenants on the basis of utility value. Eligible assets will be located in "vulnerable areas", "particularly vulnerable areas" and "risk areas", as determined by the Swedish police. Trianon is implementing social initiatives to increase security in these areas; for more information see Section 1. Target group: residents of a vulnerable area, a particularly vulnerable area or a risk area, according to the mapping of the Swedish police<sup>4</sup>.



- 1 New buildings are defined as buildings constructed after 31 December 2020 and existing buildings are defined as buildings constructed before 31 December 2020, in line with the current definition in the EU Taxonomy.
- <sup>2</sup> Buildings that aim to obtain environmental certification within 24 months of the bond issue.
- 3 Building standard that applies at the time of construction.

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<sup>&</sup>lt;sup>4</sup> The Swedish Police Map of Sweden.

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#### Green eligible assets

The real estate sector accounts for a third of the total energy use in Sweden and a sixth of carbon dioxide emissions.

Investments in green and energy-efficient buildings therefore play a key role in the energy transition. This is further confirmed by the major focus of the European Commission on a building's energy efficiency, which is a targeted measure in many of the Commission's strategies, such as the EU Taxonomy. Trianon defines Green Eligible Assets according to the table on the right for green and energy-efficient buildings.

#### Social eligible assets

Social eligible assets are those which directly aim to highlight or address a specific social issue and/ or strive to achieve positive social results, particularly, but not exclusively, for one or more target groups. Trianon defines social eligible assets according to the table on the right for affordable housing.

#### Green eligible assets

### Indicator



- Green and energyefficient buildings
- Energy consumption (in MWh and/or kWh/m²).
- Estimated annual greenhouse gas emissions reduced or avoided (tCO<sub>3</sub>e).
- Energy certificate class, where one exists.
- Type of certification and level (e.g. Miljöbyggnad Silver).



Energy efficiency

- Energy saved per m<sup>2</sup>.
- Estimated annual greenhouse gas emissions reduced or avoided (tCO<sub>2</sub>e).

### Social eligible assets

### Indicator



Affordable housing

- Total number of buildings and rental properties in "vulnerable areas", "particularly vulnerable areas" and "risk areas".
- CSI: Tenant survey to measure the attractiveness and perceived safety of our residential areas.
- Other qualitative parameters that show the company is providing functional, safe and healthy premises in society.

## Sustainability loan will provide environmental and social benefits

In 2022, Trianon enhanced its sustainability work by taking out a sustainability-linked loan with Handelsbanken. The loan refinances existing loans and is linked to social and environmental targets which aim to create a more inclusive housing market, increase security and reduce climate impact. If Trianon achieves its targets, Handelsbanken applies a lower interest rate to the loan. The four targets are:

- Inclusive housing market: make a greater number of apartments available to households that have difficulty entering the ordinary housing market, such as low-income households, households on welfare support, the homeless and socio-economically vulnerable households.
- 2. Safer residential areas: physical and social investments in Trianon's residential areas of Lindängen and Hermodsdal in southern Malmö.
- 3. Reduced energy use: reduce climate impact and increase profitability by investing in energy-saving measures.
- 4. Increased self-generation of renewable energy: increase the proportion of self-generated renewable energy in the existing property portfolio by investing in solar panels or other renewable energy sources.

## Share

The war in Ukraine and interest rate rises have had a major impact on the real estate sector, which means that the stock market year for 2023 can be described as volatile. Real estate shares, which had long been in the doldrums, regained some momentum towards the end of the year.

The Trianon share is traded in the Mid Cap segment with the short name TRIAN B and ISIN code SE0018013658.

The share price fell by almost 20 percent (-65) in 2023. Nasdaq Stockholm as a whole rose by 15 percent. OMX Stockholm Real Estate PI, the index that includes Trianon, ended up 17 percent.

Total turnover of Trianon's class B shares in 2023 was almost 18 million shares, at a value of SEK 284 million, which represents average turnover of 71,427 shares per trading day. The highest share price in 2023 was recorded on 16 January at SEK 26.00 and the lowest on 1 November at SEK 13.30.

The total return for the Trianon share during the year was minus 20 percent. The OMX Stockholm Gross Index (GI) increased by 19 percent. Over the past five years, the Trianon share has had an average total return of 17 percent per year, which is the same as the corresponding figure for the OMX Stockholm GI.

#### Share capital

As at 31 December 2023, there were a total of 184,124,662 shares (157,505,957) in the company, of which 6,084,472 class A shares (6,084,472) and 178,040,190 class B shares (151,421,485). The shares are denominated in SEK and each share has a quota value of SEK 0.625 per share (0.625). The share capital amounts to SEK 115.1 million (98.4). Each class A share entitles the holder to one vote at the Annual General Meeting and each class B share entitles the holder to one-tenth of a vote at the Annual General Meeting. Each shareholder is entitled to

vote for all of the shares they hold in the company.

#### Conversion of hybrid bonds

In December 2023, a voluntary buyback offer was made for the company's outstanding hybrid bonds by way of set-off against new class B shares in the company. A total of SEK 370 million in nominal value was repurchased out of a total of SEK 500 million, with the company's principal owner accounting for SEK 300 million of the buyback. The conversion to shares has added 26,618,705 shares to the company and increased share capital by SEK 16,636,691 and has resulted in a dilution of capital of 14.5 percent and of votes of 11.1 percent.

### Dividend and dividend policy

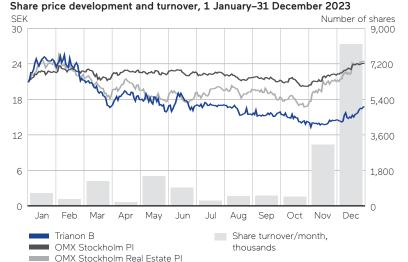
The dividend shall, in the long run, amount to between 30 and 50 percent of the profit from property management less tax paid. During periods of strong growth, the dividend may be at the lower end of the range.

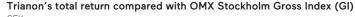
Trianon's Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year 2023. No dividend was paid for the financial year 2022.

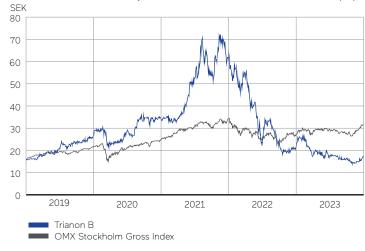
#### Listed bonds

Trianon has two listed bonds outstanding. In 2022, a sustainable hybrid bond was issued for SEK 500 million. After the buyback offer described above, the total amount outstanding at the end of the

financial year was SEK 130 million. In 2023, a senior sustainable bond with a 2-year maturity was issued within a framework of SEK 500 million. The total amount outstanding at the end of the financial year was SEK 225 million. At the beginning of March 2024, the loan was increased by SEK 75 million and the total amount outstanding is subsequently SEK 300 million. Both bonds are listed on the Nasdaq Stockholm Sustainable Bond List. For further information about the bonds and terms, see financing on pages 41–42.







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#### Evolution of the share

		Change in the number of shares		Number of shares after the transaction			Share capital (SEK)	
Date of decision	Event	A shares	B shares	A shares	B shares	Total shares	Change	Total
20 Jun 1991	New share issue	74,000	20,600	504,000	610,000	1,114,000	946,000	6,846,000
03 Jan 1992	Exchange of convertible bonds	37,000	0	541,000	630,600	1,171,600	370,000	7,216,000
29 Oct 2008	New share issue	1,082,000	342,000	1,623,000	972,600	2,595,600	14,240,000	21,456,000
17 May 2010	New share issue	168,391	54,221	1,791,391	1,026,821	2,818,212	2,226,120	23,682,120
03 Jun 2010	New share issue	1,621,700	50,000	3,413,091	1,076,821	4,489,912	21,217,000	44,899,120
09 Jun 2011	New share issue	682,618	215,364	4,095,709	1,292,185	5,387,894	8,979,820	53,878,940
29 Jun 2012	New share issue	0	1,001,992	4,095,709	2,294,177	6,389,886	10,019,920	63,898,860
16 Apr 2015	New share issue	409,571	229,418	4,505,280	2,523,595	7,028,875	6,389,890	70,288,750
03 Apr 2017	Share split (4:1)	0	0	18,021,120	10,094,380	28,115,500	0	70,288,750
03 Apr 2017	Re-stamping	-16,500,002	16,500,002	1,521,118	26,594,382	28,115,500	0	70,288,750
21 Jun 2017	New share issue	0	6,250,000	1,521,118	32,844,382	34,365,500	15,625,000	85,913,750
27 Nov 2019	New share issue	0	2,100,000	1,521,118	34,944,382	36,465,500	5,250,000	91,163,750
08 Jul 2020	New share issue	0	1,000,000	1,521,118	35,944,382	37,465,500	2,500,000	93,663,750
03 Aug 2021	New issue in kind	0	285,990	1,521,118	36,230,372	37,751,490	714,975	94,378,725
18 Nov 2021	New share issue	0	1,500,000	1,521,118	37,730,372	39,251,490	3,750,000	98,128,725
24 May 2022	Share split (4:1)	0	0	6,084,472	150,921,488	157,005,960	0	98,128,725
20 Sep 2022	Issue by conversion	0	407,690	6,084,472	151,329,178	157,413,650	254,806	98,383,531
06 Dec 2022	Issue by conversion	0	92,307	6,084,472	151,421,485	157,505,957	57,692	98,441,223
11 Dec 2023	Issue by conversion	0	26,618,705	6,084,472	178,040,190	184,124,662	16,636,691	115,077,914
Total				6,084,472	178,040,190	184,124,662		115,077,914

#### Shareholders on 31 December 2023

The two largest owners in Trianon are Jan Barchan, through companies, and Olof Andersson, privately and through companies, with each of them representing around 27 percent of the Company's total shares and approximately 32 percent of the Company's total votes.

Name	Total Holdings	Holdings	Total Votes	Votes
Briban Invest AB	50,344,415	27.34%	7,636,327.1	31.97%
Olof Andersson privately and through companies	50,096,077	27.21%	7,611,493.3	31.86%
Grenspecialisten Förvaltning AB	18,767,218	10.19%	1,876,721.8	7.86%
SEB Fonder	11,242,095	6.11%	1,124,209.5	4.71%
Länsförsäkringar Fastighetsfond	8,834,154	4.80%	883,415.4	3.70%
Mats Cederholm privately and through companies	5,362,559	2.91%	808,509.5	3.38%
The Eklund Family privately and through companies	4,580,000	2.49%	458,000.0	1.92%
Verdipapirfondet Odin Eiendom	3,702,456	2.01%	370,245.6	1.55%
Humle småbolagsfond	2,511,960	1.36%	251,196.0	1.05%
Tredje AP-fonden [the Third National Pension Fund]	1,944,412	1.06%	194,441.2	0.81%
Other shareholders	26,739,316	14.52%	2,673,931.6	11.19%
Total	184,124,662	100.00%	23,888,491.0	100.00%

Key figures per share	2023	2022	2021	2020	2019
Number of outstanding shares, thousand <sup>1</sup>	184,124.7	157,506.0	157,006.0	149,862.0	145,862.0
Average number of shares outstanding, thousand 1, 2	159,037.4	157,127.6	150,992.8	147,857.6	138,244.4
Equity per share, SEK	27.27	34.11	33.23	23.57	19.41
Equity per share, SEK <sup>3</sup>	26.58	31.14	30.60	20.58	16.82
Earnings per share, SEK <sup>2</sup>	-1.59	0.84	8.41	3.31	2.14
Long-term net worth per share, SEK	32.09	39.35	38.79	28.22	23.20
Long-term net worth per share, SEK <sup>3</sup>	31.40	36.38	36.16	25.23	20.61

<sup>&</sup>lt;sup>1</sup>Number of shares as well as the average number of shares restated taking into account the 4:1 share split on 27 May 2022.

<sup>&</sup>lt;sup>2</sup> Definition in accordance with IFRS.

 $<sup>^{\</sup>rm 3}$  After the deduction of equity attributable to hybrid bonds.

## Valuation policies



Trianon's properties are valued at fair value in accordance with IFRS. The value of the properties is based on external or internal property valuations. External valuations are made at least annually of all properties, with the exception of project properties. Project properties are valued externally when their degree of completion is sufficient to enable a reliable valuation to be made. Until that point, the properties are valued at cost. Thereafter, investment profit is calculated for the project and a deduction is made in relation to the degree of completion.

External valuations in 2023 have been performed by authorised property valuers via Forum Fastighetsekonomi, Bryggan Fastighetsekonomi, Croisette Real Estate Partner and Newsec Advice. Around 67 percent of the total property value had been valued externally at the end of the period and 90 percent valued during the full year 2023.

#### Changes in value

The market value of the properties as at 31 December 2023 amounted to SEK 12,288.6 (12,862.6). Investments in existing properties amounted to SEK 349.7 million (554.9) for the period. Investments relate mainly to ongoing apartment renovations in the residential portfolio, adaptations to meet tenants' requirements in business premises, new construction projects and property improvement measures resulting in increased net operating income.

Investments in properties via companies amounted to SEK 146.7 million (39.0).

The changes in value for the year amounted to SEK -314.6 million (-234.5) excluding deferred tax. The average yield was 4.8 percent (4.2) at the end of the period. For further information on results by segment, see Note 36, page 90.

#### Valuation method

Analysis of each property's status, rental and market situation has been made in connection with valuation. The main valuation method carried out uses a cash flow calculation on each property, which involves a present value calculation of estimated future net operating income and investments. In calculating future cash flows, the factors taken into account are the market and the future development of the local area, the market conditions and market positions for the properties and market rental terms and conditions, as well as operating costs and maintenance costs in similar properties compared with the company's properties. Added to this is the present value of an assessed market value at the end of the calculation period. The calculation period used varies between five and twenty years, depending on the property. Comparisons and analyses have also been carried out on completed purchases of properties within each market segment.

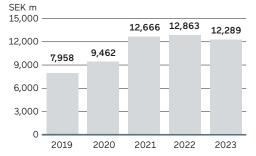
#### Valuation assumptions

The following assumptions and assessments have been used in the external valuation as at 31 December 2023:

- Inflation has been assumed at 3 percent for 2024 and thereafter at an annual rate of 2 percent during the calculation period.
- The rent trend has been assumed to broadly follow inflation or, where appropriate, indexation
- The discount rate and required return are based on analyses of completed transactions, as well as individual assessments of risk level, likely buyers and the market position of the property.
- The required return varies from 2.4 percent to 8.0 percent.

Building rights which have not gone through the planning process or building rights not yet taken into possession have not been valued. Building rights and potential building rights have not been valued for existing properties. For more information about Trianon's building rights, see project description in the Development section.

#### Fair value investment properties



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## Risks and risk management

Trianon's business is subject to various types of risks which may affect the company. The systematic identification and management of risks enables Trianon to limit their impact and create the conditions for the company's continued development. The most significant risks are described below.

buildings and the residential units.

Risk area	Description	Exposure	Risk management
External risks – risks at	ffected by external factors and events		
IT security	The global increase in digitisation and cyber threats entails increased vulnerability and a risk that information security may be compromised.	For a company such as Trianon, where the tools are primarily digital, there is always a risk of threats, incidents and hacking.	Training initiatives have been implemented to raise awareness among all employees about IT-related threats, such as fraud, sabotage, malware, viruses and data breaches.
Geopolitical concerns	Greater geopolitical uncertainty affects financial risks, puts stress on the banking system, drives inflation and increases interest costs.	See financial risks.	See financial risks.
Strategic risks - risks v	which may prevent Trianon from achieving the Company's visi	on and goals	
Political decisions	Short-term decisions, political disagreement and sudden shifts in political quarters may hinder the development of the company.	Malmö has a need for affordable new housing, which Trianon has been able to provide in the past thanks to previous investment support.	Trianon works to maintain good knowledge of issues relevant to the business as well as a good understanding of the political process. Trianon also works to be actively involved in the debate as far as possible in order to anticipate and influence change.
Environmental and climate risks	According to Boverket [the Swedish National Board of Housing, Building and Planning], properties are responsible for approximately 40 percent of Sweden's energy use, for electricity and heating. Accordingly, we need to reduce our energy requirements by optimising the operation of our existing properties and setting high standards for energy performance when we renovate or build new.	Lack of environmental work and increasing energy use lead to emissions of air pollutants and greenhouse gases that affect the climate in the form of increased risk of flooding and rising water levels. Lack of work on environmental and climate issues can affect Trianon's property portfolio and lead to direct costs.	<ul> <li>Investment in renewable energy sources.</li> <li>Prioritise energy and heat efficiency in our properties.</li> <li>Maintain good knowledge of laws and regulations.</li> <li>Catalogue the property portfolio and take necessary action.</li> <li>For more information, see the Sustainability Report on pages 14–23.</li> </ul>
Operational risks – risk	s related to the efficiency and management of resources in th	e Company	
Changed rental income, changed rental trends and rent setting	Trianon's revenue consists largely of rental income affected by the occupancy rate of the properties and the premises, the rent level and the ability of the tenants to meet their contractual payment obligations.  The rental trend for commercial premises is dependent on the economic cycle and is primarily affected by factors such as demand, type of premises, layout, standard and location. Rent setting for residential units is partly subject to statutory regulation.	Trianon considers that the risk of lower rental income attributable to residential units is low, since there is a continuing shortage of housing in Malmö and the surrounding area. The risk of lower lease income from the commercial premises portfolio is higher than in the residential portfolio, but is limited by the structure of contracts for premises included in the portfolio, as well as geographical location.  The average remaining lease term until expiry weighted by average contracted rental income (WAULT) for commercial leases amounted to 4.4 years. For more information, see contract value per year in Note 4.	Of Trianon's 4,700 residential units, 70 percent are let at an average rent of less than SEK 1,600–1,700 per m² per year. The demand for affordable housing is expected to remain high in future, and the Malmö region is expected to see a substantial increase in population. A proactive approach to the social environment and job creation to increase well-being and stability reduces risks in the residential segment. Otherwise, vacancies in the portfolio of commercial premises are low.
Changed operating costs and maintenance costs	Increased operating and maintenance costs due to inflation can have a negative impact. Operating costs consist mainly of the costs of heating and electricity, cleaning and water. Heating costs are subject to seasonal variations, and the costs rise during the winter.  In consequence of the provisions of leases and regulatory requirements, Trianon is obliged to maintain the standard of the	A number of goods and services can be purchased only from a single operator or a small number of players, which may mean that Trianon would be forced to accept the prevailing price levels in the absence of alternatives. There is a risk that it may not be possible to offset any cost increases through corresponding increases in rents. Unforeseen and extensive renovation requirements may significantly increase maintenance costs. Trianon's maintenance costs amount to 20 percent	Trianon is an active manager of its properties and constantly evaluates improvements to increase income and reduce operating costs, and also evaluates measures to increase energy efficiency. In procurements, we aim for central agreements to keep property costs down.  Our five-year maintenance plans are intended to reduce the risk

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of total property costs.

of unforeseen and extensive renovation requirements.

Risk area	Description	Exposure	Risk management
Operational risks – risk	cs related to the efficiency and management of resources in th	e Company	
Project-related risks	Trianon's business includes both new construction and also adapting the existing property portfolio to meet the wishes of tenants through renovation and modernisation, as well as tenant adaptations. Large adaptation projects are associated with expensive investments, and there is no guarantee that the cost of these investments may be offset through increased rents or reduced costs.	Investment costs and project costs may be higher than expected, as a result, for example, of inflation, delays and unforeseen events. If Trianon cannot obtain compensation for such increased expenses or income shortfalls, there could be a negative impact on Trianon's operations, financial position and results.	For new construction, Trianon enters into a memorandum of understanding with the contractor on a target price. This gives an incentive to meet the target price and creates transparent cost control in the project, and this has proved effective in staying on budget in new construction. Ongoing contracts have been procured at fixed prices. For investments in adapting commercial premises, the Company is compensated in many cases by an investment supplement in the lease.
Retaining and recruiting competent staff	It is important that Trianon is successful in retaining and continuing to motivate its staff, as well as in recruiting qualified personnel in the future. If the Company were unable to retain or recruit senior executives and other key personnel, this would have a negative impact on the Company's operations, financial position and results.	Trianon runs its business through its own employees, and, as the Company grows, additional staff are employed in various areas. Trianon's future progress is largely dependent on the competence, experience and ability of its management, key personnel and other employees.	Trianon strives constantly to improve its attractiveness as an employer through a range of measures. Development work has been initiated with the aim of increasing participation, managing heavy workload and stress and developing leaders and managers. The Company offers internal career paths to retain talented employees, as well as encouraging job rotation and staff development.
Legal risks – includes i	risks linked to laws, ordinances and regulations		
Risks in connection with property transactions	The acquisition of properties is an essential element in our operation, and the condition for acquisitions is that the supply in the market corresponds to expectations and investment capacity in respect of location and expected return. The availability of and demand for properties and building rights, competition, planning, local regulations and access to financing can limit opportunities to carry out acquisitions on beneficial terms.	The acquisition of properties is subject to risks linked to the acquired property, such as the risk of incorrect assumptions on the future return on the asset, the risk of shortage of tenants or unforeseen expenses for dealing with environmental requirements.  Property transactions can also generate significant transaction costs which it may not be possible to compensate for.	In the event of an acquisition, technical, environmental, legal and taxation investigations are carried out on the properties and the status of the companies. These are carried out using both internal and external resources, in the form of independent external consultants.
Financial risks – risks i	n Trianon's financing		
Changes in market interest rates	Interest rate risk refers to the risk that a change in market interest rates may have a negative impact on the Group's results and cash flows. The major part of Trianon's financing is through borrowings from credit institutions and the non-current liabilities run with fixed or variable interest.	Interest expense is affected mainly by:     current market interest rates     the margins of the credit institutions     fixed-interest strategy	Trianon's finance policy sets targets for interest-rate exposure for the Group's loan portfolio. The target is that the average fixed interest period should be 2–4 years.  Interest rates are hedged through interest rate swaps.
	Interest rate risk refers to the risk that a change in market interest rates may have a negative impact on the Group's results and cash flows. Market interest rates are affected primarily by the expected inflation rate and short-term interest rates are affected primarily by the Swedish Central Bank's key interest rate.	A change in the market interest rate of one percentage point would involve an increase/decrease of around SEK 12.7 million on that part of the liability which is not covered by interest rate swaps and fixed-interest loans.  The market interest rates may also affect derivative liabilities.  Interest rate derivatives are recognised at fair value in the balance sheet. As the market interest rates change, a theoretical surplus value or undervalue arises, which does not affect cash flows.	The fixed interest period was 2.6 years (0.5).  The proportion of loans at fixed interest was 21 percent (9).  For further information, see Note 3.
Financing	Refinancing risk is the risk that it will not be possible to refinance a loan or other financial obligation which falls due for payment, or the risk that refinancing must be arranged in an unfavourable market situation on disadvantageous interest-rate terms.	Trianon's financing is mainly through bank loans with property mortgages as security. There is a risk that further financing will not be obtained, that existing loans will be cancelled or that new loans can be obtained only on terms which are less favourable. There are agreements with lenders on particular commitments such as interest coverage ratio, loan-to-value ratio and equity ratio. All terms and conditions were fulfilled during the financial year.	Trianon's finance policy sets targets for the average debt maturity period for the Group's loan portfolio. The average debt maturity period should be 2 years.  The loan portfolio is allocated over various average debt maturity periods and our aim is to have an even maturity structure among lenders. The average debt maturity period was approximately 2.9 years (3.2).  A liquidity reserve must be available at all times.

Risk area	Description	Exposure	Risk management
Financial risks – risks	in Trianon's financing		
The value of Trianon's properties	Both property deterioration and market-specific deterioration may lead to a reduction in the value of the properties. All of Trianon's properties are classified as investment properties and are recognised at fair value. Fair value is determined by assessing the market value of each individual property. The value of the properties is affected by a number of factors, including both property-specific factors such as:  • vacancy rate  • rent level  • contract length  • operating costs and market-specific factors such as:  • required return  • imputed interest rates from comparable transactions on the property market	Property valuations are an estimate of the price which an investor would be willing to pay for the property at a given time. The valuation is based on accepted models and assumptions. The market value of the property can only be secured in a transaction between two independent parties. The uncertainty interval is normally +/- 5–10 percent. A change in property value of +/- 5 percent affects Trianon's property value by +/- 614 million.  See the sensitivity analysis table on page 81. The various parameters are affected individually by various assumptions and these do not normally all work in the same direction. The vacancy rate refers only to commercial premises, since the Company considers that the risk of vacancies in residential properties is low.	External valuations are normally carried out on the properties at least once a year and are supplemented with internal valuations, which are made on at least a quarterly basis. Trianon has a sound knowledge of the property market in Malmö and the surrounding area. The properties are developed on a regular basis both to increase income and reduce costs. Social initiatives in residential areas contribute to increased stability and security, and also add to the attractiveness of residential areas, and this has a positive impact on property values.  For further information, see Note 18 on page 80.
Tax legislation	Views on the size and incidence of corporate taxation, value-added tax and property taxation, as well as other central government and local authority taxes and allowances vary significantly between political parties, and corporate taxation legislation is often subject to review. Changes in tax legislation may affect the conditions for Trianon's operations to a significant extent.	Rules on limiting interest-rate deductions may mean that there is no right of full deduction for interest expense. On the other hand, the increased additional depreciation deduction for newly built properties benefits new construction. Overall, for Trianon the tax rules may mean that the taxable profit will increase in the long term and that the loss carryforward will be settled more quickly. An activity with mixed right of deduction for VAT may involve different interpretations of applicable rules.	Trianon's Board has adopted a tax policy with guidelines for tax management. Trianon will carefully monitor any issues concerning changes in legislation, and will act openly and transparently towards the authorities on tax matters.  External tax experts will be used if necessary.  Transactions which involve aggressive tax planning and which do not have a commercial justification shall not be carried out.
Sustainability risks			
Employees	Employees are important assets that drive the business forward. One risk may be to fail with well-being, security, recruitment and development.	Dissatisfied employees, deficiencies in the psychosocial work environment, inadequate leadership and insufficient competence can lead to, among other things, increased costs, impaired performance, damaged brand and impaired profitability.	<ul> <li>Long-term work and good leadership in order to increase employee well-being.</li> <li>A well-established common set of values.</li> <li>Market compensation.</li> <li>Employee surveys and follow-ups.</li> <li>Continuous work with Trianon's work environment.</li> <li>Read more on pages 18–20.</li> </ul>
Social conditions	Low employment rate, high turnover rate and experience of insecurity in the residential areas.	Low employment rates can contribute to exclusion among the tenants as well as anxiety and stress among tenants and employees, which can lead to a high turnover rate, increased number of vacancies and reduced profitability.	<ul> <li>Actively work to create jobs in the company's socio-economically vulnerable areas.</li> <li>Renovate with reasonable rent increases.</li> <li>Flexible income requirements for tenants in the company's rental policy.</li> <li>Physical measures in the outdoor environment.</li> <li>Read more on pages 14–17 and 25.</li> </ul>
Anti-corruption	In the construction and real estate industry, there may be ethical risks in corruption, including illegal subletting, bribes, unfair working conditions and fraud in the construction industry. The risks may exist within Trianon and with contracted suppliers.	Corruption and irregularities can cause great harm to individuals, the brand and the company with financial losses as a result.	The company's certification scheme and purchasing policy together with a code of conduct for employees and suppliers must contribute to good control and business ethics. Training for Trianon's employees in the code of conduct. Read more on page 15.
Human Rights	There is a risk that our suppliers do not meet our requirements regarding human rights in terms of compensation, working conditions and the existence of forced labour.	Irregularities can harm individuals, the brand and the company with financial losses as a result.	Continuous dialogue is conducted with suppliers in procurements, renovation projects and new production. Trianon has a code of conduct for suppliers that describes the company's requirements for the supplier in terms of sustainable and responsible conditions.  Read more on page 15.

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## Corporate governance report



It has been a turbulent year in the property market, mainly because of inflation and interest rate rises. Trianon has navigated through the challenges and demonstrated that we are a robust company with a sound business model and a clear strategy. I am certain that the entrepreneurial spirit that is clear to see throughout our company is one of the main reasons we have come through this tough year so well. There is no doubt that everyone at Trianon really lives by the company's values of commitment, innovation and courage.

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The Board held 17 minuted meetings and spent a lot of time on business intelligence, financial issues and sustainability matters. We have taken important steps to strengthen the company, including streamlining our portfolio and improving our cost control. I am also very pleased with the various initiatives the company is implementing in the field of sustainability, ranging from energy issues to our work on social sustainability and supply chain transparency.

For the Board, this past year has meant managing short-term financial issues in a turbulent environment, while ensuring long-term sustainable value creation. Geopolitics, climate change and Al are high on the agenda for all businesses today and it is increasingly important for us to understand how to navigate these developments. We must minimise risk and create opportunities in this new normal.

I would like to thank all our staff for their wonderful efforts in 2023. I would also like to thank everyone else who has stood by Trianon. Despite a troubled world, I see a stable Trianon that is heading into 2024 with confidence and faith in the future.

Viktoria Bergman, Chair of the Board.

#### Principles for corporate governance

Fastighets AB Trianon (publ) is a Swedish public limited company based in Malmö. The company's class B shares are listed on Nasdaq Stockholm. The company shall build, buy, manage and sell real estate and other compatible activities.

The governance of Trianon is based on the company's articles of association, Swedish law, internal rules and regulations and Nasdaq's regulations for issuers. Trianon complies with the Swedish code of corporate governance (the "Code").

#### Shareholders and shares

The company's share capital as at 31 December 2023 amounted to SEK 115,077,914, and the quota value per share was SEK 0.625. The company has a total of 184,124,662 shares, of which 6,084,472 are class A shares and 178,040,190 are class B shares. Each class A share provides entitlement to 1 vote and each class B share to 1/10 vote, making the total number of votes 23,888,491. The market capitalisation as at 31 December 2023 was SEK 3.1 billion.

The two largest owners in the company are Olof Andersson, privately and through companies, and Jan Barchan, through companies, each of which represents approximately 27 percent of the company's total shares and approximately 32 percent of the company's total votes. More information about the company's ownership structure can be found on page 46.

#### **Annual General Meeting**

Trianon's Annual General Meeting will take place on 15 May 2024. The Annual General Meeting is Trianon's highest decision-making body and CONTENTS ABOUT TRIANON

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shareholders exercise their voting rights there on key issues, such as approving income statements and balance sheets, appropriation of the company's profit, granting discharge from liability to the Board members and CEO, election of Board members and auditor as well as remuneration to the Board and auditor. The Annual General Meeting shall be held within six months from the end of the financial year. In addition to the Annual General Meeting, an Extraordinary General Meeting may be convened.

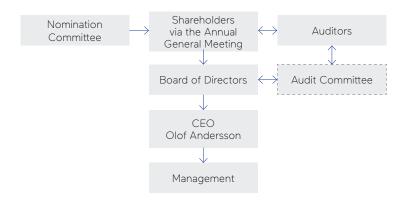
#### Governance structure

Responsibility for the governance, management and control of Trianon's operations is divided between the Board of Directors, the CEO and the company management. It is the shareholders via the General Meeting who ultimately make decisions about the company's governance.

According to the company's articles of association, notice of the Annual General Meeting is given by advertising in Post- och Inrikes Tidningar and by making the notice available on the company's website. The issuing of notice shall at the same time be announced in Dagens Industri.

## The right to participate in the Annual General Meeting

Shareholders who wish to participate in the discussions at the Annual General Meeting must be entered in the share register kept by Euroclear Sweden five weekdays before the meeting, and register with the company for participation in the Annual General Meeting no later than the day specified in the notice convening the meeting. Shareholders may attend Annual General Meetings in person or by proxy and may also be



#### Important external regulations

- · Swedish Companies Act
- Nasdaq Stockholm's regulations for issuers
- Swedish code of corporate governance
- IFRS standards
- EU Market Abuse Regulation
- Sustainability Bond Guidelines (ICMA)
- Green Loan Principles, Social Loan Principles (LMA)
- EU Taxonomy Regulation
- Corporate Sustainability Reporting Directive (CSRD)

#### Important internal regulations

- · Articles of Association
- The Board's Rules of Procedure
- CEO instruction
- Communication policy, Insider policy, Finance policy, Tax policy and Codes of conduct
- Processes for internal control and risk management
- Other control instruments, policy documents, manuals and recommendations

assisted by a maximum of two people. Shareholders are entitled to vote for all shares held by the shareholder.

#### Initiatives from shareholders

Shareholders who wish to have a matter considered at the Annual General Meeting must send a written request to this effect to the Board. The request must be received by the Board in good time before the Annual General Meeting, in accordance with what is announced on the company's website in connection with the time and place for the Annual General Meeting.

#### Nomination Committee

At the company's Annual General Meeting on 11 May 2023, it was decided that the Chair of the

Board, based on ownership at the end of September 2023, shall convene a Nomination Committee consisting of the Chair of the Board and a representative of each of the three largest shareholders in the company. The company's fourth-largest shareholder was asked to appoint a co-opted member to the Nomination Committee. If any of the three largest shareholders chooses to waive their right to appoint a member of the Nomination Committee, the right passes to the shareholder who, after these shareholders, has the largest shareholding. The Nomination Committee shall remain until the next Nomination Committee has been appointed. The Nomination Committee shall perform what is incumbent on the Nomination Committee in accordance with the Swedish code of corporate governance.

#### Nomination Committee 2023

Name	Represents	Shareholding	Function
Torbjörn Granevärn	Olof Andersson Förvaltnings AB	27.21%	Chair
Jan Barchan	Briban Invest AB	27.34%	Member
Katarina Berggren	Grenspecialisten Förvaltning AB	10.19%	Member
Viktoria Bergman	Chair of the Board of Trianon	0.00%	Member
Erik Ståhl Hallengren	SEB Investment Management AB	6.11%	Co-opted

The Nomination Committee will be constituted and convened in good time before the 2024 Annual General Meeting and its proposals will be presented in the notice convening the Annual General Meeting and on the company's website.

### **Annual General Meeting 2023**

The company's Annual General Meeting was held on 11 May 2023. At the meeting, 81 percent of the votes were represented. The AGM made decisions in the matters that come before the AGM in accordance with the Articles of Association. The accounts for 2022 were approved by the AGM, and the Board members and the CEO were granted discharge from liability for the 2022 financial year.

- Re-election of the Board members Olof Andersson, Axel Barchan, Viktoria Bergman, Jens Ismunden and Richard Hultin and the election of Patrik Emanuelsson and Sofie Karlsryd as ordinary Board members. Viktoria Bergman was elected Chair of the Board.
- The Board's remuneration shall amount to a total of SEK 1,050,000 (1,125,000), of which the Chair of the Board shall receive SEK

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300,000 (300,000) and other members who are not employees of the company shall receive SEK 150,000 (150,000).

- · Fees for work in the Audit Committee shall be paid to a total of SEK 120,000 (120,000), of which SEK 60,000 (60,000) to the chair and SEK 30,000 (30,000) each to the other members.
- Decision not to pay a dividend for the 2022 financial year.
- Principles for the appointment of a Nomination Committee as above.
- Re-election of Mazars AB, with Anders Persson as principal auditor.
- Decision to approve the Board's remuneration report.
- · Issue authorisation for 10 percent of the total number of shares in the company.

#### Extraordinary General Meeting 2023

An Extraordinary General Meeting of the company was held on 7 December 2023. The meeting decided on an offset share issue within the framework of a partial buyback offer of hybrid bonds. The offset issue increased the number of class B shares in the company by 26,618,705 and the number of votes by 2,661,870.5. The new shares were paid for by offsetting hybrid bonds in the amount of SEK 370 million.

#### **Board of Directors**

The Board is responsible for the company's administration and organisation. This entails responsibility for, among other things, setting goals and strategies, ensuring routines and systems for evaluating set goals and identifying how sustainability matters affect the company's risks and opportunities. In addition, the Board must continuously evaluate the company's results and financial position and evaluate the operational management, as well as specify the necessary guidelines for the company's conduct in society in order to secure its ability to create long-term

value. The Board is also responsible for ensuring that the annual report and interim reports are prepared in a timely manner. The Board also appoints the company's CEO.

The Board members are normally elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the company's Articles of Association, the Board, insofar as it is elected by the Annual General Meeting, shall consist of a minimum of three members and a maximum of ten members, with a maximum of three deputies.

The Board shall, in accordance with the Code, be characterised by versatility and breadth regarding the members' competence, experience and background.

The Board follows written rules of procedure that are revised annually and adopted at the statutory Board meeting every year. The rules of procedure regulate, among other things, Board practice, functions and the distribution of work between the Board members and the CEO, as well as financial reporting. In connection with the statutory Board meeting, the Board also approves the instructions for the CEO.

The Board meets according to an annually established schedule. In addition to these Board meetings, further Board meetings may be convened to address issues that cannot be deferred to an ordinary Board meeting. In addition to the Board meetings, the Chair of the Board and the CEO have an ongoing dialogue regarding the management of the company.

#### Committee

The Board has an Audit Committee consisting of two Board members, together with the Chair of the Board. The purpose of the Audit Committee is to increase the quality of the company's and the Group's audit, strengthen the contact between the Board and the company's auditor and increase the quality and strengthen supervision and control over the company's financial risk exposure, risk management, financial reporting and sustainability reporting.



The company's auditors have participated in three committee meetings, one Board meeting and had an individual meeting with the Board without the participation of company management.

The Audit Committee held five meetings in 2023.

The Board has decided not to establish a special remuneration committee, but that instead the Board in its entirety shall fulfil the tasks incumbent on such a committee in accordance with the Code.

#### The Board's work 2023

The Board consisted of six members and one deputy until the Annual General Meeting on 11 May 2023 and thereafter of seven members.

The Board held 17 minuted Board meetings during the year. The focus of the meetings held during the year was on strategic issues, transactions, organisation, adoption of interim reports,

forecasts, sustainability matters, external issues, risk management and an increased focus on financing issues and cash flow. At the statutory Board meeting held after the Annual General Meeting, a decision was made on the signatory power of the company.

Decisions were made regarding the Board's rules of procedure as well as CEO instructions that were established at the meeting. The CEO was evaluated during the year. The Board was evaluated in December 2023 and this was then reported to the Nomination Committee. The Board evaluation follows the guidelines for board evaluation in the Code.

#### Group management

The Group's management consists of the CEO, the company's Deputy CEO and CFO, head of business development, head of transactions and SUSTAINABILITY

heads of property management. In July, one of the two heads of property management retired.

The CEO is subordinate to the Board and is responsible for the company's day-to-day management and the day-to-day operation of the Group's business. The division of work between the Board and the CEO is stated in the rules of procedure for the Board and the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information from management prior to Board meetings and is the rapporteur for the material at Board meetings.

The CEO shall keep the Board continuously informed of the development of the company's operations, the development of sales, the company's earnings and financial position, cash and credit situation, major business incidents and any other incident, event or circumstance that may be assumed to be significant to the company's shareholders.

#### Remuneration and terms of employment for the CEO and other senior executives

Trianon shall offer market-based remuneration levels and terms of employment that enable it to recruit and retain senior executives with high competence and capacity to achieve set goals. "Senior executives" refers to the Executive Management Team. The full Board of Directors excluding the CEO draws up the principles for the remuneration and terms and conditions of employment for the Executive Management Team, and approves the remuneration and terms and conditions of employment of the CEO.

Trianon's Annual General Meeting approved the following guidelines for remuneration and other terms and conditions of employment: Remuneration shall be on market terms and may consist of the following elements: fixed cash salary, retirement benefits and other benefits. In addition, the General Meeting may, for example, and independent of these guidelines - approve share-related and share price-related remuneration. The fixed salary shall take account of the individual's areas of responsibility and experience.

Retirement benefits, including health insurance, for the CEO shall be defined-contribution. The pension contributions for defined contribution pensions shall amount to a maximum of 35 percent of the annual cash salary. There will be the option, after negotiation, to convert fixed salary to pension provision. The CEO will have the right to a company car.

Remuneration to the CEO is stated in Note 8, page 77, to the Annual Report (Average number of employees, personnel costs, pensions and other).

According to the CEO's employment contract, a notice period of twelve months applies in the event of termination by the company. If the CEO resigns, the notice period is six months. In addition to salary during the notice period, the CEO is also entitled to severance pay of six monthly salaries in the event of termination by the company. According to the employment contract for the Deputy CEO/CFO, a mutual notice period of six months applies. The respective employment contracts for the CEO and the Deputy CEO/ CFO contain customary non-compete clauses that cover a period of twelve months after the termination of employment. Trianon has followed the guidelines decided by the 2020 Annual General Meeting. The remuneration report has been available on the company's website since 2021.

#### Organisation

The average number of employees in 2023 was 90, of which 36 were women and 54 were men.

In addition to staff functions, such as Legal, HR and Communications, operations have been divided into areas of responsibility for Business Development Residential, Business Development Commercial Property, and Economy & Finance.

The segmented property management organisation is called Business Development Residential and Business Development Commercial Property and was introduced in November 2023.

The Head of Business Development for the residential segment is responsible for the management, letting and new production of residential

properties as well as the company's sustainability work. The Head of Business Development for the commercial segment is responsible for the management, letting and development of commercial properties.

The CFO is responsible for accounting, finance and investor relations.

#### Internal control

The Board has the overall responsibility for the internal control of financial reporting. The purpose of internal control regarding financial reporting is to ensure that the financial reports are reliable and prepared in accordance with good accounting practice and otherwise comply with applicable laws and regulations.

Trianon applies the COSO framework, which is an internationally recognised and accepted framework for describing the company's control structure. COSO describes the internal control as divided into five components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment – Internal control is based on divisions of responsibilities and divisions of work through the Board's rules of procedure, instructions for the committees, the CEO and the financial reporting, code of conduct and policies.

Risk assessment – Identification, assessment and management of risks are central both to the process for the overall risk analysis and to the identification of significant processes linked to internal control for financial reporting.

Control activities - Controls must be linked to each identified risk until the risk is considered eliminated or reduced to an acceptable level.

Information and communication - Relevant information must be communicated in the right way, to the right recipient and at the right time. The management group's meetings will be used as a forum for communication and dissemination of information.

Control and monitoring - The system for internal control and risk management must be monitored continuously and aims to ensure that the system is maintained, that changes take place when necessary and to evaluate changes in workina methods.

To ensure internal control, the Board has, from an overall perspective, established policy documents, which are revised and adopted annually.

The CEO is responsible for designing internal processes and instructions based on these policy documents.

Significant governing documents and policies established and revised by the Board of Directors include:

- . The Board's Rules of Procedure
- CFO instruction
- Business plan
- Communication policy and Insider policy
- Finance policy
- Code of Conduct, employees and suppliers
- Internal control policy

Significant governing documents and policies established and revised by the management:

- IT policy
- · Purchasing policy
- · Rental policy

#### Audit

The auditor shall examine the company's annual report and accounts as well as the Board's and the CEO's management of the company. After each financial year, the auditor shall submit an auditor's report and a consolidated auditor's report to the Annual General Meeting. According to the company's Articles of Association, the company must have a minimum of one and a maximum of two auditors with a maximum of two deputy auditors. The company's auditor is Mazars AB, with Anders Persson as principal auditor. The total remuneration to the company's auditors is shown in Note 9 on page 77.

Other corporate governance documents such as the Articles of Association are available on the company's website, www.trianon.se.

## **Board of Directors**

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	Viktoria Bergman	Olof Andersson	Axel Barchan	Richard Hultin	Jens Ismunden	Patrik Emanuelsson	Sofie Karlsryd
	Chair of the Board	CEO and Board member	Member of the Board	Member of the Board	Member of the Board	Member of the Board	Member of the Board
Elected	2017	2006	2020	2021	2020	2023	2010
Born	1965	1965	1993	1956	1976	1966	1986
Education	Communication Executives Program, Stockholm School of Economics. Berghs School of Communication.		Bachelor of Economics at Lund University.	Master of Science in Engi- neering, Roads and Water at Lund University.	Master's degree in Business Administration at Lund University.	Studies at the Swedish Military Academy and IHM Business School.	Bachelor's degree in Public Health Science, Malmö University.
Other assignments	Chair of the Board of Galber AB. Board member of Duni Group, Novus Group and Cinis Fertilizer and Vice Chair of WaterAid Sweden.	Board member and CEO of Olof Andersson Förvalt- nings AB. Board member of Sydsvenska Hem AB, För- valtnings AB Norra Vallgatan, Anbace Invest AB. Deputy Board member of Frukt- handlarn På Limhamn AB.	Board member and active in Briban Invest AB. Board member of Utvecklings AB Laburnum and nok9 AB.	Board member of At Work Sweden AB, IW Service AB, SMT Malmö Partner Holding AB and Burlöv Center Fas- tighets AB.	Senior Advisor at Roos- Gruppen AB. Board member of Lunar A/S.	CEO of HEBA Fastighets AB. Board member of Colive AB, Södertälje sjukhus AB, Danderyds sjukhus AB and Södersjukhuset AB.	CEO of Burlöv Center Fastighets AB, Chair of the Board of Olof Andersson Förvaltnings AB, Board member of SJK Invest AB.
Previous employment and principal work experience	Communications and Sustainability Director and member of Group Management of E.ON Nordic. Communications Director and member of Group Management of The Trelleborg Group. Various positions at Falcon Breweries/Unilever and the Cerealia Group. Board member of Vattenfall AB.	Chair of the Board and CEO of Sydgrönt AB. Board member of Malmö Cityfastigheter AB, Malmö Citysamverkan AB, Copenhagen Malmö Port AB and the På Limhamn economic association.	Investment banking, Carnegie.	CEO of Skanska Öresund AB, Deputy CEO of Skanska AB and various positions in the Skanska Group.	CIO/Investment Manager at AB Grenspecialisten and Chief Dealer, Danske Bank Markets.	CEO of Locum, Micasa fastigheter and Deputy CEO of AB Svenska Bostäder. Chair of the Board of IF Brommapojkarna and Board member of St. Erik Försäkring AB.	Property Manager at Wihlborgs Fastigheter AB. Board member of Eurocorp AB and Deputy Board member of NJF Fastigheter AB.
Independence in relation to the company's princi- pal owners or position	Independent of the company and management. Independent of principal owners.	Not independent of the company and management. Not independent of principal owners.	Independent of the company and management. Not independent of principal owners.	Independent of the company and management. Independent of principal owners.	Independent of the company and management. Independent of principal owners.	Independent of the company and management. Independent of principal owners.	Not independent of the company and management. Not independent of principal owners.
Own and related party shareholdings 2023	20,000 class B shares	2,890,984 class A shares and 47,205,093 class B shares, privately and via Olof Anders- son Förvaltnings AB.	115,600 class B shares	5,320 class B shares	8,400 class B shares	0 shares	35,932 class B shares
Board meeting attendance	17 out of 17	17 out of 17	17 out of 17	17 out of 17	16 out of 17	11 out of 17*	16 out of 17
Audit Committee attendance	5 out of 5	5 out of 5	3 out of 5	-	5 out of 5	2 out of 5*	-
Total remuneration 2023, SEK thousand <sup>1</sup>	360	-	165	150	180	90	113
Of which Board fees, SEK thousand	300	-	150	150	150	75	113
Of which committee fees, SEK thousand	60	-	15	-	30	15	-

<sup>&</sup>lt;sup>1</sup> Remuneration of the Board for the period January-December 2023. The fee for Board members elected at the Annual General Meeting is decided by the Annual General Meeting. For the calendar year 2023, remuneration has been paid in accordance with Note 8, page 77. No further compensation in addition to Board fees and fees for committee work has been paid. Remuneration paid to Board members comprises remuneration excluding travel compensation. \* Newly elected at the AGM on 11 May 2024 and has attended all Board meetings and Audit Committee meetings since then.

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**Group Management** 











	Olof Andersson	Mari-Louise Hedbys	Anna Heide	Jonas Karlsryd	Lars Åkewall
	CEO and Board member.	CFO and Deputy CEO.	Head of Business Develop- ment, Residential. Responsi- ble for management, letting and new production in the residential segment as well as the overall sustainability work.	Head of Transactions.	Head of Business Develop- ment, Commercial Property. Responsible for management, letting and new production in the commercial segment.
Born	1965	1964	1970	1985	1963
Year employed and time in current position	2006, in current position since 2006.	2012, in current position since 2015.	2017, in current position since 2017.	2010, in current position since 2021.	2013, in current position since 2013.
Education		Degree in Economics, Lund University.	Degree in Economics, Lund University.	Real estate business, Malmö University.	Degree in Economics, Lund University.
Other assignments	Board member and CEO of Olof Andersson Förvaltnings AB. Board member of Sydsvenska Hem AB, Förvaltnings AB Norra Vallgatan, Anbace Invest AB. Deputy Board member of Frukthandlarn På Limhamn AB.	Board member of Mahema Invest AB. Also holds a num- ber of assignments within the Trianon Group.	Board member of Fas- tighetsägarna Syd, Board member of FC Rosengård.	Chair of the Board of SJK Invest AB.	
Previous experience	Chair of the Board and CEO of Sydgrönt AB. Board member of Copenhagen Malmö Port AB, Malmö Cityfastigheter AB, Malmö Citysamverkan AB and the På Limhamn economic association.	Business Controller Finnlines and other CFO assignments.	Various positions within MKB Fastighets AB, most recently as CSR manager.	Business controller, Fastighets AB Trianon. Manager, Fastighets AB Trianon.	CEO of Eurocorp AB and Head of Administration at MKB Fastighets AB.
Own and related party shareholdings 2022	2,890,984 class A shares and 47,205,093 class B shares, privately and via Olof Anders- son Förvaltnings AB.	213,302 class B shares	133,702 class B shares	337,736 class B shares	356,923 class B shares

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## Financial information

The Board of Directors and the CEO of Fastighets AB Trianon (publ) ("Trianon" or "the Company"), Fredsgatan 21, 212 12 Malmö, with corporate ID number 556183-0281, Registered Office in Malmö, Sweden, hereby submit the Annual Report and Consolidated Financial Statements for the financial year 1 January–31 December 2023. The Annual Report has been drawn up in SEK million, unless otherwise stated. Numerical information in parentheses refers to the preceding year.

#### Operations

Information about the company's operations can be found on pages 4–5.

#### Financial targets

Information about the company's financial targets can be found on page 10.

#### Parent

The Parent reported net sales of SEK 94.5 million (72.7). The increase is attributable to increased letting in existing properties. The Parent owns 7 properties, and the rental income from these constitutes 91 percent (90) of total revenue. The operating profit was SEK -8.0 million (-21.5). The change in the value of derivatives amounted to SEK -138.7 million (121.4), and was due to changes in market interest rates.

Tax on the profit for the period amounted to SEK 14.6 million (-4.3).

#### Organisation

Trianon's organisation consists of Group-wide functions as well as the management organisation and other administrative personnel. The management organisation is divided into local management offices in Lindängen and Rosengård and in central Malmö. Management is carried out through Trianon's own personnel, such as property managers, property technicians and caretakers.

Other information about staff, control and follow-up and equality and diversity can be found on pages 18–20.

#### Sustainability

Information about the company's sustainability work can be found on pages 14–23.

#### Risks and risk management

Information about the company's risks and risk management can be found on pages 49–51.

#### Shares and ownership

Information about the company's shares and ownership can be found on pages 45–46.

#### **Board of Directors**

Under the Articles of Association, Trianon's Board of Directors shall consist of a minimum of three and a maximum of ten members, with a maximum of three deputies. Read more about the Board of Directors, its work and entitlement to remuneration on pages 52–56. No member of the Board has the right to remuneration on the termination of their appointment. The remuneration paid to the Board of Directors for 2023 is set out in Note 8.

#### Guidelines and remuneration of senior executives

"Senior executives" refers to the Executive Management Team. There is a presentation of the members on page 57. The full Board of Directors excluding the CEO draws up the principles for the remuneration and terms and conditions of employment for the Executive Management Team, and approves the remuneration and terms and conditions of employment of the CEO. The Annual General Meeting 2020 approved the following guidelines for remuneration and other terms and conditions of employment: Remuneration shall be on market terms and may consist of the following elements: fixed cash salary, retirement benefits and other benefits. In addition, the General Meeting may, for example, - and independent of these guidelines – approve share-related and share price-related remuneration. The fixed salary shall take account of the individual's areas of responsibility and experience. More information about remuneration can be found in Note 8 on page 77.

## COMMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

#### Net profit for the year

The profit for the year totalled SEK -206.1 million (171.4) of which SEK -206.1 million (171.4) is attributable to the Parent's shareholders, equivalent to earnings per share attributable to the Parent's shareholders of SEK -1.59 (0.84) both before and after dilution. Return on equity was -4 percent (3).

#### Income

Rental income increased by 6 percent and amounted to SEK 732.8 million (688.3). Rental income in the like-for-like portfolio increased by 10 percent. The increase is mainly attributable to rent increases, new leasing and completion of projects. Net letting for the period amounted to SEK 7.2 million (21.4), including joint ventures. Total new leasing (newly signed contracts) amounted to SEK 18 million during 2023. The rental value amounted to SEK 820.3 million (798.4). The economic occupancy rate was 96.1 percent (95.2).

#### Expense

Property costs amounted to SEK -252.0 million (-273.4). This decrease is due to good cost control, lower electricity costs and reduced property administration costs. Operating costs were affected by the usual seasonal variations in respect of electricity and heating costs, the greatest impact of which is felt during the first and last quarters. The renovation work on apartments continued, with 109 (151) apartments being renovated during the period. The renovation of apartments is carried out in connection with turnover in the residential portfolio and the target is to renovate 200 apartments per year. The operating surplus increased by 13 percent to SEK 498.3 million (439.6). The increase in the like-for-like portfolio was 16 percent. The operating surplus was 68 percent (63).

#### Profit from property management

Profit including changes in value and tax in associates and joint ventures was SEK 183.1 million (240.1). Central administration amounted to SEK -67.2 million (-72.9). Central administration consists of personnel costs for common Group functions, as well as the costs for IT, marketing, financial reports and audit fees. The total number of employees including both joint Group functions and property administration was 85 (88), of whom 44 (46) were white-collar staff.

Central administration was also charged with SEK 0.9 million (8.4) attributable to actual and anticipated bad debts.

Financial expenses for the period amounted to SEK -307.4 million (-151.9). The average interest rate for the period, including swap rates, was 3.9 percent (2.2). Financial expenses increased by SEK 155.5 million,

mainly as a result of higher market interest rates. Interest expense for right-of-use assets (site leaseholds) amounted to SEK -6.1 million (-6.1).

The profit from property management for the year fell by 30 percent to SEK 162.9 million (231.8), of which the profit from property management from participations in associates amounted to SEK 11.5 million (14.0). This decrease is mainly due to increased financial expenses.

#### Changes in value

Changes in the value of investment properties amounted to SEK -272.6 million (-234.5) for the period, of which SEK 15.6 million (113.8) represented changes in value related to projects. Realised changes in value amounted to SEK 42.0 million (0.6). Negative changes in value amounted to approximately 2.6 per cent of the property value at the beginning of the year. Negative changes in value due to increased yield requirements were offset by newly signed leases in the commercial portfolio, residential rent rises and continued development in the existing portfolio. The direct yield for the full property portfolio was 4.8 percent (4.2), excluding project properties and properties sold (but not vacated), and the yield on residential properties was 4.6 percent (4.0).

Changes in the value of derivative instruments for the period amounted to SEK -151.4 million (196.4).

#### Tax

Reported tax for the period amounted to SEK 34.8 million (-30.5). Deferred tax attributable to investment properties amounted to SEK -10.5 million (6.8), changes in the value of derivative instruments to SEK 31.2 million (-13.2), untaxed reserves to SEK -3.9 million (-3.5) and deficits in Group companies to SEK 33.7 million (-12.1). Current tax amounted to SEK -15.0 million (-8.0).

## COMMENTS ON THE CONSOLIDATED BALANCE SHEET

#### Assets, investment properties

Trianon's property portfolio is located in Malmö and the surrounding area and consists of residential, community and commercial properties. The properties are mainly located in Malmö, but also in Svedala and Burlöv municipalities. The property portfolio consists of 131 properties with a total rentable area of 455,485 m², excluding 3,000

SUSTAINABILITY

The fair value of investment properties amounted to SEK 12,288.6 million (12,862.6). At year-end, 67 percent of the property value has been externally valued, with 90 percent externally valued in 2023. The remaining properties have been valued internally. The greatest change in value is to be found in the residential portfolio. The direct yield for the full property portfolio was 4.8 percent (4.2), excluding project properties and properties sold (but not vacated), and the yield on residential properties was 4.6 percent (4.0). Potential building rights have not been valued for existing properties or have been valued at any costs paid.

#### Liabilities

Consolidated interest-bearing liabilities at the end of the period amounted to SEK 7,100.6 million (7,107.4). The liability has reduced as a result of property sales and amortisation and has increased through investments in existing properties as well as new production. Approved overdraft facilities amounted to SEK 60 million (35), of which SEK 21.7 million (0.0) was utilised.

Interest-bearing liabilities included a bond loan of SEK 222.7 million (398.8) recognised net after the deduction of transaction costs. The share of bank financing amounted to 98 percent. Trianon's fixed interest period amounted to 2.6 years (0.5). Most of the interest rate swaps were made in 2023, increasing the hedge ratio

and average fixed interest period. The swap portfolio totalled SEK 4,350 million. The company has previously entered into a swaption agreement for SEK 1.0 billion at an interest rate of 2.5 percent beginning in November 2024, which is not included in the calculation of the fixed-interest period. At the beginning of January 2024, existing variable-rate loans were also converted to fixed-rate loans in the amount of SEK 1,485 million for 1 to 2 years, which is taken into account in the hedge ratio. The hedge ratio amounted to 83 percent (3) of the outstanding loan portfolio excluding swaption and 96 percent (17) including swaption. The derivatives portfolio amounted to SEK 166.9 million (28.2) in liabilities and SEK 9.6 million (22.2) in receivables at the end of the period.

The capital tie-up period at the end of the year was 2.9 years (3.2).

The loan-to-value ratio amounted to 57.1 percent (54.6). Calculated on total assets, the loan-to-value ratio amounted to around 51.5 percent (50.9).

## COMMENTS ON CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

#### Equity, equity ratio and cash and cash equivalents

Equity amounted to SEK 5,020.3 million (5,372.9). Equity has been affected by the buyback of hybrid bonds in the amount of SEK -98.0 million (0.0) and the dividend linked to the hybrid bonds in the amount of SEK -58.5 million (-39.8). Conversion of hybrid bonds to shares has had a net impact on equity of SEK -1.6 million. Equity per share amounted to SEK 27.27 (34.11), and to SEK 26.58 per share (31.14) after the deduction of equity attributable to the hybrid bonds. The equity ratio was 36.8 percent (38.9) at the end of the period, including hybrid capital.

Consolidated cash and cash equivalents amounted to SEK 109.8 million (90.0). Unutilised overdraft facilities at the end of the period amounted to SEK 38.3 million (35.0).

#### Hybrid capital

In November 2022, Trianon issued new subordinated sustainable hybrid bonds for a total of SEK 500 million with perpetual maturity and with the first ordinary redemption date three years after the issue date. The new bonds carry a variable interest rate of Stibor 3m + 7 percent and are recognised as equity less transaction costs. In December 2023, a voluntary buyback offer was made for the hybrid bonds by way of set-off against new class B shares in the company. In total, SEK 370 million of the hybrid bonds were repurchased, leaving SEK 130 million outstanding at the end of the period. For further information, see Trianon's website, www.trianon.se.

## COMMENTS ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flow for the period amounted to SEK 19.8 million (2.6). Cash flow was affected by investments in existing properties of SEK -349.7 million (-554.9). Financing activities were affected by the raising of loans on existing and acquired properties of SEK 920.2 million (523.9), the amortisation and repayment of loans of SEK -551.8 million (-294.8) and the dividend on hybrid bonds of SEK -58.5 million (-39.8). Cash flow from operating activities before changes in working capital amounted to SEK 149.3 million (336.9) for the period. Cash and cash equivalents at the end of the period amounted to SEK 109.8 million (90.0).

#### Appropriation

Amounts in SEK million

Proposed appropriation of the Company's profit.

The following funds are at the disposal of the Annual General Meeting:

	1,704.5
to be carried forward	1,704.5
The Board of Directors proposes that:	
net profit for the year	-132.6
share premium reserve	1,630.7
profit brought forward	206.4
of the Annual General Meeting.	

## **Consolidated financial statements**

SUSTAINABILITY

### Consolidated statement of comprehensive income

SEK million	Note	01/01/2023 31/12/2023	01/01/2022 31/12/2022
	1-3, 33-38		
Rental income	4	732.8	688.3
Property costs	7	-252.0	-273.4
Operating profit from letting		480.8	414.9
Income from development properties		21.4	90.6
Expenses for development properties		-19.6	-82.2
Operating profit from development properties	5	1.8	8.4
Other income	6	15.7	16.3
Operating profit		498.3	439.6
Central administration	7–9	-67.2	-72.9
Profit/loss from participations in associates and joint ventures	11	31.7	22.2
of which profit from property management		11.5	14.0
Financial income	12	33.8	9.2
Interest cost on right of use (leasehold)	13	-6.1	-6.1
Financial expenses	14	-307.4	-151.9
Profit or loss including changes in value and taxes in associates and joint ventures		183.1	240.1
Profit from property management		162.9	231.8
Change in value of investment property	18	-272.6	-234.5
of which changes in value related to projects		15.6	113.8
Change in value of derivatives	26	-151.4	196.3
Profit/loss before tax		-240.9	201.9
Tax on profit for the year	16	34.8	-30.5
Net profit for the year		-206.1	171.4
Other comprehensive income		0.0	0.0
Total comprehensive income for the year		-206.1	171.4
Comprehensive income for the year attributable to:			
The Parent's shareholders		-206.1	171.4
Non-controlling interests		0.0	0.0
Profit for the year attributable to the Parent's shareholders, SEK per share before dilution <sup>1</sup>	17	-1.59	0.84
Profit for the year attributable to the Parent's shareholders, SEK per share after dilution <sup>2</sup>		-1.59	0.84
Average number of outstanding shares before dilution, thousand <sup>1</sup>		159,037.4	157,127.6
Average number of outstanding shares after dilution, thousand <sup>2</sup>		159,037.4	157,324.0

<sup>&</sup>lt;sup>1</sup> The average number of shares is a weighted average for the period taking into account the issue through conversion of 407,690 shares on 20 September 2022, the conversion of 92,307 shares on 6 December 2022 and the conversion of 26,618,705 shares on 11 December 2023.

<sup>&</sup>lt;sup>2</sup> Dilution in respect of the 3-year convertible loan which falls due in 2022, converted at the end of the period.

SEK million Not	е	31/12/2023	31/12/2022
1–3, 32–3	8		
ASSETS			
Property, plant and equipment			
Investment properties 1	.8	12,288.6	12,862.6
Right of use, leasehold land	.3	181.6	181.4
Machinery and equipment 1	9	3.6	3.5
Total property, plant and equipment		12,473.8	13,047.5
Financial non-current assets			
Participations in associates and joint ventures	1	533.2	475.2
Receivables from associates and joint ventures 3	5	41.0	34.6
Other holdings of securities	2	150.0	0.0
Derivative instruments	6	9.6	0.0
Other non-current receivables		11.8	12.8
Total financial non-current assets		745.6	522.6
Deferred tax assets	17	110.7	35.5
Total non-current assets		13,330.1	13,605.6
Current assets			
Accounts receivable	3	19.0	17.3
Current tax asset		0.0	0.1
Receivables from associates and joint ventures		48.3	16.7
Derivative instruments	6	0.0	22.2
Other receivables		101.7	22.9
Prepaid expenses and accrued income	3	20.7	22.9
		189.7	102.1
Cash and cash equivalents		109.8	90.0
Total current assets		299.5	192.1
TOTAL ASSETS		13,629.6	13,797.7

SEK million	Note	31/12/2023	31/12/2022
	1-3, 32-38		
EQUITY AND LIABILITIES			
Equity	24		
Share capital		115.1	98.4
Capital contribution/Hybrid bond*		126.6	595.1
Other contributed capital		1,667.7	1,315.1
Profit brought forward including net profit for the year*		3,110.8	3,364.3
Total equity attributable to Parent's shareholders		5,020.2	5,372.9
Non-controlling interests		0.0	0.0
Total equity		5,020.2	5,372.9
Non-current liabilities	29, 30		
Interest-bearing liabilities	25, 26	5,239.5	4,127.0
Other non-current liabilities	31	2.9	4.5
Lease liabilities	13	181.6	181.4
Derivative liabilities	26	166.9	28.2
Deferred tax liability	27	841.4	855.2
Total non-current liabilities		6,432.3	5,196.3
Current liabilities			
Interest-bearing liabilities	25, 26	1,861.1	2,980.4
Bank overdraft facility		21.7	0.0
Accounts payable		64.3	89.5
Current tax liability		23.1	9.5
Other liabilities		79.6	29.6
Accrued costs and prepaid income	28	127.3	119.5
Total current liabilities		2,177.1	3,228.5
TOTAL EQUITY AND LIABILITIES		13,629.6	13,797.7

<sup>\*</sup> Dividends on hybrid capital are recognised in the item Profit brought forward including net profit for the year from 31 December 2023 onwards.

Comparative years have been recalculated for comparability.

### Consolidated statement of changes in equity

SEK million	Share capital	Capital contribution/ Hybrid bond	Other contributed capital	Profit brought forward including net profit for the year	Equity attributable to Parent's shareholders	Equity attributable to non-controlling interests	Total Equity at year-end
Opening equity, 1 January 2022	98.1	412.5	1,305.6	3,401.1	5,217.3	26.6	5,243.9
Change in the classification of dividends on hybrid capital		87.5		-87.5			0.0
New opening equity, 1 January 2022	98.1	500.0	1,305.6	3,313.6	5,217.3	26.6	5,243.9
Net profit for the year				171.4	171.4	0.0	171.4
Other comprehensive income					0.0		0.0
Total comprehensive income for the year				171.4	171.4	0.0	171.4
New share issue	0.3		9.5		9.8		9.8
Issue of hybrid bond		497.1			497.1		497.1
Buyback of hybrid bond		-402.0			-402.0		-402.0
Dividend, hybrid bond*				-39.8	-39.8		-39.8
Dividend, shares				-78.5	-78.5		-78.5
Non-controlling interests acquired				-2.5	-2.5	-26.6	-29.1
Total transactions with owners recognised directly against equity	0.3	95.1	9.5	-120.7	-15.8	-26.6	-42.4
Closing equity, 31 December 2022	98.4	595.1	1,315.1	3,364.3	5,372.9	0.0	5,372.9
Opening equity, 1 January 2023	98.4	595.1	1,315.1	3,364.3	5,372.9	0.0	5,372.9
Net profit for the year				-206.1	-206.1	0.0	-206.1
Other comprehensive income					0.0		0.0
Total comprehensive income for the year				-206.1	-206.1	0.0	-206.1
Buyback of hybrid bond		-98.0			-98.0		-98.0
Dividend, hybrid bond*				-58.5	-58.5		-58.5
Tax, hybrid bond				11.6	11.6		11.6
Conversion of hybrid bond	16.7	-370.5	352.6	-0.5	-1.7		-1.7
Total transactions with owners							
recognised directly against equity	16.7	-468.5	352.6	-47.4	-146.6	0.0	-146.6
Closing equity, 31 December 2023	115.1	126.6	1,667.7	3,110.7	5,020.2	0.0	5,020.2

<sup>\*</sup> Dividends on hybrid capital are recognised in the item Profit brought forward including net profit for the year from 31 December 2023 onwards. Comparative years have been recalculated for comparability.

### Consolidated statement of cash flows

SEK million Note	2023	2022
Cash flow from operating activities 32		
Net operating income	498.3	439.6
Central administration	-67.2	-72.9
Net financial items paid	-279.9	-23.1
Non-cash items	0.1	-6.2
Income tax paid	-2.0	-0.5
Cash flow from operating activities before changes in operating receivables and operating liabilities	149.3	336.9
Changes from operating receivables and operating liabilities		
Changes in operating receivables	9.0	137.0
Changes in operating liabilities	-29.4	-32.7
Cash flow from operating activities	128.9	441.2
Investing activities		
Investment in investment properties	-349.7	-554.9
Acquisition of investment properties via subsidiaries	-80.8	-7.7
Other investments in property, plant and equipment	-0.1	-0.5
Sale of property	4.6	0.0
Sale of investment property via subsidiary	115.1	0.0
Sales of subsidiaries to associates and joint ventures	10.1	36.2
Contributions to associates and joint ventures	-15.3	0.0
Investment receivables, associates and joint ventures	-26.2	-91.6
Amortisation of financial non-current assets	1.0	2.9
Cash flow from investing activities	-341.3	-615.6
Financing activities		
Loans raised	920.2	523.9
Amortisation of loans	-151.8	-117.6
Repayment of other loans and deposits	-400.0	-177.1
Change in overdraft facilities	21.7	0.0
Acquisition of shares from non-controlling interests	0.0	-29.0
Hybrid bond, issue	0.0	497.1
Hybrid bond, buyback	-99.3	-402.0
Hybrid bond, dividend	-58.5	-39.8
Dividends paid	0.0	-78.5
Cash flow from financing activities	232.3	177.0
Cash flow for the year	19.8	2.6
Cash and cash equivalents at start of the year	90.0	87.4
Cash and cash equivalents at end of the year	109.8	90.0

## The Parent's financial statements

### The Parent's income statement

SEK million	Note	2023	2022
Operating income			
Net sales	4	94.5	72.7
Other operating income	6	9.8	8.2
Total operating income		104.3	80.9
Operating expenses			
Property costs	7	-32.6	-32.1
Other external costs	9	-19.4	-22.9
Employee benefit expense	8	-14.9	-14.8
Depreciation of property, plant and equipment		-45.4	-32.6
Total operating expense		-112.3	-102.4
Operating profit/loss		-8.0	-21.5
Financial items			
Profit/loss from participations in Group companies	10	-66.4	-14.8
Profit/loss from participations in associates and joint ventures	11	0.0	-10.0
Interest income and similar items	12	88.0	55.6
Interest expense and similar items	14	-40.8	-83.8
Change in value of derivatives	26	-138.7	121.4
Total financial items		-157.9	68.4
Profit/loss after financial items		-165.9	46.9
Appropriations	15	18.7	55.7
Profit/loss before tax		-147.2	102.7
Tax on profit for the year	16	14.6	-4.3
Net profit for the year		-132.6	98.4

### Statement of comprehensive income for the Parent

SEK million N	ote 2023	3 2022
Net profit for the year	-132.6	98.4
Other comprehensive income	0.0	0.0
Total other comprehensive income	0.0	0.0
Comprehensive income for the year	-132.6	98.4

### The Parent's balance sheet

SEK million	Note	31/12/2023	31/12/2022
ASSETS	33		
Non-current assets			
Property, plant and equipment			
Land and buildings	18	876.6	848.3
Machinery and equipment	19	0.5	0.2
Total property, plant and equipment		877.1	848.5
Financial non-current assets			
Participations in Group companies	20	1,125.2	1,409.9
Receivables from Group companies	35	1,658.4	1,367.5
Participations in associates and joint ventures	21	339.8	324.5
Receivables from associates and joint ventures	33	41.0	34.6
Other holdings of securities	22	150.0	0.0
Deferred tax assets	27	36.0	6.6
Other non-current receivables		2.9	2.8
Total financial non-current assets		3,353.3	3,145.9
Total non-current assets		4,230.4	3,994.4
Current assets			
Current receivables			
Accounts receivable	3	8.6	13.4
Receivables from Group companies		336.6	381.3
Other receivables		98.0	20.6
Other receivables, associates and joint ventures		37.8	16.7
Prepaid expenses and accrued income	23	11.7	14.3
Total current assets		492.7	446.3
Cash and bank balances		74.1	57.9
Total current assets		566.8	504.3
TOTAL ASSETS		4,797.2	4,498.7

SEK million Note	31/12/2023	31/12/2022
EQUITY AND LIABILITIES 33		
Equity 24		
Restricted equity		
Share capital	115.1	98.4
Revaluation reserve	9.7	9.8
Statutory reserve	21.4	21.4
Total restricted equity	146.2	129.6
Unrestricted equity		
Share premium reserve	1,630.7	1,277.4
Profit carried forward	206.4	624.4
Net profit for the year	-132.6	98.4
Total unrestricted equity	1,704.5	2,000.2
Total equity	1,850.7	2,129.8
Provisions		
Deferred taxes 27	15.5	12.8
Non-current liabilities 29, 30		
Bond loan 25	222.8	0.0
Liabilities to credit institutions 25, 26	637.7	445.3
Derivative instruments 26	166.9	28.2
Liabilities to Group companies 25, 26	1,230.3	957.1
Total non-current liabilities	2,257.7	1,430.6
Current liabilities		
Liabilities to credit institutions 25, 26	7.0	73.1
Bond loan 25	0.0	398.8
Bank overdraft facility	21.7	0.0
Accounts payable	21.7	30.9
Liabilities to Group companies	546.6	405.4
Other liabilities	57.4	2.0
Accrued costs and prepaid income 28	19.1	15.3
Total current liabilities	673.4	925.4
TOTAL EQUITY AND LIABILITIES	4,797.2	4,498.7

## The Parent's statement of changes in equity

		Restricted equity		Unre	estricted equity		
SEK million	Share capital	Revaluation reserve	Statutory reserve	Share premium reserve	Profit carried forward	Net profit for the year	Total
Opening equity, 1 January 2022	98.1	9.9	21.4	1,267.9	340.9	306.5	2,044.8
New share issue	0.3			9.5			9.8
Issue of hybrid bond					497.1		497.1
Buyback of hybrid bond					-402.0		-402.0
Dividend, hybrid bond					-39.8		-39.8
Appropriation of profit of preceding year					306.5	-306.5	0.0
Dividend					-78.5		-78.5
Transfer between unrestricted and restricted		-0.2			0.2		0.0
Net profit for the year						98.4	98.4
Closing equity, 31 December 2022	98.4	9.7	21.4	1,277.4	624.4	98.4	2,129.8
Opening equity, 1 January 2023	98.4	9.7	21.4	1,277.4	624.4	98.4	2,129.8
Conversion of hybrid bond	16.7			352.7	-371.0		-1.6
Buyback of hybrid bond					-98.0		-98.0
Dividend, hybrid bond					-58.5		-58.5
Tax, hybrid bond					11.6		11.6
Appropriation of profit of preceding year					98.4	-98.4	0.0
Transfer between unrestricted and restricted		-0.1			0.1		0.0
Net profit for the year						-132.6	-132.6
Closing equity, 31 December 2023	115.1	9.6	21.4	1,630.1	207.0	-132.6	1,850.7

### The Parent's statement of cash flows

SEK million	Note	2023	2022
Cash flow from operating activities	32		
Operating profit/loss		-8.0	-21.5
Adjustments for items not included in cash flow		45.4	32.6
Interest received		23.5	142.9
Interest paid		-27.2	-43.4
Income tax paid		-0.2	0.0
Cash flow from operating activities before changes in operating receivables and operating liabilities		33.5	110.6
Changes in operating receivables and operating liabilities			
Changes in operating receivables		-13.9	-13.0
Changes in operating liabilities		-7.7	-6.0
Cash flow from operating activities		11.9	91.6
Investing activities			
Acquisition of investment properties		-59.9	-182.9
Other investments in property, plant and equipment		-0.4	0.0
Acquisition of shares in subsidiaries		-6.3	-43.8
Sale of subsidiaries		19.7	122.3
Contributions to associates and joint ventures		-15.3	0.0
Change in other non-current receivables		-0.1	-1.2
Investment receivables, associates and joint ventures		-6.4	-91.6
Loans to Group companies		-110.5	-654.8
Amortisation received for receivables from Group companies		173.0	657.4
Cash flow from investing activities		-6.2	-194.4

SEK million	Note	2023	2022
Financing activities	·		
Hybrid bond, issue		0.0	497.1
Hybrid bond, buyback		-99.0	-402.0
Hybrid bond, dividend		-58.5	-39.8
Change in overdraft facilities		21.7	0.0
Loans raised		373.4	134.2
Repayment of loans		-400.0	-158.0
Amortisation of loans		-13.9	-10.7
Loans from Group companies		197.7	822.9
Amortisation of liabilities to Group companies		-10.7	-619.4
Dividends paid		0.0	-78.5
Cash flow from financing activities		10.7	145.8
Cash flow for the year		16.4	42.9
Cash and cash equivalents at start of the year		57.9	14.9
Cash and cash equivalents at end of the year		74.1	57.9

## **Notes**

### NOTE 1 General information

Fastighets AB Trianon (publ), Fredsgatan 21, 212 12 Malmö, is a public limited company registered in Sweden. The Company's registered office is in Malmö. The Parent's class B shares have been listed on Nasdaq Stockholm, in the Mid Cap segment, since 17 December 2020.

The Company has two bonds listed on the Nasdaq Stockholm Sustainable Bond List, of which one is a sustainable hybrid bond.

Fastighets AB Trianon's business is to own, manage, develop and build residential and commercial premises in Malmö and the surrounding area. The Consolidated Financial Statements for the financial year 2023 were approved by the Board of Directors on 21 March 2024, and a proposal that they be adopted will be laid before the Annual General Meeting on 15 May 2024.

### NOTE 2 Accounting policies

#### **ACCOUNTING AND VALUATION POLICIES**

The financial statements have been drawn up using accounting policies which follow from International Financial Reporting Standards (IFRS) as adopted by the EU, and their interpretation (IFRIC).

Furthermore, the Group applies the Swedish Financial Reporting Board's (RFR) recommendation RFR 1 Supplementary Accounting Rules for Groups, which sets out the additions, over and above the IFRS disclosures, required under the provisions of the Swedish Annual Accounts Act.

The Parent applies the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities) and statements from the Swedish Financial Reporting Board. The Parent's accounting conforms to the Group's accounting policies with the exception of what is stated below in the section on the Parent's accounting policies.

## New standards, amendments and interpretations of existing standards which came into force during the financial year

The new and amended standards approved by the EU, as well as the interpretation statements from the IFRS Interpretations Committee are not currently considered to affect the Company's results or financial position to any significant extent.

## New standards, amendments and interpretations of existing standards which have not been applied in advance

On the preparation of the Annual Report, as at 31

December 2023, there are standards and interpretations which have been announced but have not yet come into force. None of these revised or new standards are considered to have any significant impact on the Company's financial statements.

#### Basis of preparation of the financial statements

The Parent's functional currency is the Swedish Krona (SEK), which is also the Group's presentation currency. All amounts are in SEK million unless otherwise stated.

Rounding has been applied to certain amounts, which may mean that the tables and calculations do not always add up.

In the annual report, items have been valued at cost, apart from the valuation of investment properties and certain financial instruments for which valuation is at fair value.

#### Critical accounting estimates and assumptions

The preparation of financial statements in accordance with generally accepted accounting principles requires the Executive Management Team to make judgements and assumptions which affect the values and information contained in the financial statements. Actual outcomes may differ from these judgements. The particular area in which estimates and assumptions could involve a risk of adjustments of the carrying amounts of assets and liabilities in future financial years is the valuation of investment properties. The judgements made here may have a significant impact on the Group's results and financial position. Valuation requires a judgement of future cash flow and the determination of the discount factor (required return). The assumptions and judgements made are set out in Note 18.

#### Important accounting policies applied

The accounting policies set out below have been applied consistently to all periods presented in the Consolidated Financial Statements.

#### Segment reporting

An operating segment is a part of a Group which carries on operations from which it can generate income and incur costs, and for which independent financial information is available. The Group's operations are divided into operating segments which are monitored by the Executive Management Team. These segments are residential, community and commercial. The Executive Management Team monitors rental income, operating costs, net operating profit, surplus ratio and fair value. For further information, please see Note 36.

#### **Consolidated Financial Statements**

Subsidiaries are all companies over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsid-

iaries are included in the Consolidated Financial Statements from and including the date on which control is transferred to the Group. They are deconsolidated from and including the date that control ceases. Only that part of the subsidiary's equity which is accrued after the date on which control is obtained is included in consolidated equity.

Acquisitions can be classified either as business combinations or as asset acquisitions. The classification of an acquisition as a business combination or an asset acquisition is based on an individual assessment which must be made for each individual transaction.

#### Acquisitions

When an operation is acquired, a judgement is made on how the acquisition is to be treated in the financial statements on the basis of the following criteria: the presence of employees and the complexity of internal processes. In addition, the number of operations and the presence of agreements with various degrees of complexity. A high presence of these criteria means that the acquisition is classified as a business combination, and a low presence as an asset acquisition. As an alternative to this assessment, the Group may decide to make use of a concentration test. Trianon decided to apply this test after 1 January 2020. This test means that Trianon makes a simplified judgement as to whether all of the fair value of the gross assets acquired can be attributed to a single identifiable asset (a property) or a group of similar identifiable assets (properties). In the event that the test shows that, in all material respects, all of the fair value is attributable to a single identifiable asset (a property) or a group of similar assets (properties), Trianon judges that the acquisition shall be classified as an asset acquisition.

During the current financial year, all acquisitions have been classified as asset acquisitions.

An important difference in accounting for asset acquisitions, as against business combinations, is that any deferred tax attributable to the surplus value of the property is not initially recognised on the balance sheet without any rebate reducing the cost of the property (i.e. acquisition expenditure including directly attributable expenditure as well as any deducted rebate for deferred tax). This means that changes in value will be affected by the tax rebate during subsequent valuations. The full deferred tax is recognised in temporary differences which arise after the acquisition. Acquired investment properties are recognised on the subsequent reporting date at fair value, which may differ from cost.

#### Other consolidation principles

Intra-Group transactions and balance sheet items, as well as unrealised gains and losses on transactions between Group companies are eliminated. The accounting policies for subsidiaries shall be changed, where appropriate, to guarantee a consistent application of the Group's policies. From and including the acquisition date, the income, costs, identifiable assets and liabilities of the acquired

subsidiary are included in the Consolidated Financial Statements, along with any goodwill arising.

#### Appropriations and untaxed reserves

Tax legislation in Sweden gives the option of deferring tax payments through a provision to untaxed reserves in the balance sheet via the appropriations item in the income statement. The rules in the legislation relating to depreciation enable depreciation over and above depreciation according to plan. Appropriations and untaxed reserves are not, however, recognised in the Consolidated Financial Statements. In the consolidated balance sheet, the untaxed reserves are divided into deferred tax liability and equity. Equity is then eliminated so that only equity accrued after the acquisition date remains. In the consolidated income statement, provisions to or liquidation of untaxed reserves are divided between deferred tax and net profit for the year.

#### Associates and joint arrangements

Trianon has a number of joint ventures, which are limited companies that are owned and operated together with various partners with equal ownership and interest.

Associates are all companies in which the Group has influence but not control, which generally applies to shareholdings which comprise between 20 percent and 50 percent of the votes. Holdings in associates are recognised in accordance with the equity method. In applying the equity method, the investment is valued initially at cost, and the carrying amount is then increased or decreased to take account of the Group's participation in the associate's profit or loss after the acquisition date. The Group's carrying amount for holdings in associates includes surplus value identified on the acquisition. If the share of ownership in an associate is reduced, but the investment continues to be an associate, only a proportional amount of the profit or loss which was previously recognised in other comprehensive income is reclassified to profit or loss.

If the Group's share of losses in an associate exceeds the holding in that associate, the Group does not recognise any additional losses unless the Group has assumed obligations on the company's behalf. The Group's share of profit/loss and other comprehensive income in an associate is included in the consolidated profit or loss and other comprehensive income. An assessment is also made on each reporting date as to whether there is an impairment need for the investment in an associate. If this is the case, the impairment amount is calculated as equivalent to the difference between the recoverable amount and the carrying amount.

Joint ventures are recognised in consolidated profit or loss and balance sheets in accordance with the equity method, which means that Trianon's share of the profit/loss is recognised annually in the consolidated statement of comprehensive income. The value of the shares with the participation in profit/loss is recognised in the balance sheet, along with any dividends.

#### Statement of cash flows

The statement of cash flows is prepared using the indirect method. The statement of cash flows includes only transactions which lead to payment inwards or outwards. Cash and cash equivalents in the statement of cash flows are consistent with the definition of cash and cash equivalents in the balance sheet.

#### INCOME

#### Rental income

The Group is the lessor in respect of all leases for premises and residential units, as well as garage and parking spaces. All leases are classified as operating leases, which means that the rental income is recognised as income in profit and loss on a straight-line basis over the period of the lease.

Rental income is recognised only when the significant risks and rewards have been transferred to the counterparty. Rental income including supplements is notified in advance, and the rent is accrued on a straight-line basis so that only that part of the rent which accrues to the period is recognised as income. The income is recognised at the fair value of what has been received or is expected to be received with a deduction for rebates and vacant areas. In the event that the lease provides for reduced rent over a certain period, this is accrued on a straight-line basis over the relevant contract period. Compensation paid by tenants in connection with early departure is recognised as income when the contractual relationship with the tenant ceases and no obligations remain, which is normally when the tenant moves out.

Rental income and rent rebates are recognised on a straight-line basis in profit and loss based on the terms and conditions of the rental agreements. Rents paid in advance are recognised as prepaid rental income. In the event that a tenant is granted a reduced rent for a certain period and charged a higher rent during another period, this is accrued under the respective excess rent on a straight-line basis over the term of the lease unless the rent reduction is due to gradual occupancy or similar. Income from early redemption of a lease is recognised as income in the period in which the payment is received, in the event that no additional performance is required on Trianon's part.

Income from compensation in respect of tenant adaptations may be invoiced on one occasion or the equivalent income in the form of increased rent over all or parts of the rental period. Irrespective of payment method, the income for this constitutes one rent and is recognised as a rental income in accordance with IFRS 16.

The rent notifications also include supplements such as electricity, heating and property tax, for example. An analysis has been carried out on revenue recognition on the basis of IFRS 15 Revenue from Contracts with Customers in which Trianon investigated the delimitation between revenue recognition under IFRS 16 Leases and IFRS 15 Revenue from Contracts with Customers.

An assessment has been made that the proportion of

services constitutes an insignificant part and, accordingly, there is no separation of income for services for recognition under IFRS 15. This income is recognised in accordance with IFRS 16, which means that the income for services is accrued according to the same principles as rental income. It is our judgement that this does not lead to significant differences in amount or date for how the income has been recognised under IFRS 15.

Invoiced property tax is recognised as income in the period to which it refers.

#### Construction contracts

IFRS 15 is applied to the recognition of revenue from construction contracts. A construction contract for the construction of a building normally consists of a number of performance obligations but in the context of the contract, the buyer expects to take possession of the building ordered (known as turnkey construction). Trianon therefore considers that all individual performance obligations should be combined into a single performance obligation, i.e. to provide possession of the building specified by the customer. The transaction price is fixed but any deductions in the event of delays or similar conditions are taken into account. Such variable revenue or charges may affect the transaction price and an initial assessment based on probability is carried out in order to establish the transaction price. No allocation of the transaction price needs to be made when the contract constitutes a combined performance obligation, but if there is more than one performance obligation then an allocation is made on the basis of stand-alone selling prices. The point in time at which revenue is recognised is determined by making an initial assessment against the criteria for whether control is transferred over time. As the Group is contractually obliged to deliver a specific building and is entitled to payment during the course of the project, the assessment is that the revenue should be recognised over time, in other words in accordance with percentage of completion using an input method where costs constitute the measure of progress. If, on the other hand, the Group makes the assessment that there is no right to payment, this means that the revenue is recognised at a single point in time, in other words on completion. It may also be possible for the company's performance to create or enhance an asset (performance of the contract) that the customer controls as the asset is created or enhanced, which also results in the revenue being recognised over time, using the same measurement method. When determining the point in time of revenue recognition, the requirements for control in IFRS 15 must be taken into account, as well as the indicators for the transfer of control. An assessment is made individually for each construction contract based on the particular facts and circumstances of the contract.

#### Other income

Other income consists of income from the early termination of leases, income from property management by

associates and other income such as insurance income etc. Other income is recognised in the period to which it refers.

#### Income from property sales

Profits and losses from property sales are normally recognised on the completion date.

#### State aid

State aid is an action taken by the state with the aim of providing a financial benefit which fulfils certain criteria. Government grants are provided in the form of sick pay subsidies and wage subsidies for individual companies in the Group. Sick pay subsidies are received annually and recognised as income on the same date. Wage subsidies are received monthly and recognised as income in the period to which they refer.

Investment aid for investments in investment properties reduces the cost of property, plant and equipment.

#### **OPERATING COSTS**

#### Lease

On the date on which a new lease is signed, a right-ofuse asset is recognised along with a lease liability in the balance sheet. Cost consists of the discounted remaining lease charges for non-cancellable lease periods. Possible extension periods are included if the Group is reasonably sure that these will be utilised. The Company's marginal loan interest rate is used in discounting. This is currently between 3.25 and 3.35 percent. The lease may be changed during the period of the lease, at which the lease liability and the right-of-use asset are revalued. Lease charges are divided between amortising the lease liability and the payment of interest. The Group's significant leases consist of site-leasehold contracts. Given that current leases are site-leasehold in which the period of use is considered to be perpetual, the lease charge is recognised in its entirety as an interest expense. The Company applies the relief rules in respect of leases in which the underlying asset has a low value, as well as to short-term leases. These leases are recognised as an expense in the period in which the use takes place.

#### Property costs

Property costs consist of costs such as operation, care, letting, property tax, administration and maintenance of the property holding.

#### Central administration

Central administration consists of costs for Group-wide functions, as well as the ownership of the Group's subsidiaries. Bad debts are also included in central administration.

#### **Employee benefits**

All pension plans at Trianon are recognised as defined contribution. For defined contribution pension plans, the Company pays contributions to pension insurance

plans administered in the public sector or the private sector on a mandatory, contractual or voluntary basis. Trianon has no additional payment obligations when the contributions have been paid in full. The contributions are recognised as employee benefit expense when they fall due for payment.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available to Trianon. A cost for remuneration in connection with the termination of personnel is only recognised if the Company is demonstrably obligated by a formally detailed plan, without realistic possibility of withdrawal, to terminate employment before the normal date. When remuneration is offered to encourage voluntary redundancy, a cost is recognised if it is probable that the offer will be accepted, and the number of employees who will accept the offer can be estimated reliably.

## PROFIT/LOSS FROM PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

Consists of the Group's share of the profit/loss of companies which are classified as associates or joint ventures in accordance with the definition above. The profit/loss from associates and joint ventures which hold investment properties includes changes in the fair value of the property holding.

#### FINANCIAL INCOME AND EXPENSE

Interest income is accrued over its term. Dividends on shares are recognised when the shareholder's right to receive payment is considered to be assured.

Both interest income and interest expense are recognised in accordance with the effective interest method.

Loan expenses directly attributable to major new construction projects are capitalised during the construction period. Mortgages taken out in connection with new construction are not recognised as an expense but are capitalised as a property investment.

Changes in value in respect of derivative instruments used in financing activities are recognised as changes in value under a separate heading in profit and loss.

#### TAX

The recognition of income tax includes current tax as well as deferred tax. Income taxes are recognised in the net profit for the year unless the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity.

Deferred tax is calculated using the balance sheet method for all significant temporary differences. A temporary difference arises when the carrying amount of an asset or liability differs from the tax value.

The valuation of deferred tax is based on how the carrying amounts of the underlying assets or liabilities are expected to be realised or settled. The carrying amount of the Group's investment properties is considered to be realised through sale at the end of use. The tax rate

Deferred tax is calculated using the tax rate in force or announced on the reporting date and which is expected to apply when the deferred tax asset concerned is realised or when the deferred tax liability is settled. A tax rate of 20.6 percent has been used in calculating deferred tax.

Deferred tax assets are recognised only if it is probable that future taxable amounts will arise against which the temporary differences can be utilised. Deferred tax assets and tax liabilities are offset when they are attributable to income tax which is charged by the same authority and when the Group intends to settle the tax at a net amount.

#### INVESTMENT PROPERTIES

The Group's properties are held for the purpose of generating rental income and appreciation in value. All of Trianon's properties are classified as investment properties. Investment properties are recognised at fair value on the reporting date. Fair value is determined by assessing the market value of each individual valuation item. The valuation model is based on a long-term valuation of the yield on the basis of the present value of future payment flows with individual required returns per property depending on the analysis of transactions carried out and the market position of the property.

The Group's policy is to measure all properties at fair value either using external valuations performed at least annually by independent external valuers or using internal valuations. Forum Fastighetsekonomi AB, Croisette Real Estate Partner, Malmöbryggan Fastighetsekonomi AB and Newsec Advice AB have been engaged as external valuers. All of these are independent consulting companies with registered valuers. Valuations were carried out most recently in December 2023. At the end of the financial year, around 90 percent of the total property value had been valued externally during the previous 12months, with the remaining portion valued internally at the reporting date.

Building rights and potential building rights for existing properties have not been valued externally. Building rights which have not gone through the planning process are recognised at costs paid and only externally valued once the detailed plan has entered into force.

Investment properties in associates or joint ventures are valued in a corresponding manner.

For further information on the valuation of investment properties, see Note 18.

Additional expenditure is added to the carrying amount only if it is probable that future economic benefits linked to the asset will accrue to the Company, and

the cost can be estimated reliably. All other additional expenditure is recognised as an expense in the period in which it arises. Repairs are recognised as an expense when the expenditure arises. The decisive factor in judging when an additional expenditure is added to the carrying amount is whether the expenditure refers to the replacement of identified components, or parts thereof, at which such expenditure is capitalised. In the event that a new component is produced, the expenditure is added to the carrying amount. Loan expenditure directly attributable to the purchase, construction or production of substantial new construction, extension or renovation of an asset, and which takes a significant amount of time to complete for the intended use or sale is included in the cost of the asset. Capitalisation of loan expenses is carried out on condition that it is probable that they will lead to future economic benefits and that the costs can be measured reliably.

#### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognised as an asset in the balance sheet if it is probable that future economic benefits will flow to Trianon and the cost of the asset can be estimated reliably. Property, plant and equipment, both owned and leased, is recognised in the Group at cost after the deduction of accumulated depreciation and any impairment. Cost includes the consideration as well as expenses directly attributable to the asset.

Additional expenditure is added to the cost only if it is probable that future economic benefits linked to the asset will accrue to the Company, and the cost can be estimated reliably. All other additional expenditure is recognised as an expense in the period in which it arises. Any undepreciated carrying amount on replaceable components, or parts of components, is discarded and recognised as an expense in connection with replace-

Repairs are recognised as an expense on a continuous basis. Depreciation is applied on a straight-line basis over the estimated useful life of the asset from and including the year in which the asset is capitalised. Depreciation according to plan is based on the original cost less estimated residual value. Impairment is applied if the recoverable amount is less than the carrying amount. The residual values, useful lives and depreciation method of the assets are reviewed at the end of each financial year and adjusted prospectively if necessary at the end of each reporting period.

The useful life and residual value are assessed on each reporting date and adjusted if necessary. Depreciation is based on the following useful lives:

• Equipment, tools, fixtures and fittings: 5–10 years

#### Impairment of property, plant and equipment

Impairment is applied when the carrying amount exceeds the recoverable amount. An assessment is made for each individual asset. Impairment is recognised in profit and loss. The recoverable amount is the higher of the fair

value less costs to sell and its value in use. In calculating value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market judgements of the time value of money and the risks associated with the asset.

#### FINANCIAL INSTRUMENTS

Financial instruments recognised in the balance sheet include among the assets, securities, derivatives, accounts receivable, cash and cash equivalents, and other receivables.

A financial asset or financial liability is recognised in the balance sheet when the Company becomes a party in accordance with the contractual terms and conditions of the instrument. Rent receivables and accounts receivable are recognised in the balance sheet when an invoice has been sent and the Company's right to payment is unconditional and control has been transferred to the customer. Liabilities are recognised when the counterparty has performed and a contractual obligation exists to pay, even if an invoice has not yet been received. Accounts payable are recognised when an invoice is received.

Recognition of the Group's financial liabilities consists primarily of interest-bearing liabilities, interest rate derivatives recognised at fair value through profit or loss and other accounts payable. The Group does not apply any hedge accounting.

A financial asset is derecognised (in whole or in part) when the rights in the contract have been realised or have expired, or when the Group no longer has control over the asset. The same applies to a part of a financial asset. A financial liability is derecognised (in whole or in part) when the obligation in the contract has been fulfilled or otherwise extinguished. The same applies to a part of a financial liability. A replacement of a debt instrument between an existing borrower and lender on terms which are essentially different shall be recognised as an extinguishing of the old financial liability and a new financial liability. Correspondingly, a significant modification of the terms and conditions of a financial liability or part of a financial liability (irrespective of whether it is attributable to financial difficulties on the part of the borrower or not) is recognised as an extinguishing of the original financial liability and as a new financial liability. The difference between the carrying amount of a financial liability (or part of a financial liability) which has been extinguished or transferred to another party and a replacement which has been paid, including transferred assets which are not cash or assumed liabilities, is recognised in profit and

If a company buys back a part of a financial liability, the company shall allocate the former carrying amount of the financial liability into one part which continues to be recognised and another part which is derecognised from the statement of financial position on the basis of the relative fair values of these parts on the buy-back date. The difference between (a) the carrying amount which is allocated to that part which has been derecognised

from the statement of financial position and (b) the amount paid, including transferred assets which are not cash or assumed liabilities, for that part which has been derecognised from the statement of financial position, is recognised in profit and loss. A financial asset and a financial liability are recognised net in the balance sheet when there is a legal right to offset the carrying amounts and the intention is either to settle the net amount or to realise the asset and simultaneously settle the liability. On each reporting occasion, the company evaluates whether there are objective indications that a financial asset or group of financial assets is in need of impairment. Profits and losses from derecognition from the balance sheet, as well as modifications, are recognised in profit and loss.

#### Classification and valuation

Trianon's policies for classifying and valuing financial assets are based on an assessment of both the Company's business model for the administration of financial assets and the characteristics of the contractual cash. flows from the financial asset. The classification of financial assets which are debt instruments is based on the Group's business model for the administration of assets and the nature of the asset's contractual cash flows. Trianon currently has financial assets classified according to the business model for collecting contractual cash flows, financial assets recognised at fair value through profit or loss, and derivatives. Financial instruments classified as financial assets recognised at fair value through profit or loss have initially been recognised at cost, excluding transaction costs. For the recognition of derivatives, see page 73.

## Financial assets measured at fair value through profit or loss

Financial assets in this category are measured at fair value on an ongoing basis, with any changes in value recognised in profit or loss. Trianon's financial assets measured at fair value through profit or loss consist of other holdings of securities. For further information, see Note 22.

#### Financial assets valued at amortised cost

Financial assets that are held in accordance with a business model which is intended to hold assets for the purpose of collecting contractual cash flows are managed for the purpose of realising the cash flows by collecting contractual payments during the term of the instrument. These assets are valued at amortised cost.

Financial assets classified at amortised cost are valued initially at fair value with the addition of transaction costs. Accounts receivable and rent receivables are recognised initially at the invoiced amount. After initial recognition, the assets are valued using the effective interest method. Financial assets classified at amortised cost are held in accordance with the business model for collecting contractual cash flows which are solely payments of capital amounts and interest on the outstanding capital amount.

The assets are covered by a loss provision for expected credit losses.

SUSTAINABILITY

Expected credit losses reflect the present value of all shortfalls in cash flows attributable to default either for the next 12 months or for the expected remaining term of the financial instrument, depending on the asset class and the credit deterioration since initial recognition. Expected credit losses reflect an objective, probability-weighted outcome which takes account of multiple scenarios based on reasonable and verifiable forecasts.

Various methods are used to value expected credit losses. The method used for accounts receivable and rent receivables is based on historical bad debts combined with forward-looking factors (such as a deterioration in the economy, increased activity in the construction and letting business as well as a greater proportion of older apartments in the property portfolio), in accordance with the loss-share method (simplified method). A loss provision is recognised, in the simplified model, for the expected remaining term of the receivable or asset, which is expected to be less than one year for all these receivables. The Group's customers are a homogeneous group with similar risk profiles. Accordingly, the credit risk is initially assessed collectively for all customers. Any larger individual receivables are assessed per counterparty. The Group writes off a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have been concluded.

#### Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks. Bank overdraft facilities (if utilised) are recognised as borrowings among current liabilities. Cash and cash equivalents are covered by the requirements for a loss provision for expected credit losses.

#### **Financial liabilities**

Financial liabilities are classified at amortised cost with the exception of derivatives. Financial liabilities recognised at amortised cost are valued initially at fair value including transaction costs. After initial recognition, they are valued using the effective interest method. Non-current liabilities have an expected term of longer than 1 year, while current liabilities have a term shorter than 1 year. All borrowings (liabilities to credit institutions and bond loans), as well as other financial liabilities such as accounts payable, are included in this category.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### **Derivatives**

Under IFRS, derivatives are recognised initially at fair value, meaning that transaction costs are charged to profit and loss for the period. Interest income from interest rate swaps must be separated from interest income using the effective interest method, and must be presented separately in profit and loss. After initial

recognition, the derivative financial instrument is recognised at fair value, and changes in the value of derivative instruments, both freestanding and embedded, are recognised in the consolidated statement of comprehensive income. Interest rate swaps which hedge cash flow risk in interest payments on liabilities are valued at the net of the accrued receivable at variable interest and the accrued liability in respect of fixed interest. The difference is recognised as interest expense or interest income respectively.

If a derivative constitutes a financial asset, Trianon will derecognise the derivative from the balance sheet when the contractual rights to the cash flows from the financial asset cease or if Trianon transfers the derivative.

If a derivative constitutes a financial liability, Trianon will derecognise the derivative from the balance sheet when the obligations in the contract are fulfilled, cancelled or

In Trianon's case, interest rate swaps which are classified at fair value through profit or loss were acquired to hedge the risks of interest rate exposure to which the Group is exposed. In accordance with the IFRS valuation hierarchy, the fair value of derivatives has been measured at level 2. This level means that the valuation is based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. In Trianon's case, this consists of market valuations from the banks. The derivative contract allows the netting of obligations towards the same counterparty. The Group does not apply hedge accounting.

Derivatives are classified at fair value through profit or

Ordinary shares are classified as equity. Transaction costs which can be directly attributed to the issue of new shares or options are recognised, net of tax, in equity as a deduction from the issue proceeds. For the past several years, the Group has recognised perpetual hybrid bonds as part of equity. As a result, the interest expense paid to the bond holders is recognised as a dividend directly in equity. The hybrid bonds are recognised as equity since they run with a perpetual term, repayment is decided by the Annual General Meeting and the hybrid bonds are subordinated to all liabilities and debt instruments in the event of any liquidation.

#### Earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to the Parent's shareholders, after deducting dividends attributable to hybrid bonds,
- a weighted average number of outstanding ordinary shares during the period, adjusted for the bonus issue element of ordinary shares issued during the year and excluding bought-back shares which are held as the Company's own shares by the Parent.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the effect of interest on the convertible debenture.
- the weighted average of the number of ordinary shares that will be added if all potential ordinary shares, which give rise to a dilutive effect, are converted to shares

#### PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised in the balance sheet when the Group has an existing legal or constructive obligation as a result of an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the effect of when in time payment takes place is significant, the provision is calculated by discounting the expected future cash flow at an interest rate before tax which reflects current market judgements of the time value of money and, if appropriate, the risks associated with a liability. Provisions are reviewed on each reporting occasion.

A contingent liability is recognised when there is a possible commitment arising from events which have occurred and this occurrence can be confirmed only by uncertain future events. Contingent liabilities are also recognised when there is a commitment which is not recognised as a liability or a provision since it is not probable that an outflow of resources will be required or if it cannot be estimated reliably.

#### THE PARENT'S ACCOUNTING POLICIES

The Parent has prepared its Annual Report in accordance with the Swedish Annual Accounts Act and the additional information in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, which means that in its Annual Report the Parent applies all EU-approved IFRS and statements for legal entities as far as this is possible within the framework of the Swedish Annual Accounts Act and taking account of the relationship between accounting and taxation. The recommendation specifies the exceptions from and additions to IFRS which are to be made

#### Differences between the accounting policies of the Group and the Parent

The most significant differences between the accounting policies of the Group and the Parent are set out below.

#### Classification and presentation forms

The Parent's income statement and balance sheet are laid out in accordance with the schematics in the Swedish Annual Accounts Act. The difference in comparison with IAS 1, Presentation of Financial Statements, which is applied in laying out the Consolidated Financial Statements, is primarily in the recognition of financial income and expense, as well as equity.

Participations in subsidiaries are recognised in the Parent in accordance with the cost method. This means that transaction costs are included in the carrying amount of the holding in the subsidiary. The carrying amount is reviewed annually against the subsidiaries' Group value, the recoverable amount. In the event that the carrying amount exceeds the recoverable amount, impairment will be applied and charged to profit and loss. Where a previous impairment is no longer justified, it is reversed. Dividends received are recognised as income. Impairment testing of the carrying amount is performed after the dividend has been received.

#### Income

The Parent's net sales consist of rental income from operating leases and follow the same accounting policies as the Group, with the exception of the requirement to distinguish between lease and non-lease components.

#### Property, plant and equipment

Property, plant and equipment in the Parent is carried at cost after the deduction of accumulated depreciation and any impairment in the same way as for the Group, but with the addition of any appreciation in value. Property, plant and equipment is depreciated by 1-20 percent per year. If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is immediately impaired to its recoverable amount.

#### Financial guarantees

The Parent's financial guarantee contracts consist mainly of sureties provided on behalf of subsidiaries.

Financial guarantees mean that the Company has an obligation to compensate the holder of a debt instrument for losses that the holder incurs due to a specific debtor failing to pay on the due date in accordance with the contractual terms and conditions. For the recognition of financial guarantee contracts, the Parent applies RFR 2 p 72, which involves a relief compared with the rules in IFRS 9 in respect of financial guarantee contracts on behalf of subsidiaries and associates. The Parent recognises financial guarantee contracts as a provision in the balance sheet when the Company has an obligation for which payment will probably be necessary to settle the obligation.

#### Financial instruments

In view of the relationship between accounting and taxation, the rules on financial instruments in accordance with IFRS 9 are not applied in the Parent as a legal entity. The Parent applies the cost method in accordance with the Swedish Annual Accounts Act. The policies relating to initial recognition and derecognition from the balance sheet do not differ from the Consolidated Financial Statements.

Consequently, non-current financial assets in the Parent are measured at cost (with a deduction for any impairment and with the addition of any appreciation in ABOUT TRIANON

The Parent applies the same method as the Group for calculating expected credit losses on intra-Group receivables based on the probability of default, expected loss and exposure in the event of default. The Parent applies the same method as the Group for handling expected credit losses on accounts receivable. For further information, see Note 3.

The Parent's receivables from subsidiaries are subordinated to receivables from external lenders.

Non-current financial liabilities are recognised at amortised cost. Expenditure which is directly attributable to the raising of a loan is used to adjust the cost of the loan and this is accrued in accordance with the effective interest method. Current liabilities are carried at cost.

Derivative instruments which constitute financial assets and for which hedge accounting has not been applied are valued after initial recognition at the lower of cost and net sales value on the reporting date.

Derivative instruments with negative values and for which hedge accounting has not been applied are recognised as financial liabilities and measured at that value.

Interest income and interest expense are recognised in accordance with the effective interest method.

### Tax

The Parent recognises untaxed reserves including deferred tax liabilities. In the Consolidated Financial

Statements, however, untaxed reserves are divided into deferred tax liability and equity.

# Group contribution and shareholders' contribution for legal entities

The Company recognises Group contribution and share-holders' contribution in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Shareholders' contribution is recognised against equity by the recipient and participations in the Group company by the contributor, to the extent that impairment is not required.

In recognising Group contribution, a company may apply either the main rule or the alternative rule. The selected rule is to be applied consistently to all Group companies. The main rule means that the Parent recognises Group contribution received from subsidiaries as financial income, and Group contribution provided to subsidiaries is recognised as an increase in participations in Group companies. The alternative rule means that Group contribution, both received and provided, is recognised as appropriations. Trianon applies the alternative rule. The tax effect is recognised in accordance with IAS 12 in profit and loss.

#### Associates

Participations in associates are valued at cost. In the event that the carrying amount of an investment exceeds the cost, impairment is applied.

# NOTE 3 Financial risk management and derivative financial instruments

The Trianon Group as a net borrower is exposed to financial risks. In particular, the Group is exposed to interest rate risk, refinancing risk and liquidity risk, as well as credit risk and counterparty risk. The Group is not exposed to currency risk. The Group's Finance Policy regulates how the financial risks are managed and sets limits and identifies the financial instruments which may be used.

### Interest rate risk and fixed interest rates

Trianon has a loan-to-value ratio of 57.1 percent (54.6). Interest-bearing borrowings expose the Group to interest rate risk. Interest rate risk refers to the risk that a change in market interest rates may have a negative impact on the Group's results and cash flows. How rapidly a sustained change in interest rates may impact the Group's net financial income/expense depends on the fixed interest period of the borrowings.

Various kinds of interest rate derivatives and fixed-rate loans are used to limit the effects of changes in interest rates. At the end of the period, SEK 4,350 million (200) was hedged through interest rate swaps. The company has entered into a swaption agreement for SEK 1.0

billion at an interest rate of 2.5 percent beginning in November 2024, which is not included in the calculation of the fixed-interest period. At the beginning of January 2024, existing variable-rate loans were converted to fixed-rate loans in the amount of SEK 1,485 million for 1 to 2 years, which is taken into account in the hedge ratio. The hedge ratio amounted to 83 percent (3) of total liabilities to credit institutions excluding swaption agreements and 96 percent including swaption agreements. Around 21 percent (9) of loans from credit institutions are at fixed interest. The average interest rate during the period was 3.9 percent (2.2). A change in market interest rates by one percentage point would affect profit and loss by +/- SEK 12.7 million (62.7), calculated on that part of the liability which is at variable interest (after taking into account fixed-rate loans raised in January 2024) and which has not been hedged using interest rate derivatives for the financial year ending 31 December 2023.

Under the Company's Finance Policy, the fixed-interest period shall be between two and four years. The average fixed-interest period at the reporting date was 2.6 years (0.5).

### Fixed interest rate structure, 31 December 2023

Maturity date, year	Volume, SEK million	Proportion, %
2024	1,266	18
2025	2,985	42
2026	750	11
2027	0	0
2028 and later	2,100	30
Total	7,101	100

### **Derivative financial instruments**

The following table shows the nominal net amount of the interest rate derivative portfolio, its market value as at the reporting date, the average effective interest rate and the impact on the market value of the portfolio of a change in market interest rates of +/-1 percentage point.

Maturity	Nominal amount, SEK million	Unrealised changes in value, SEK million	Average interest rate, %	Market value if interest rate +1 percentage point	Market value if interest rate -1 percentage point
2025	2,000	-77.3	2.7	30.8	-30.8
2026	250	-9.6	2.5	6.1	-6.1
2028	1,400	3.8	2.6	65.3	-65.3
2029	250	-9.7	3.0	13.9	-13.9
2032	200	-13.1	3.1	16.4	-16.4
2033	250	-10.9	2.8	21.5	-21.5
Total	4,350	-116.8	2.7	154.1	-154.1

A swaption with a nominal amount of SEK 1 billion has been sold with a maturity of 8 years at a fixed interest rate of 2.50 percent. The derivative has not affected the average fixed interest period, as it has a start date of 2024. The derivative liability relating to the instrument totals SEK -40.5 million.

Interest rate derivatives of SEK 166.9 million (28.2) are recognised as non-current. Interest rate derivatives are measured at fair value in the balance sheet. Fair value has been calculated using official market listings and in accordance with accepted calculation methods. For further information on the calculation of fair value, see Note 33.

Swap contracts signed mean that variable interest on underlying loans has been replaced by fixed interest. Hedge accounting is not applied. Changes in value are recognised on an ongoing basis in profit and loss.

### Refinancing risk and liquidity risk

Refinancing risk and liquidity risk refer to the risk that the cost may increase and the financing opportunities may be limited when a loan is to be refinanced, and that the payment obligations may not be fulfilled as a consequence of insufficient liquidity. The Group limits this risk through the financial target that the loan-to-value ratio shall not exceed 60 percent. The loan-to-value ratio at the reporting date was SEK 57.1 percent (54.6).

Loans are arranged only from credit providers with a high rating, and the maturity structure of loan liabilities is controlled. Interest-bearing liabilities as at 31 December

2023 amounted to SEK 7,100.6 million (7,107.4), of which SEK 21.7 million (0) constitutes the unutilised portion of the total bank overdraft facility of SEK 60 million (35).

Under the Finance Policy, borrowing shall take place from a minimum of three counterparties and at the end of the year the number of counterparties was eleven. Covenants in financing agreements at Group level are as shown below. There may be covenants at subsidiary level, but these are no worse than those of the Group. All criteria were fulfilled for both financial years following renegotiation in 2023.

Key performance indicators	Covenant	Share of debt, %	2023	2022
Interest coverage ratio, times	>1.50	91	1.6	2.4
Interest coverage ratio, times	>1.75	0	N/A	2.4
Loan-to-value ratio, %	<60	82	57.1	54.6
Loan-to-value ratio, %	<65	9	57.1	54.6
Equity ratio, %	>30	48	36.8	38.9

### Debt maturity structure

Under the company's Finance Policy, the debt maturity period is to be 2 years. The average debt maturity period on the reporting date was 2.9 years (3.2).

### Debt maturity structure, 31 December 2023, Group

Maturity date, year	Volume, SEK million	Proportion, %
Q1,2024	472	7
Q2,2024	183	3
Q3,2024	441	6
Q4,2024	765	10
2025	2,995	42
2026	1,140	16
2027	0	0
2028 and later	1,105	16
Total	7,101	100

After the end of the financial year, agreements have been signed for credit extensions in the amount of SEK 421 million.

### Debt maturity structure, 31 December 2022, Group

Maturity date, year	Volume, SEK million	Proportion, %
2023	2,849	40
2024	1,729	24
2025 and later	2,529	36
Total	7,107	100

### Debt maturity structure, 31 December 2023, Parent

Maturity date, year	Volume, SEK million	Proportion, %
2024	0	0
2025	868	100
2026 and later	0	0
Total	868	100

### Debt maturity structure, 31 December 2022, Parent

Maturity date, year	Volume, SEK million	Proportion, %
2023	472	51
2024	0	0
2025 and later	445	49
Total	917	100

### Maturity analysis undiscounted liabilities

### Group, 31 December 2023

Maturing within	Interest-bearing liabilities	Interest expense	Accounts payable	Other liabilities	Total
3 months	472.3	83.4	64.3	6.6	626.6
4–6 months	182.6	76.8	0.0	0.0	259.4
7–9 months	441.2	74.7	0.0	0.0	515.9
10-12 months	764.9	67.2	0.0	0.0	832.1
1–2 years	2,995.0	182.3	0.0	55.0	3,232.3
2-3 years	1,140.0	58.8	0.0	0.0	1,198.8
3-4 years	0.0	36.0	0.0	0.0	36.0
4–5 years	932.7	32.9	0.0	0.0	965.6
More than 5 years	171.9	341.0	0.0	18.0	530.9
	7,100.6	953.1	64.3	79.6	8,197.6

### Group, 31 December 2022

Maturing	Interest-bearing	Interest	Accounts	Other	
within	liabilities	expense	payable	liabilities	Total
3 months	4.0	66.3	89.5	0.0	159.8
4-6 months	399.0	64.8	0.0	0.0	463.8
7-9 months	978.0	58.6	0.0	0.0	1,036.6
10-12					
months	1,508.4	51.1	0.0	0.0	1,559.5
1–2 years	1,689.0	135.2	0.0	0.0	1,824.2
2-3 years	1,412.0	87.0	0.0	0.0	1,499.0
3-4 years	54.8	45.9	0.0	0.0	100.7
4-5 years	0.0	43.6	0.0	0.0	43.6
More than 5					
years	1,062.2	327.3	0.0	29.6	1,419.1
	7,107.4	879.8	89.5	29.6	8,106.3

### Maturity analysis undiscounted liabilities

### Parent, 31 December 2023

Maturing within	Interest-bearing liabilities	Interest expense	Accounts payable	Other liabilities	Total
3 months	0.0	5.7	21.7	-0.5	26.9
4-6 months	0.0	5.9	0.0	0.0	5.9
7-9 months	0.0	6.2	0.0	0.0	6.2
10-12 months	0.0	6.2	0.0	546.6	552.8
1–2 years	867.5	14.4	0.0	55.0	936.9
2-3 years	0.0	30.9	0.0	0.0	30.9
3-4 years	0.0	28.9	0.0	0.0	28.9
4–5 years	0.0	27.4	0.0	0.0	27.4
More than 5 years	1,230.3	25.8	0.0	2.9	1,259.0
	2,097.8	151.4	21.7	604.0	2,874.9

### Parent, 31 December 2022

Maturing within	Interest-bearing liabilities	Interest expense	Accounts payable	Other liabilities	Total
3 months	0.0	-1.0	30.9	-0.3	29.6
4-6 months	0.0	-1.0	0.0	0.0	-1.0
7-9 months	398.8	-1.0	0.0	0.0	397.8
10-12					
months	67.8	3.4	0.0	405.4	476.6
1–2 years	0.0	20.5	0.0	0.0	20.5
2-3 years	450.6	16.4	0.0	0.0	467.0
3-4 years	0.0	2.1	0.0	0.0	2.1
4–5 years	0.0	2.1	0.0	0.0	2.1
More than 5					
years	957.1	10.3	0.0	2.3	969.7
	1,874.3	51.8	30.9	407.4	2,364.4

### Credit risk and counterparty risk

Credit risk and counterparty risk refer to the risk that the counterparty in a transaction may not fulfil its obligations and consequently, the Group would suffer a loss. To limit counterparty risk, only counterparties with a high credit rating are accepted, and the commitment per counterparty is limited.

The commercial credit risk within the Group is limited, since there is no significant credit concentration in relation to any specific customer or other counterparty.

### Exposure in financial receivables excluding Cash and cash equivalents

		GROUP		PARENT
SEK million	2023	2022	2023	2022
Accounts receivable	19.0	17.3	8.6	13.4
Receivables from associates	9.9	9.2	9.9	9.2
Receivables from joint ventures	79.4	42.1	68.9	42.1
Receivables from subsidiaries	0.0	0.0	1,995.0	1,748.8
Accrued income	8.9	3.8	5.8	3.2
Other receivables	113.4	35.6	98.0	20.6
Total	230.6	108.0	2,186.2	1,837.3

Of the above receivables, SEK 35.9 million falls due within 3 months, SEK 137.3 million within 1 year and others within more than 5 years. Bad debts are in the accounts receivable item.

Accumulated impairment has been applied to accounts receivable in accordance with the following:

		GROUP		PARENT		
SEK million	2023	2022	2023	2022		
Accounts receivable	25.4	32.2	10.1	14.1		
Provision for expected credit losses	-6.4	-14.9	-1.5	-0.7		
Total accounts receivable	19.0	17.3	8.6	13.4		

The provision for expected credit losses decreased by SEK 8.5 million (-9.8) during the year. Established bad debts of SEK 8.4 million have been charged to profit and loss.

# NOTE 4 Rental income/Net sales

The Group's rental income is distributed as follows:

Lease contracts are recognised as operating leases.

Rental income also includes supplements such as electricity, heating and property tax. An assessment has been made that service costs constitute an insignificant part and, accordingly, there is no separation of income.

		GROUP		PARENT
SEK million	2023	2022	2023	2022
Residential	468.6	453.3	10.9	10.3
Commercial premises	242.6	214.5	75.6	55.8
Garage and parking spaces	21.5	20.2	8.0	6.6
Other	0.0	0.3	0.0	0.0
Total	732.8	688.3	94.5	72.7

Contract maturity structure	Number of contracts	Annual contract value	Proportion, %	Total contract value during the contract period	Proportion, %
Commercial premises contracts, term					
2024	99	20.6	8	17.6	2
2025	88	53.4	20	85.1	7
2026	78	47.5	18	128.7	11
2027	71	49.9	19	180.3	16
2028	15	14.9	6	66.1	6
Other, up to and including 2041	46	79.0	30	681.0	59
Total	397	265.3	100	1,158.8	100

Contract value refers to base rent including index increment per year.

The average remaining lease term until expiry weighted by average contracted rental income (WAULT) for commercial leases amounted to 4.4 years.

# NOTE 5 Development properties

SEK million		GROUP		PARENT		
Development properties	2023	2022	2023	2022		
Income from development properties	21.4	90.6	0.0	0.0		
Expenses for development properties	-19.6	-82.2	0.0	0.0		
Total	1.8	8.4	0.0	0.0		

In the case of the sale of two development properties through the sale of interests in subsidiaries, an assessment has been made that the revenue must be recognised over time in accordance with IFRS 15. The properties are delivered as two turnkey properties, so the parties have agreed that the buyer will only take over the formal ownership of the properties upon completion. The commitment involves delivering a distinct investment object with an agreed price. The assessment takes into account the facts that the agreement cannot be terminated by the customer except in the event of breach of contract, that any changes under the agreement are governed by the counterparty and that the right to payment arises during the course of the project. The total revenue for the commitment is predetermined and is not affected by how the value develops until completion. As Trianon's performance obligation takes place over time, the agreement is also recognised over time based on costs paid.

# NOTE 6 Other operating income

SEK million		GROUP		PARENT		
Other operating income	2023	2022	2023	2022		
Salary-related remuneration/allowance	1.0	0.4	0.0	0.0		
Insurance compensation	0.8	1.4	0.2	0.4		
Other operating income	13.9	14.5	9.6	7.8		
Total	15.7	16.3	9.8	8.2		

# NOTE 7 Operating expenses by nature

Property costs		GROUP		PARENT		
SEK million	2023	2022	2023	2022		
Electricity and heating costs	74.0	92.1	10.7	12.2		
Other operating costs	25.0	24.0	2.1	1.8		
Repair and maintenance	51.1	57.9	5.7	5.1		
Property tax	22.9	21.4	6.5	6.5		
Employee benefit expense	22.7	21.0	0.0	0.0		
Other property costs	56.3	57.0	7.6	6.5		
Total	252.0	273.4	32.6	32.1		

Central administration		GROUP
SEK million	2023	2022
External costs	26.6	36.9
Employee benefit expense	38.8	33.8
Depreciation	1.9	2.2
Total	67.2	72.9

External costs refer primarily to the Executive Management Team, IT, marketing, financial reports and audit fees.

# NOTE 8 Average number of employees, employee benefit expense, pensions and other

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	GROUP		F	PARENT	
Average number of employees	2023	2022	2023	2022	
Women	36	38	5	6	
Men	54	55	3	3	
Total	90	93	8	8	

		DARD OF RECTORS	SENIOR EXECUTIVES	
Gender distribution	2023	2022	2023	2022
Women	2	3	2	2
Men	4	4	3	4
Total	6	7	5	6

SEK million		GROUP	PARENT	
Salaries, other remuneration and social security contributions	2023	2022	2023	2022
Salaries and other remuneration				
CEO				
Basic salary	2.3	2.2	2.3	2.2
Benefits	0.0	0.0	0.0	0.0
Other senior executives				
Basic salary	4.4	4.9	2.9	3.1
Benefits	0.0	0.0	0.0	0.0
Other employees	35.2	35.1	3.6	3.4
Total	41.9	42.2	8.8	8.7
Pension costs				
CEO	1.7	1.7	0.7	1.7
Other senior executives	1.4	1.3	0.8	0.8
Other employees	2.8	2.2	0.6	0.5
Other social security contributions				
CEO	0.9	1.1	0.9	1.1
Other senior executives	1.7	1.9	1.1	1.2
Other employees	11.7	11.7	1.3	1.0
Total	20.2	19.9	5.4	6.3

Remuneration to the CEO and other senior executives consists of a basic salary, pension benefits and other benefits. The opportunity exists to convert fixed salary into pension provisions. Other senior executives comprise the Deputy CEO and CFO, heads of property management, head of transactions and head of business development. There is no share price-related remuneration. The total remuneration of the CEO amounted to SEK 4.0 million (3.9).

The remuneration of the CEO has been decided by the Board of Directors. The remuneration of other senior executives has been decided by the CEO in consultation with the Chair of the Board and in accordance with current remuneration guidelines adopted at the Annual General Meeting.

Severance pay under the contract of employment with the CEO is equivalent to 6 months' salary, SEK 1.1 million (1.1).

SEK thousand	GR	OUP	
Remuneration to the Board affecting net profit for the year	2023	2022	
			Chair of the Board and Audit Committee until and including
Boris Lennerhov	0	270	August 2022
Viktoria Bergman	360	240	Chair of the Board from August 2022, Audit Committee
Axel Barchan	165	180	Board of Directors, Audit Committee until and including June 2023
Richard Hultin	150	150	
Jens Ismunden	180	158	Board of Directors and Audit Committee from August 2022
Patrik Emanuelsson	90	0	Board of Directors and Audit Committee from July 2023
Elin Thott	75	150	Board of Directors until and including May 2023
Sofie Karlsryd	113	75	Former Deputy Board member now ordinary Board member
Total	1,133	1,223	

Fees paid to the Board of Directors, in accordance with the decision of the Annual General Meeting, amounted to SEK 300,000 (300,000) to the Chair of the Board, as well as SEK 150,000 (150,000) per person to other members of the Board, with the exception of Olof Andersson, as well as SEK 75,000 (75,000) to the deputy members of the Board. Remuneration paid to members of the Audit Committee was SEK 60,000 (60,000) to the Chair of the Audit Committee, as well as SEK 30,000 (30,000) to each member of the Committee.

# NOTE 9 Fees and expenses for auditors

Remuneration was paid to the auditors in accordance with the following:

		GROUP	PARENT		
SEK million	2023	2022	2023	2022	
Mazars AB					
Audit assignments	2.4	2.5	2.4	2.5	
Audit activities over and above audit assignments	0.9	0.7	0.9	0.7	
Other assignments	0.0	0.1	0.0	0.1	
Total	3.3	3.3	3.3	3.3	

		GROUP	P	ARENT
SEK million	2023	2022	2023	2022
KPMG AB				
Audit assignments	0.0	0.5	0.0	0.0
Audit activities over and above audit assignments	0.0	0.0	0.0	0.0
Other assignments	0.0	0.0	0.0	0.0
Total	0.0	0.5	0.0	0.0

Audit assignments refers to the auditor's work on the statutory audit and audit activities refers to other types of quality

Other assignments are those which are not included in audit assignments, audit activities or tax advisory services.

# NOTE 10 Profit/loss from participations in Group companies

		GROUP	ı	PARENT
SEK million	2023	2022	2023	2022
Share of profit/loss, Group companies	0.0	0.0	2.3	2.9
Profit/loss from sale of participations in Group companies	0.0	0.0	-0.8	36.7
Impairment of participations in Group companies	0.0	0.0	-67.9	-54.4
Total	0.0	0.0	-66.4	-14.8

### NOTE 11 Profit/loss from participations in associates and joint ventures

	GROUP		PARENT	
SEK million	2023	2022	2023	2022
Profit/loss from participations in associates and joint ventures	31.7	22.2	0.0	-10.0
Total	31.7	22.2	0.0	-10.0

# NOTE 12 Financial income/Interest income and similar profit/loss items

SEK million		GROUP		PARENT
Financial income	2023	2022	2023	2022
Interest income, Group companies	0.0	0.0	54.5	46.7
Interest income, other	33.8	9.2	33.5	8.9
Total	33.8	9.2	88.0	55.6

# NOTE 13 Leases

In accordance with IFRS 16, all leases are recognised in the balance sheet, except short-term leases and leases of minor value. As at the reporting date, the Group has leases in respect of site leaseholds which are recognised as right-of-use assets in the balance sheet.

	2023	2022
Property, plant and equipment, Right-of-use site leaseholds		
Opening value	181.5	163.6
Additional contracts	0.0	17.9
Expiring contracts	0.0	0.0
Closing value	181.5	181.5
Non-current liabilities, lease liability		
Opening value	181.5	163.6
Additional contracts	0.0	17.9
Expiring contracts	0.0	0.0
Closing value	181.5	181.5
Interest expense for lease liabilities	6.1	6.1

The total cash flow for leases amounted to SEK -6.1 million (-6.1).

On the reporting date, there were outstanding commitments in the form of minimum lease payments under non-cancellable leases, with due dates as follows:

### Due dates of leaseagreements

Below are the due dates for the nominal values, based on existing contract periods. There is continuous extension and therefore the liability above is calculated on the basis of perpetuity.

		GROUP
SEK million	2023	2022
Within 1 year	6.1	6.1
1–5 years	11.2	16.1
Later than 5 years	1.5	2.7
Total	18.8	24.9

# NOTE 14 Financial expense/Interest expense and similar profit/loss items

SEK million		GROUP	1	PARENT
Financial expenses	2023	2022	2023	2022
Interest expense, Group companies	0.0	0.0	26.4	40.4
Interest expense, other	302.5	148.9	10.3	40.8
Other financial expenses	4.9	3.0	4.1	2.6
Total	307.4	151.9	40.8	83.8

# NOTE 15 Appropriations

		PARENT
SEK million	2023	2022
Group contributions received	18.7	55.7
Total	18.7	55.7

# NOTE 16 Tax on net profit for the year

	G	ROUP	PARENT	
SEK million	2023	2022	2023	2022
Current tax				
Tax income/tax expense for the year	-15.0	-8.0	0.0	0.0
Tax attributable to the preceding year	-0.7	-0.5	-0.5	0.1
Total current tax	-15.7	-8.5	-0.5	0.1
Deferred tax				
Untaxed reserves	-3.9	-3.5	0.0	0.0
Financial instruments	31.2	-13.2	16.9	5.9
Loss carryforward	33.7	-12.1	0.9	-8.1
Difference between the carrying amount and the taxable values of the properties	-10.5	6.8	-2.7	-2.2
Total deferred tax	50.5	-22.0	15.1	-4.4
Total tax	34.8	-30.5	14.6	-4.3
Profit/loss before tax	-240.9	201.9	-147.2	102.7
Tax in accordance with current tax rates	49.6	-41.6	30.3	-21.2
Tax attributable to the preceding year	-0.7	-0.5	-0.5	0.1
Effect of revalued and unutilised interest deductions	-5.9	-0.6	0.0	-0.6
Effect of profit/loss from participations in associates and joint ventures	6.5	4.6	0.0	0.0
Tax effect of non-taxable income	8.7	9.3	0.3	7.6
Tax effect of non-deductible expenses	-0.1	-0.1	-14.0	-13.3
Tax effect of deductible unrecognised expenses	0.1	0.0	0.0	0.0
Unvalued changes in value of derivatives	0.0	27.3	0.0	23.6
Unrecognised deferred tax asset attributable to temporary differences, investment properties	-19.9	-24.0	0.0	0.0
Other items	-3.3	-4.9	-1.5	-0.5
Total tax expense	34.8	-30.5	14.6	-4.3

# NOTE 17 Earnings per share

	2023	2022
Profit/loss for the period attributable to the Parent's shareholders, SEK per share before dilution	-1.59	0.84
Profit/loss for the period attributable to the Parent's shareholders, SEK per share after dilution	-1.59	0.84
Net profit for the year attributable to the Parent's shareholders	-206.1	171.4
Dividend, hybrid bond	-46.9	-39.8
Net profit for the year after deduction of the dividend on the hybrid bond	-253.0	131.6

### Basic earnings per share

The calculation of basic earnings per share was based on the net profit for the year attributable to the Parent's share-holders after deduction of the dividend for the hybrid bond and on a weighted average number of outstanding shares (thousand) during 2023 amounting to 159,037.4 (157,127.6).

	2023	2022
Number of shares at 31 December	184,124.70	157,505.96
Weighted average number of shares during the year before dilution	159,037.40	157,127.60

### Diluted earnings per share

The calculation of diluted earnings per share was based on the net profit for the year attributable to the Parent's share-holders after deduction of the dividend for the hybrid bond and on a weighted average number of outstanding shares (thousand) during 2023 amounting to 159,037.4 (157,324.0). No material difference arose on earnings before and after dilution, since the repayment of interest attributable to earnings after dilution was not significant. There is no dilution for the financial year 2023.

	2023	2022
Weighted average number of shares during the year before dilution	159,037.4	157,127.6
Effect of convertible loan	0.0	196.4
Weighted average number of shares during the year after dilution	159,037.4	157,324.0

# NOTE 18 Investment properties/Land and buildings

SEK million GROUP		
Investment properties	2023	2022
Opening balance	12,862.6	12,665.5
Investments through companies	146.7	39.0
Investments in new investment properties	0.0	0.0
Investments in existing properties <sup>1</sup>	349.7	554.9
Sales	-626.2	0.0
Sales to associates and joint ventures	-129.5	-86.6
Reclassification as development properties	0.0	-75.5
Changes in value	-314.6	-234.5
Closing carrying amount	12,288.6	12,862.6

 $<sup>^{\</sup>scriptsize 1}$  Investment has decreased by SEK 26.7 million (0.0) in government investment support.

Government grants have reduced the cost by a cumulative SEK 141.5 million. Interest expense of SEK 29.1 million (1.9) was capitalised in the Group during the year, corresponding to an average interest rate of 5.5 percent.

Changes in value for the year of remaining properties amounted to SEK -283.1 million (-270.1) and changes in value for the year of divested properties amount to SEK -31.5 million (35.6).

SEK million	PARENT	
Land and buildings	2023	2022
Opening cost	1,039.3	856.3
Investments	72.7	183.0
Closing cost	1,112.0	1,039.3
Opening accumulated depreciation	-200.9	-169.3
Depreciation for the year	-44.4	-31.6
Closing accumulated depreciation	-245.3	-200.9
Opening accumulated appreciations in value	9.9	9.9
Depreciation for the year	0.0	0.0
Closing accumulated appreciations in value	9.9	9.9
Closing carrying amount	876.6	848.3

The Group's investment properties are held for the purpose of generating rental income and appreciation in value. All of Trianon's properties are classified as investment properties. The property portfolio consists of 131 properties. The property value is divided into 73 percent (73) residential properties, 12 percent (12) community properties and 15 percent (15) commercial properties.

The properties were valued externally in December 2023 as follows.

SEK million GRO		
Investment properties in accordance with	2023	2022
External valuation	8,162.6	11,337.6
Internal valuation	3,786.5	1,299.2
Projects in progress	339.5	225.8
Closing carrying amount	12,288.6	12,862.6

Investment properties in Trianon's portfolio are measured at fair value either using external valuations performed at least annually by independent external valuers or using internal valuations.

At the end of the financial year, around 90 percent of the total property value had been valued externally during the previous 12months, with the remaining portion valued internally at the reporting date.

Building rights and potential building rights have not been valued externally for existing properties. Building rights which have not gone through the planning process or building rights not yet taken into possession have not been valued externally. The external valuations have been carried out through an analysis of each property's status, rental situation and market situation. The main valuation method carried out uses a cash flow calculation on each property, which involves a present value calculation of estimated future net operating income, interest-rate subsidies and investments. In calculating future cash flows, the factors taken into account are the market and the future development of the local area, the market conditions and market positions for the properties and market rental terms and conditions, as well as operating costs and maintenance costs in similar properties compared with the company's properties. Added to this is the present value of an assessed market value at the end of the calculation period. For the majority of the valuations, a calculation period of 5–15 years has been used. Comparisons and analyses have also been carried out on completed purchases of properties within each market segment.

### Impact on the profit/loss for the period

The following assumptions and estimates have been used:

- Inflation has been assumed at 3 percent for 2024 and thereafter at an annual rate of 2 percent during the calculation period.
- The rent trend has been assumed to broadly follow inflation or, where appropriate, indexation.
- The discount rate and required return are based on analyses of completed transactions, as well as individual assessments of risk level, likely buyers and the market position of the property.
- The discount rate has been calculated at between 4.6 and 9.0 percent.
- The required return varies from 2.4 percent to 8.0 percent

Project properties are valued externally when their degree of completion is sufficient to enable a reliable valuation to be made. Until that point, the properties are valued at cost. Thereafter, the change in value is calculated for the project and a deduction is made in relation to the degree of completion.

The investment properties are valued in accordance with level 3 (definition in Note 33). Level 3 refers to the fair value hierarchy in accordance with IFRS 13. Carrying amount/fair value and, consequently, unrealised changes in value, are determined annually on the basis of valuation.

### Impact on the profit/loss for the period

		GROUP
SEK million	2023	2022
Property income	732.8	688.3
Property costs for investment properties which generate property income	-250.8	-273.4
Property costs for investment properties which do not generate property income	-1.2	0.0

# Sensitivity analysis

A property valuation is an estimate of the price which an investor would be willing to pay for the property at a given time. Valuations are carried out using generally accepted models and certain assumptions of various parameters. The market value of the property can only be secured in a transaction between two independent parties. A typical uncertainty interval in a normal market is +/- 5-10 percent.

A change in property value of +/-5 percent affects Trianon's property value and, consequently, profit/loss before tax by +/- SEK 614 million.

The table shows how various parameters affect the property value. The different parameters are affected individually by various assumptions and these do not normally all work in the same direction.

The vacancy rate refers only to commercial premises, since the company considers that the risk of vacancies in residential properties is low.

# Effect on profit/loss of property valuations, SEK

million	Change +/-	Residential	Community	Commercial
Required property yield	0.5 percentage points	-929/1,182	-124/149	-149/178
Rental income	1.0 percentage points	128/-128	19/-19	25/-25
Operating cost	1.0 percentage points	-42/42	-4/4	-7/7
Vacancy rate (commercial)	1.0 percentage points	-18/18	-13/13	-23/23

### Assumptions per segment in determining fair value

		Residential	Community	Commercial
Yield	%	2.4 - 6.1	3.8-8.0	4.4-8.0
Discount rate	%	4.6-6.6	5.5-9.0	6.8-8.8
Long-term vacancy	%	0.0-6.0*	0.0-8.0	2.6-8.0
Operation and maintenance	SEK/m²	262-789	165-721	194-1,181

<sup>&</sup>lt;sup>1</sup> In some of the residential properties, there are elements of commercial areas and these are included in the long-term vacancy.

# NOTE 19 Machinery and equipment

	Gi	ROUP	PARENT			
SEK million	31/12/2023	31/12/2022	31/12/2023	31/12/2023 31/12/2022		
Opening cost	12.8	13.1	1.0	1.0		
Investments	0.9	0.4	0.4	0.0		
Investments through companies	0.0	0.0	0.0	0.0		
Sales and disposals	0.0	-0.7	0.0	0.0		
Closing accumulated cost	13.7	12.8	1.4	1.0		
Opening accumulated depreciation	-9.3	-5.8	-0.8	-0.7		
Reclassifications	0.0	-2.8	0.0	0.0		
Reversed depreciation on disposals	0.0	0.7	0.0	0.0		
Depreciation for the year	-0.8	-1.4	-0.1	-0.2		
Closing accumulated depreciation	-10.1	-9.3	-1.0	-0.8		
Closing carrying amount	3.6	3.5	0.5	0.2		

# NOTE 20 Participations in Group companies

SEK million	31/12/2023	31/12/2022
Opening cost	1,409.9	1,426.5
Investments	17.7	46.8
Sales	-245.8	-85.7
Shareholders' contribution	11.2	76.7
Impairment	-67.9	-54.4
Closing cost	1,125.2	1,409.9

Regis- Number of

Specification of the Parent's holdings of participations in Group companies.

Company	Corporate ID number	tered office	partici- pations	Equity share, %	Book value 31/12/2023	Book value 31/12/2022
Amiralsstadens Fastigheter AB	559388-1831	Malmö	250	100	0.0	0.0
Fastighets AB Sockerbetan Holding	556878-0562	Malmö	500	100	0.2	0.2
Fastighets AB Örestrand	556935-8038	Malmö		0	0.0	9.6
Hyllinge Fastighets AB	559235-5613	Malmö	250	100	9.2	0.0
Lärjungen Lägenheter 11 AB	556875-5226	Malmö	1,000	100	28.1	28.1
Skattmåsen po Limhamn KB	969716-8814	Malmö		100	38.5	36.2
Stjernplan Tegelstenen 32 AB	559396-7002	Malmö		0	0.0	0.0
Svedala Folkets Hus AB	559291-2223	Malmö	250	100	4.9	4.9
Söderfrö Fastighets AB	556653-9960	Malmö	500	100	5.5	5.4
Trianon Antilopen AB	556910-8987	Malmö	50,000	100	8.9	8.9
Trianon Beckasinen AB	559254-3432	Malmö	250	100	1.0	0.5
Trianon Bryggan 1 AB	556928-0281	Malmö		100	0.0	-0.2
Trianon Bunkeflostrand AB	559150-9558	Malmö	500	100	0.1	0.1
Trianon Cineasten AB	556050-4721	Malmö		0	0.0	145.7
Trianon Docenten 4 AB	556989-3109	Malmö	500	100	3.1	3.1
Trianon Docenten 8 AB	556627-2026	Malmö	1,000	100	3.6	3.6
Trianon Fastighetsutveckling AB	559257-0138	Malmö	250	100	0.5	0.5
Trianon Fjällrutan AB	556758-4171	Malmö		0	0.0	31.7
Trianon Folke AB	559296-3556	Malmö	25,000	100	7.0	0.0
Trianon Gunghästen AB	556953-6344	Malmö	500	100	47.0	47.0
Trianon Gåsen AB	556997-3257	Malmö		0	0.0	8.2
Trianon Hyllie AB	559106-8795	Malmö	500	100	4.4	1.4
Trianon Hälsingör AB	559254-3440	Malmö	250	100	0.0	0.0
Trianon Hämplingen AB	556997-3240	Malmö		0	0.0	3.8
Trianon Härsjön AB	556734-7694	Malmö	10	100	20.6	20.6
Trianon Invest AB	556258-6239	Malmö	1,500	100	6.4	6.4
Trianon Jordlotten AB	559155-0248	Malmö	500	100	8.2	8.2

	Comonto	Regis-	Number of	F		
Company	Corporate ID number	tered office	partici- pations	Equity share, %	Book value 31/12/2023	Book value 31/12/2022
Trianon Kil AB	556997-5096	Malmö		0	0.0	2.0
Trianon Korpen AB	559257-0146	Malmö	250	100	0.0	0.0
Trianon Lerstorken AB	556734-9831	Malmö		0	0.0	9.1
Trianon Lerteglet 2 AB	556935-0407	Malmö	500	100	9.1	9.1
Trianon Macken AB	556717-8164	Malmö	1,000	100	15.0	15.0
Trianon Mozart I AB	559133-5087	Malmö	50,000	100	11.1	11.1
Trianon No 1 Holding AB	556714-6286	Malmö		0	0.0	21.8
Trianon Notarien AB	556997-3190	Malmö		0	0.0	3.2
Trianon Omsorg AB	556790-5814	Malmö		0	0.0	1.6
Trianon Polstjärnan AB	556648-6204	Malmö	34,978,468	100	647.6	699.6
Trianon Professorn Fastighets AB	559194-2288	Malmö		0	0.0	6.6
Trianon Projekt Holding AB	559388-1716	Malmö	250	100	0.0	0.0
Trianon Resursen AB	556082-2610	Malmö	1,000	100	32.2	32.2
Trianon Sege Park AB	559058-8348	Malmö	500	100	5.2	1.7
Trianon Seved AB	559155-0271	Malmö	500	100	0.1	0.1
Trianon Skrattmåsen AB	556696-8763	Malmö	2,500	100	0.8	0.8
Trianon Slussen AB	556939-3910	Malmö	500	100	1.4	1.4
Trianon Smedjan AB	559225-5284	Malmö	500	100	0.1	2.6
Trianon Sorgenfri AB	559212-7442	Malmö	500	100	0.5	0.5
Trianon Spiralen KB	969628-2525	Malmö		100	15.9	15.9
Trianon Storgatan AB	556749-3738	Malmö		0	0.0	0.2
Trianon Svedala 25 AB	559165-1558	Malmö	500	100	0.0	0.1
Trianon Svedala 8:16 AB	556680-8480	Malmö	1,000	100	13.5	13.5
Trianon Svedalagården AB	559290-9658	Malmö	250	100	130.5	130.5
Trianon Tegelstenen 1 AB	559221-3051	Malmö	500	100	0.1	0.1
Trianon Tegelstenen 7 AB	559254-3580	Malmö	500	100	7.2	17.5
Trianon Tegelstenen 26 AB	559387-5981	Malmö	250	100	0.0	0.0
Trianon Tegelstenen 27 AB	559387-5957	Malmö	250	100	0.0	0.0
Trianon Tegelstenen 29 AB	559396-7010	Malmö	250	100	0.0	0.0
Trianon Tegelstenen 30 AB	559398-1136	Malmö		0	0.0	0.0
Trianon Tegelstenen 31 AB	559396-7028	Malmö		0	0.0	0.0
Trianon Torna AB	556997-2382	Malmö		0	0.0	2.4
Trianon Vallen AB	556406-8822	Malmö	1,000	100	12.4	12.4
Trianon Vivaldi AB	559165-1608	Malmö	500	100	0.1	0.1

SUSTAINABILITY

OPERATIONS

Company	Corporate ID number	Regis- tered office	Number of partici- pations	Equity votes, %	Book value 31/12/2023	Book value 31/12/2022
Trianon Vårsången 2 AB	556984-5646	Malmö	500	100	5.1	5.1
Trianon Vårsången AB	556645-6819	Malmö	1,000	100	20.4	20.4
Vårsången Invest AB	559023-3788	Malmö	500	100	0.1	0.1
					1,125.2	1,409.9

The Group, through the above-named subsidiaries, owns 100 percent of a further 72 companies, which are listed in the Annual Reports of the respective subsidiaries.

# NOTE 21 Participations in associates and joint ventures

	GI	GROUP		PARENT		
SEK million	31/12/2023	31/12/2022	31/12/2023	31/12/2022		
Opening cost	475.2	244.1	324.5	116.5		
Acquisitions	11.0	0.0	0.0	0.0		
Share of profit/loss, divested associates	0.0	0.1	0.0	0.0		
Share of profit/loss, remaining associates	0.0	-10.0	0.0	-10.0		
Share of profit/loss, joint ventures	31.7	32.2	0.0	0.0		
Withdrawal for the year/Sales	0.0	-11.3	0.0	-2.2		
Shareholders' contribution	15.3	220.2	15.3	220.2		
Closing cost	533.2	475.2	339.8	324.5		

Summary of financial information for each associate and joint venture, all of which are unlisted, stated in accordance with the following:

Company	Corporate ID number	Regis- tered office	Equity votes, %	Share of votes, %	Book value 31/12/2023	Book value 31/12/2022
BM Malmö AB¹	559254-3465	Malmö	45	45	14.5	0.0
Burlöv Center Fastighets AB <sup>2</sup>	559165-1566	Malmö	50	50	327.6	318.4
LerTri Holding AB <sup>2</sup>	559344-9019	Malmö	50	50	0.5	-0.3
Landshövdingen Holding AB <sup>2</sup>	559319-3476	Malmö	50	50	170.0	157.1
Stjernplan Tegelstenen 32 AB <sup>2</sup>	559396-7002	Malmö	50	50	20.5	0.0
					533.2	475.2

<sup>&</sup>lt;sup>1</sup> Associate.

The table shows the company's participation in associates and joint ventures in relation to shareholding.

<sup>&</sup>lt;sup>2</sup> Joint venture.

Company	Corporate ID number	Registered office	Assets	Liabilities	Profit/loss
BM Malmö AB	559254-3465	Malmö	64.1	49.6	0.0
Burlöv Center Fastighets AB	559165-1566	Malmö	680.7	353.1	9.3
LerTri Holding AB	559344-9019	Malmö	68.3	68.6	0.0
Landshövdingen Holding AB	559319-3476	Malmö	391.5	221.5	12.9
Stjernplan Tegelstenen 32 AB	559396-7002	Malmö	69.2	48.7	9.5

# NOTE 22 Other holdings of securities

	GROUP		PARENT		
SEK million	31/12/2023	31/12/2022	31/12/2023	31/12/2022	
Opening cost	0.0	0.0	0.0	0.0	
Acquisitions	150.0	0.0	150.0	0.0	
Closing cost	150.0	0.0	150.0	0.0	

Other holdings of securities relate to the sale of subsidiaries. In connection with the transaction, a down payment has been received for the sale of further subsidiaries, which is recognised as other current liabilities; see Note 33.

# NOTE 23 Prepaid expenses and accrued income

	GROUP		PARENT	
SEK million	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Prepaid insurance premiums	0.0	4.5	0.0	4.5
Prepaid site-leasehold fees	3.0	2.9	0.0	0.0
Other prepaid expenses	8.7	11.8	5.9	6.6
Accrued interest income	4.0	0.7	3.4	1.6
Accrued rental income	4.9	3.1	2.4	1.6
Other accrued income	0.0	0.0	0.0	0.0
Total	20.7	22.9	11.7	14.3

# NOTE 24 Equity

# GROUP

### Capital structure

Trianon shall have a stable capital structure with no financial risk, implying a loan-to-value ratio which shall not exceed 60 percent and an interest coverage rate of at least 1.75 times.

In addition to equity, there are liabilities in the balance sheet which are interest-free and repayment-free in principle, such as derivative liabilities and deferred tax liabilities, and which, accordingly, can be largely treated as equity. The loan-to-value ratio is, accordingly, used as a key indicator for the capital structure instead of the equity ratio. For the same reason, derivative liabilities and deferred tax liabilities are added back in calculating the long-term net asset value; see the derivation of key performance indicators on page 96.

Trianon's target average return on equity shall be at least 12 percent annually over an economic cycle.

For information on external requirements and their fulfilment, see Note 3 Debt maturity structure.

Through a voluntary buyback offer for outstanding hybrid bonds, bonds with a nominal amount of SEK 370 million were converted at a price of SEK 13.90 per share. The conversion provided the company with 26,618,705 class B shares and increased the share capital by SEK 16.6 million. Dilution amounted to approximately 14.5 percent based on the total number of shares.

### Share capital

Holders of shares are entitled to a dividend which is determined at the Annual General Meeting, and the shareholding carries an entitlement to vote at General Meetings of one vote per share for class A shares and 1/10 of a vote per class B share. All shares have the same right to the Group's remaining net assets. The guota value per share is SEK 0.625.

### Capital contribution

The capital contribution of the hybrid bond consists of

capital attributable to the issue of a sustainable perpetual hybrid bond, which carries a variable interest rate of STIBOR 3M + 7.0 percent. After the conversion of hybrid bonds with a nominal amount of SEK 370 million to class B shares, the nominal amount outstanding is SEK 130 million, which is recognised net of issue costs.

Other contributed capital consists of capital paid into the company through new issues.

### Retained earnings

Retained earnings including the net profit for the year include previous revaluation reserves, earned profits in the Parent and its subsidiaries and other capital which is not designated as contributed in accordance with the above. Dividends on hybrid bonds are recognised in retained earnings.

### **PARENT**

### Share capital

The share capital consisted at the end of the year of 6,084,472 class A shares each with one vote, and 178,040,190 class B shares each with 1/10 of a vote, totalling 184,124,662 shares.

### Restricted reserves

Restricted reserves refers to the statutory reserve and revaluation reserve. They must not be reduced through the payment of dividends.

### Profit carried forward

Consists of the non-restricted equity from the preceding year after any dividend has been paid, plus equity linked to hybrid bonds. For a further description, see Capital contribution, Group. Together with the net profit for the year, this constitutes total unrestricted equity.

### Dividend

The Board of Directors proposes that no dividend be paid for the financial year 2023.

	Number of shares,		Share capital,
	thousand	Quota value, SEK	SEK million
Opening, 1 January 2023	157,506.0	0.625	98.4
Issue through conversion, 11 December 2023	26,618.7	0.625	16.6
Closing, 31 December 2023	184,124.7	0.625	115.1

Reclassification relating to the dividend on hybrid bonds in the previous year has been applied in the consolidated statement of changes in equity as below.

	Before reclassification	Reclassification	After reclassification
Capital contribution/Hybrid bond	467.8	127.3	595.1
Retained earnings	3,491.4	-127.1	3,364.3

**OPERATIONS** 

# NOTE 25 Borrowings

	GF	ROUP	PARENT	
SEK million	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Loans from banks and other credit institutions				
Non-current liabilities	5,016.7	4,127.0	637.7	445.3
Current liabilities	1,861.1	2,581.6	7.0	73.1
Total loans from banks and other credit institutions	6,877.8	6,708.6	644.7	518.4
Bond loan liability				
Non-current liabilities	222.8	0.0	222.8	0.0
Current liabilities	0.0	398.8	0.0	398.8
Total bond loan liability	222.8	398.8	222.8	398.8
Liabilities to Group companies				
Non-current liabilities	0.0	0.0	1,230.3	957.1
Current liabilities	0.0	0.0	546.6	405.4
Total liabilities to Group companies	0.0	0.0	1,776.9	1,362.5
Other liabilities				
Non-current liabilities	2.9	4.5	0.0	0.0
Current liabilities	0.0	0.0	0.0	0.0
Total other liabilities	2.9	4.5	0.0	0.0
Total long-term borrowing	5,242.4	4,131.5	2,090.8	1,402.4
Amortisation within 2–5 years	4,137.4	3,064.9	860.5	445.3
Amortisation later than 5 years	1,105.0	1,066.7	1,230.3	957.1
Total short-term borrowing	1,861.1	2,980.4	553.6	877.3

Borrowings are recognised net after transaction costs. Bond loans amounted to SEK 222.8 million (398.8), consisting of an unsecured corporate bond with a nominal amount of SEK 225 million (400) maturing on 12 June 2025 (11 August 2023). The bonds were issued under a total framework of SEK 500 million (500), with a term of 2 years (2.5) and at a variable interest rate of Stibor 3m + 5.00 percent (2.75). The terms and conditions of the issue include the covenants of a loan-to-value ratio of <70% and an interest coverage ratio of >1.25 times. All

terms and conditions were fulfilled during both financial years. The change of ownership clause may involve redemption if more than 50 percent of the votes are controlled by a party other than the present main shareholders in the Company. The issue date was 12 June 2023, when SEK 150 million was issued. Subsequently, SEK 75 million was issued on 20 December 2023 and SEK 75 million on 1 March 2024, after the end of the financial year.

For other terms and conditions relating to borrowings, see Note 3.

# NOTE 26 Interest rate derivatives

	GROUP		PARENT	
SEK million	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Opening carrying amount of liability	6.0	70.9	28.2	70.9
Changes in value	151.3	-196.4	138.7	-174.2
Interest paid	0.0	-11.2	0.0	-11.2
Divested portion	0.0	142.7	0.0	142.7
Closing net liability	157.3	6.0	166.9	28.2
Of which long-term component of derivative liability	166.9	28.2	166.9	28.2
Of which long-term component of derivative receivables	9.6	0.0	0.0	0.0
Of which short-term component of derivative receivables	0.0	22.2	0.0	0.0

Realised changes in value amounted to SEK 0.0 million (-11.2) relating to interest paid and SEK 0.0 million (142.7) relating to divestment of derivative receivables.

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# NOTE 27 Deferred tax assets and deferred tax liabilities

SEK million	GROUP		PARENT		
Deferred tax assets	31/12/2023	31/12/2022	31/12/2023	31/12/2022	
Tax in respect of					
Tax losses/interest deductions:					
Opening balance	29.7	41.8	0.8	8.9	
Change in the balance sheet	0.7	0.0	0.0	0.0	
Change directly in equity	11.6	0.0	11.6	0.0	
Change in the income statement	33.7	-12.1	-10.8	-8.1	
Closing carrying amount	75.7	29.7	1.6	8.0	
Financial instruments:					
Opening balance	5.8	14.8	5.8	14.6	
Change in the income statement	28.6	-9.0	28.6	-8.8	
Closing carrying amount	34.4	5.8	34.4	5.8	
Difference between the book value of the properties and fair value:					
Opening balance	0.0	-1.1	0.0	0.0	
Change in the balance sheet	0.0	1.1	0.0	0.0	
Change in the income statement	0.6	0.0	0.0	0.0	
Closing carrying amount	0.6	0.0	0.0	0.0	
Right-of-use assets:					
Opening balance	37.4	33.7	0.0	0.0	
Change in the balance sheet	0.0	3.7	0.0	0.0	
Closing carrying amount	37.4	37.4	0.0	0.0	
Offset against deferred tax liabilities	-37.4	-37.4	0.0	0.0	
Closing carrying amount	110.7	35.5	36.0	6.6	

In 2023, a clarification of IAS 12 Income Taxes has been issued with regard to the recognition of deferred taxes relating to individual transactions. For Fastighets AB Trianon, this means recognising deferred tax on leases for site leaseholds. Deferred tax assets and deferred tax liabilities come to the same amount and are recognised net in the balance sheet; see table above.

SEK million	GROUP		PARENT		
Deferred tax liabilities	31/12/2023	31/12/2022	31/12/2023	31/12/2022	
Tax in respect of					
Untaxed reserves in Group companies:					
Opening balance	7.6	4.1	0.0	0.0	
Change in the income statement	3.9	3.5	0.0	0.0	
Closing carrying amount	11.5	7.6	0.0	0.0	
Difference between the book value of the properties and fair value:					
Opening balance	842.9	853.2	12.8	10.7	
Divestment of Group companies	-26.1	0.0	0.0	0.0	
Change in the balance sheet	0.0	-3.0	0.0	0.0	
Change in the income statement	11.1	-7.3	2.7	2.1	
Closing carrying amount	827.9	842.9	15.5	12.8	
Financial instruments:					
Opening balance	4.6	0.0	0.0	15.1	
Change in the income statement	-2.6	4.6	0.0	-15.1	
Closing carrying amount	2.0	4.6	0.0	0.0	
Lease liabilities:					
Opening balance	37.4	33.7	0.0	0.0	
Change in the balance sheet	0.0	3.7	0.0	0.0	
Closing carrying amount	37.4	37.4	0.0	0.0	
Offset against deferred tax assets	-37.4	-37.4	0.0	0.0	
Closing carrying amount	841.4	855.1	15.5	12.8	

In 2023, a clarification of IAS 12 Income Taxes has been issued with regard to the recognition of deferred taxes relating to individual transactions. For Fastighets AB Trianon, this means recognising deferred tax on leases for site leaseholds. Deferred tax assets and deferred tax liabilities come to the same amount and are recognised net in the balance sheet; see table above.

# NOTE 28 Accrued costs and prepaid income

	GROUP		PARENT		
SEK million	31/12/2023	31/12/2022	31/12/2023	31/12/2022	
Accrued salary-related costs	11.1	9.9	3.5	3.2	
Accrued interest	20.4	18.2	0.0	0.4	
Prepaid rental income	77.5	76.0	12.0	8.8	
Other items	18.3	15.4	3.5	3.0	
Total	127.3	119.5	19.1	15.3	

# NOTE 29 Pledged collateral

	GROUP		PARENT	
SEK million	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Collateral for credit facilities:				
Property mortgages	7,067.0	6,880.0	659.4	600.6
Total	7,067.0	6,880.0	659.4	600.6

# NOTE 30 Contingent liabilities

	GROUP		PARENT		
SEK million	31/12/2023	31/12/2022	31/12/2023	31/12/2022	
Guarantees on behalf of Group companies	0.0	0.0	5,964.3	5,965.5	
Guarantees on behalf of joint ventures and associates	617.3	390.1	617.3	390.1	
Total	617.3	390.1	6,581.6	6,355.6	

# NOTE 31 Other non-current liabilities

	GROUP			PARENT		
SEK million	31/12/2023	31/12/2022	31/12/2023	31/12/2022		
Advance	0.0	0.0	0.0	0.0		
Other items	2.9	4.5	0.0	0.0		
Total	2.9	4.5	0.0	0.0		

# NOTE 32 Statement of cash flows

	GROUP		PARENT	
SEK million	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Supplementary information for t he statement of cash flows				
Net financial items paid				
Interest received	33.8	3.4	23.5	0.2
Derivative receivables divested	0.0	142.7	0.0	142.7
Interest paid	-307.4	-163.1	-27.2	-43.4
Interest expense paid, rights of use	-6.1	-6.1	0.0	0.0
Total net financial items paid	-279.8	-23.1	-3.7	99.5
Adjustments for items not included in cash flow:				
Depreciation and impairment of assets	1.9	2.2	45.4	32.6
Net profit from development properties	-1.8	-8.4	0.0	0.0
Total	0.1	-6.2	45.4	32.6

### Acquired and divested assets and liabilities via subsidiaries

No business combinations were carried out. The acquisitions of shares in subsidiaries during the year have been classified as asset acquisitions, and the net liquidity consisted of the following items:

Acquired assets and liabilities:	2023	2022
Investment properties	146.7	38.0
Machinery and equipment	0.0	0.0
Deferred tax assets	0.0	0.0
Operating receivables	28.1	0.1
Cash and cash equivalents	0.3	3.6
Receivables, owners	0.0	0.0
Non-current liabilities	-159.0	-18.2
Other operating liabilities and provisions	-1.4	-1.0
Total net assets	14.7	22.5
Less: Cash and cash equivalents in the acquired entity	-0.3	-3.6
Acquisition of shares from non-controlling interests	0.0	0.0
Acquisition of associates	0.0	-11.3
Settlement of external debt less new debt taken on	34.7	0.0
Agreed settlement of receivable or liability to the vendor on acquisition of company	31.7	0.0
Impact on Cash and cash equivalents	80.8	7.7

Divested net assets via subsidiaries:	2023	2022
Investment properties	749.9	122.3
Operating receivables	6.6	0.0
Cash and cash equivalents	6.7	0.0
Non-current liabilities	-375.6	-82.5
Deferred tax liabilities	-26.1	0.0
Current liabilities	-63.3	0.0
Other operating liabilities and provisions	-88.7	-3.6
Participations in associates	-20.5	41.7
Profit on divestment	41.7	0.0
Sales price	230.8	36.2
Less: Cash and cash equivalents	-6.7	0.0
Agreed settlement via promissory note	-86.0	0.0
Payment in the form of shares	-95.0	0.0
Settlement of Group receivables	82.0	0.0
Impact on Cash and cash equivalents	125.1	36.2

GROUP		Not affecting cash flow				
Items from financing activities	31/12/2022	Affecting cash flow	Acquisition/ Sale	Right of use	Reclassifica- tion	31/12/2023
Non-current and current interest-bearing liabilities	7,289.3	368.4	-372.0	-0.7	0.0	7,285.1
Total liabilities from financing activities	7,289.3	368.4	-372.0	-0.7	0.0	7,285.1

GROUP Not affecting cash flow						
Items from financing activities	31/12/2021	Affecting cash flow	Acquisition/ Sale	Right of use	Reclassifica- tion	31/12/2022
Non-current and current interest-bearing liabilities	7,078.3	229.2	18.2	18.7	-55.0	7,289.3
Total liabilities from financing activities	7,078.3	229.2	18.2	18.7	-55.0	7,289.3

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Items from financing activities	31/12/2022	Affecting cash flow	Not affecting cash flow	31/12/2023
Non-current and current interest-bearing liabilities	917.1	-18.9	-9.0	889.2
Liabilities to Group companies	1,362.5	186.6	227.8	1,776.9
Total liabilities from financing activities	2,279.6	167.7	218.8	2,666.1

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Items from financing activities	31/12/2021	Affecting cash flow	Not affecting cash flow	31/12/2022
Non-current and current interest-bearing liabilities	947.7	-34.4	3.8	917.1
Liabilities to Group companies	1,042.0	203.4	117.1	1,362.5
Total liabilities from financing activities	1,989.7	169.0	120.9	2,279.6

### NOTE 33 Carrying amount of financial assets and liabilities

The carrying amounts are shown in the table below and any deviation from fair value is described in a separate section below. See also Note 3 Financial risk management and derivative financial instruments.

SEK million	Financial assets Financial assets and liavalued at amortised bilities valued at fair value cost through profit or loss		at fair value	lue valued at amortised		
GROUP	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Receivables from associates	9.9	9.2				
Receivables from joint ventures	79.4	42.1				
Other holdings of securities			150.0	0.0		
Accounts receivable	19.0	17.3				
Other receivables	113.4	35.6				
Accrued income	8.9	3.8				
Cash and cash equivalents	109.8	90.0				
Interest-bearing liabilities					7,100.6	7,107.4
Lease liabilities					181.6	181.4
Interest rate derivatives, liabilities			-166.9	-28.2		
Interest rate derivatives, receivables			9.6	22.2		
Bank overdraft facility					21.7	0.0
Accounts payable					64.3	89.5
Other liabilities					82.5	34.1
Accrued costs					49.8	43.5
Total	340.4	198.0	-7.3	-6.0	7,500.5	7,455.9

SEK million	Financial assets valued at amortised cost		Financial assets and lia- bilities valued at fair value through profit or loss		Financial liabilities valued at amortised cost	
PARENT	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Receivables from associates	9.9	9.2				
Receivables from joint ventures	68.9	42.1				
Receivables from Group companies	1,995.0	1,748.8				
Other holdings of securities	150.0	0.0				
Accounts receivable	8.6	13.4				
Other receivables	100.9	23.5				
Accrued income	5.8	3.2				
Cash and cash equivalents	74.1	57.9				
Liabilities to credit institutions					644.7	518.4
Interest rate derivatives, liabilities			-166.9	-28.2		
Bank overdraft facility					21.7	0.0
Accounts payable					21.7	30.9
Liabilities to Group companies					1,776.9	1,362.5
Bond Ioan					222.8	398.8
Other current liabilities					57.0	1.9
Accrued costs					7.0	6.6
Total	2,413.2	1,898.1	-166.9	-28.2	2,751.8	2,319.1

#### Fair value

For current receivables and liabilities, the discounting effect is marginal, which means that the carrying amount for these essentially corresponds to fair value. For current and non-current interest-bearing liabilities with a carrying amount of SEK 7,100.6 million (7,107.4), the fair value amounted to SEK 7,098.2 million (7,089.8). For further information, see Note 3. Financial assets valued at fair value through profit or loss, i.e. interest rate derivatives, are valued in accordance with level 2. Holdings of unlisted securities are measured at fair value in accordance with level 3.

The fair value of financial instruments is established and categorised in accordance with the following levels:

### Financial instruments in level 1

The fair value of financial instruments which are traded in an active market is based on quoted market prices on the reporting date. A market is regarded as active if quoted prices from a stock exchange, broker, industrial group, pricing service or supervisory authority are easily and regularly available, and these prices represent actual and regularly occurring market transactions at arm's

length. The quoted market price used for the Group's financial assets is the current bid price.

### Financial instruments in level 2

The fair value of financial instruments which are not traded on an active market is determined with the assistance of valuation techniques. Here, market information is used to the greatest possible extent where available, while company-specific information is used to the smallest possible extent. If all significant input data required for the fair valuation of an instrument is observable, the instrument is in level 2. In the event that one or more pieces of significant input data is not based on observable market information, the instrument concerned is classified in level 3.

### Financial instruments in level 3

Input data for level 3 is non-observable input data for the asset or liability. Non-observable data is used for measurement at fair value to the extent that observable data is not available. This applies in situations with little or no market activity for the asset or liability on the measurement date.

# NOTE 34 Events after the reporting date

- Completed rent negotiations in Malmö involving rent increases of 5.3 percent for 2024 and a further 4.9 percent for 2025.
- Extension of the existing senior bond maturing in 2025 with a nominal amount of SEK 75 million.
- Directed new issue and offset issue of existing hybrid bonds against B shares totalling SEK 250 million, of which at least SEK 66 million relates to the offset issue.

# NOTE 35 Related party transactions

The following related party transactions have taken place:

	and ser	f goods vices to parties	Interest in interest ex related	pense with	and servi	of goods ces from parties	Receivables from related parties			ties to parties
SEK million	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
GROUP										
Related party relationship:										
Associates	2.1	4.5	0.7	0.5	0.0	0.0	9.9	9.2	0.0	0.0
Joint ventures	4.6	5.0	1.3	2.1	-0.6	-0.1	79.3	41.1	0.0	0.0
Other related parties	1.0	1.0	0.0	0.0	0.4	-0.1	0.0	0.0	0.0	0.0
Total	7.7	10.5	2.0	2.6	-0.2	-0.2	89.2	50.3	0.0	0.0
PARENT										
Related party relationship:										
Subsidiaries	2.6	3.6	28.1	6.3	-3.0	-5.2	1,658.4	1,367.5	1,230.3	957.1
Associates	2.1	4.5	0.7	0.5	0.0	0.0	9.9	9.2	0.0	0.0
Joint ventures	3.4	4.2	1.3	2.1	-1.0	-0.1	68.8	41.1	0.0	0.0
Other related parties	0.2	0.2	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Total	8.3	12.5	30.1	8.9	-4.0	-5.3	1,737.1	1,417.8	1,230.3	957.1

Receivables from joint ventures refer to the following properties: Rosengård Centrum, Burlöv Center and the silos at Limhamn (Bojen and Fendern).

The Parent has related party transactions with its subsidiaries, see Note 20.

Other related companies are the holding companies Briban Invest AB and Olof Andersson Förvaltnings AB, as well as the companies which these holding companies control. The members of the Board of Directors and the CEO have control of the holding companies. During the year, Board member Richard Hultin received consultancy fees of SEK 374,064 through companies for management services provided to partly owned companies in the Group. A company related to CEO Olof Andersson has purchased project management services from Trianon to a value of SEK 34,500 during the first half of the year for a private housing project.

For information on the remuneration of the Board of Directors, the CEO and other senior executives, see Note 8.

# NOTE 36 Segment reporting

GROUP	To	otal	Resid	lential	Com	munity	Comi	mercial
SEK million	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Rental income	726.6	684.9	516.7	495.1	90.5	73.5	119.4	116.3
Property costs	-246.6	-267.3	-181.3	197.6	-23.4	-26.8	-41.9	-42.9
Net operating income	480.0	417.6	335.4	297.5	67.1	46.7	77.5	73.4
Interest cost on right of use (leasehold)	-6.1	-6.1	-6.0	-6.0	-0.1	-0.1	0.0	0.0
Change in value of investment property	-254.4	-290.4	-199.9	-325.0	-39.3	74.6	-15.2	-40.0
Segment profit/loss	219.5	121.1	129.5	-33.5	27.7	121.2	62.3	33.4
Unallocated items								
Net operating income from project properties	0.8	5.7						
Other income and central administration	-49.7	-56.6						
Income from associates and joint ventures	31.7	22.2						
Net financial items excluding leaseholds	-273.7	-142.7						
Change in value of project properties	-18.2	55.9						
Change in value of derivatives	-151.4	196.4						
Profit/loss before tax	-240.9	202.0						
Tax on profit for the year	34.8	-30.5						
Net profit for the year	-206.1	171.4						
Fair value by segment	11,950.0	12,452.2	8,662.4	9,086.5	1,453.5	1,514.8	1,834.1	1,850.9
Fair value of projects	338.6	410.4						
Fair value of investment property	12,288.6	12,862.6	8,662.4	9,086.5	1,453.5	1,514.8	1,834.1	1,850.9
Surplus ratio, %	67.8	62.6	64.9	60.1	74.1	63.5	64.9	63.1

Operations are monitored by segment. The property portfolio is divided into three segments: residential, community and commercial. The aspect which is predominant in relation to the rental value of the property determines the segment to which a property belongs.

Rental income, property costs, net operating income, change in value of investment properties, fair value and surplus ratio are monitored.

All rental income originates from properties located in Sweden. The Group does not have any customer responsible for more than 10 percent of sales. The tenant representing the largest proportion is responsible for 8 percent of sales. The Group's other operating income is not allocated by segment.

All non-current-assets are located in Sweden.

# NOTE 37 Estimates and judgements

The preparation of financial statements in accordance with generally accepted accounting principles requires the Executive Management Team to make judgements and assumptions which affect the values and information contained in the financial statements. Actual outcomes may differ from these judgements. The most important judgements and assessments are listed below.

#### Tax

Trianon has at its disposal loss carry forwards as well as unutilised interest deductions of SEK 315.5 million (131.0). The company considers that these can be utilised against future profits within the Group under current tax rules and these have therefore been valued and recognised as deferred tax assets. Of this total, SEK 310.9 million (129.8) consists of unutilised interest deductions, which must be utilised within 6 years. The other SEK 4.6 million (1.2) is not time-limited. Trianon cannot, however, guarantee that current or new tax rules would not involve some limitations on the opportunities to utilise these.

### Investment properties

For assumptions and judgements in connection with the valuation of investment properties, see Note 18 Investment properties.

### Revenue recognition on the sale of property projects

For assumptions and judgements in connection with revenue recognition on the sale of property projects in accordance with IFRS 15, see Note 5.

# NOTE 38 Appropriation

Proposed appropriation of the Company's profit.

The following funds are at the disposal of the Annual General Meeting:

	1,704.5
to be carried forward	1,704.5
The Board of Directors proposes that:	
	1,704.5
net profit for the year	-132.6
share premium reserve	1,630.7
profit brought forward	206.4
the Annual General Meeting:	

# **Signatures**

The income statement and balance sheet of both the Group and the Parent will be subject to approval at the Annual General Meeting on 15 May 2024. The Board of Directors and the CEO affirm that the Annual Report has been drawn up in accordance with generally accepted accounting standards in Sweden and that the Consolidated Financial Statements have been drawn up in accordance with the international financial reporting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The Annual Report and the Consolidated Financial Statements give a fair presentation of the position and results of the Parent and the Group. The Directors' Reports for the Parent and the Group respectively give a fair overview of the development of the Parent's and Group's operations, position and results, and also describe significant risks and uncertainties to which the Parent and the companies that are part of the Group are exposed.

Malmö, 21/03/2024

Viktoria Bergman Chair of the Board Olof Andersson CEO Member of the Board Axel Barchan Member of the Board Patrik Emanuelsson Member of the Board Richard Hultin Member of the Board Jens Ismunden Member of the Board Sofie Karlsryd Member of the Board

Our Auditors' Report was submitted on 21 March 2024 Mazars AB

Anders Persson

Rasmus Grahn

Authorised Public Accountant Authorised Public Accountant

Fastighets AB Trianon | Annual and Sustainability Report 2023

To the general meeting of the shareholders of Fastighets Aktiebolaget Trianon AB (publ), corporate identity number 556183-0281.

**OPERATIONS** 

# REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### **Opinions**

We have audited the annual accounts and consolidated accounts of Fastighets Aktiebolaget Trianon AB (publ) for the year 2023 with the exception of the corporate governance report on pages 53-57 and the sustainability report on pages 14-23. The annual accounts and consolidated accounts of the company are included on pages 4-5, 10-11, 14-23, 41-42, 45-46, 49-51, 53-57 and 59-90 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### **Basis for Opinions**

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company

or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

### Kev audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Valuation of investment in properties

### Description of key audit matter

The fair value of the investment properties in the group as of 31 December 2023 amounted to SEK 12 288.6 million and the changes in value to SEK -272.6 million. The group's investment properties make up 90% of the total assets as of December 31, 2023. The valuations have been carried out as the main method through the so-called cash flow calculation of each property, which means that future cash flows are forecast. For the calculation of future cash flows, consideration has been given to the market and the future assessed development of the surrounding area, the properties' market conditions and market position, market rental terms and operating and maintenance costs in similar properties compared to the company's properties. Added to this is the present value of an assessed market value at the end of the calculation period. Due to the high degree of assumptions and assessments that take place in connection with the property valuation, as well as the fact that a small adjustment in the assumptions underlying the valuations can have a significant effect on reported values, we consider this area to be a particularly significant area in our audit. For further information, see the section risks and risk management in the management report, note 2 The group's accounting principles and note 18 Management properties.

### Response in the audit

In our audit, we have evaluated the company's process for property valuation, among other things by evaluating the valuation method and input data in the externally prepared valuations for a selection of the properties. We

have evaluated the competence and objectivity of the external valuers. We have made market comparisons against known market information. We have reviewed the model used for property valuation. We have also reviewed the reasonableness of assumptions made such as yield requirements, vacancy rate, rental income and operating costs, as well as reviewed information provided in the annual report.

### Other Information than the annual accounts and consolidated accounts

**ANNUAL REPORT 2023** 

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-3, 6-9, 12-13, 24-40, 43-44, 47-48, 52, 58 and 91–106. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement. whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the

company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general. among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates

- and related disclosures made by the Board of Directors and the Managing Director.
- · Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safequards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

# REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Fastighets Aktiebolaget Trianon AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### **Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. I We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion con-

cerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

# THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Fastighets Aktiebolaget Trianon AB (publ) for the financial year 2023

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Fastighets Aktiebolaget Trianon AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies international Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judament, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

# THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 53–57 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

# AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

### Assignment and division of responsibilities

The Board of Directors is responsible for ensuring that the sustainability report on pages 14–23 has been prepared in accordance with the Annual Accounts Act.

### Focus and scope of the examination

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the sustainability report is different and substantially more limited in scope compared with the focus and scope of an audit conducted in accordance with International Standards on Auditing, and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A statutory sustainability report has been prepared.

Mazars AB, Box 4211, 203 13 Malmö, was appointed auditor of Fastighets Aktiebolaget Trianon AB (publ) by the general meeting of the shareholders on the 11th of May 2023 and has been the company's auditor since June 2016.

Principal Auditor Anders Persson, Mazars AB, has been the company's auditor since 2019.

Malmö 21st of March 2024 Mazars AB

Anders Persson Authorized Public Accountant

Rasmus Grahn Authorized Public Accountant



# **Definitions and glossary**

### PROPERTY-RELATED

### Number of renovated apartments

The number of apartments which, at the end of the period, had at least bathroom renovations carried out.

### Loan-to-value ratio relative to property value

Interest-bearing net debt in relation to property value at the end of the period.

Reason for use: Aims to show how large a proportion of the property value is financed by borrowing.

### Residential floor area

The residential floor area or usable area is the total interior area consisting of the living area, area of premises, non-living area and other areas for all floors of a building.

### Gross total area

Gross area or gross total area is the total area of all floors in a building. The gross area extends to the outside surface of the walls.

### Property yield, excluding administration

Net operating profit, excluding administration, in relation to market value.

### Economic occupancy rate

Contracted rent for leases which are running at the end of the period as a percentage of rental value.

Reason for use: The aim is to facilitate the assessment of rental income in relation to the total value of possible rentable area.

#### Development property

Development property refers to property that is held with the intention of developing and selling it.

### Property value SEK per m<sup>2</sup>

The market value of the properties in relation to the lettable area in m<sup>2</sup> excluding garage.

### Management margin

Net operating income less central administration and interest expense for right of use (leasehold) in relation to rental income.

Reason for use: Aims to show what proportion of rental income remains to cover interest, etc. after payment for property management and operations.

### Profit from property management

Profit/loss before tax with add-back of changes in

### Profit from property management from associates and joint ventures

Profit from property management attributable to partly owned properties through associates and joint ventures.

### Rental value

Rental income plus estimated market rent for unleased space in its existing condition.

### Tenant turnover frequency

Number of tenants moving out in relation to the number of apartments in the most recent twelvemonth period.

### Project property

Project property is property for development and buildings under construction.

### Community properties

Properties for which the rental value consists predominantly of tax-financed operations, and which are specifically adapted for community services.

### Rentable area

Total lettable area excluding garage area.

### Surplus ratio

Net operating profit as a percentage of rental income.

Reason for use: Aims to show the property yield relative to rental income.

### **FINANCIAL**

### Return on equity

Comprehensive income for the period attributable to the Parent's shareholders as a percentage of average equity attributable to the Parent's shareholders.

Reason for use: The aim is to show the return generated on the capital which the shareholders have invested in the Company.

### Loan-to-value ratio relative to total assets

Interest-bearing net debt in relation to total assets at the end of the period.

Reason for use: Aims to show how large a proportion of the Group's assets are financed by borrowing. The Group's share in properties owned by associates and joint ventures is financed through interest-bearing net debt and the key figure is a complement to the loan-to-value ratio relative to property value.

### Net operating income through borrowing

Net operating income less the costs of property administration relative to net debt.

Reason for use: Aims to indicate how large a proportion of borrowing is covered by net operating income. This key indicator is a measure of cash flow relative to net debt.

### Sustainable hybrid bond

Subordinated sustainable bond loan in which the liquidity is linked to a sustainable framework, with a focus on social and environmental sustainability.

### Investment profit from project portfolio

Refers to changes in value relating to project properties.

### Long-term net worth

Equity attributable to Parent's shareholders with add-back of interest rate derivatives and deferred tax.

Reason for use: The aim is to provide an adjusted and supplementary measure of the amount of equity.

### Interest coverage ratio

The profit before tax for the period, with add-back of changes in the value of derivatives and properties, as well as finance costs, in relation to finance costs with add-back of interest expense for derivatives.

Reason for use: Aims to show the company's ability to cover its interest costs.

### Equity ratio

Equity including non-controlling interests as a percentage of total assets.

Reason for use: Shows the proportion of the company's total assets financed by the company's owners.

Average remaining lease term, weighted by agreed rental income (Weighted Average Unexpired Lease Term). This key indicator shows the weighted time risk of future vacancies.

# SHARE-RELATED

# Equity per share

Equity attributable to the Parent's shareholders in relation to the number of shares at the end of the period.

### Equity per share after the deduction of equity attributable to hybrid bonds

Equity attributable to Parent's shareholders after the deduction of equity attributable to hybrid bonds in relation to the number of shares at the end of the period.

### Long-term net worth after the deduction of equity attributable to hybrid bonds

Equity attributable to Parent's shareholders after the deduction of equity attributable to hybrid bonds with add-back of interest rate derivatives and deferred tax.

**Reason for use:** The aim is to provide an adjusted and supplementary measure of the long-term net worth attributable to the Company's ordinary shareholders with a deduction for that part of equity which is attributable to hybrid bonds.

### Earnings per share

The profit/loss for the period attributable to the Parent's shareholders after the deduction of interest on hybrid bonds in relation to the average number of shares. Definition according to IFRS.

### SUSTAINABILITY-RELATED

For sustainability-related definitions, see page 104.

# **EU Taxonomy**

### Taxonomy alignment

Trianon is not covered by the reporting requirements relating to taxonomy alignment, but voluntarily chooses to disclose information according to the following tables. Trianon has assessed that the activities that primarily describe the business are 7.7 Acquisition and ownership of buildings and 7.1 Construction of new buildings. Trianon's property portfolio mostly consists of properties in the existing stock, which are therefore not

taxonomy-aligned. The properties in Trianon's portfolio that are in Energy Class A or are among the top 15 percent in terms of the most energy-efficient buildings in the country have been deemed taxonomy-aligned. The newbuild projects completed or under construction will have low energy consumption on completion that is equivalent to Energy Class A or among the top 15 percent in terms of the most energy-efficient buildings in the country. It has been decided to report

investments in these during construction as not taxonomy-aligned, despite the fact that they will fulfil the requirements stipulated by the taxonomy on completion.

### Performance indicators

The tables show the share of turnover, operating expenditure and capital expenditure considered sustainable according to the Taxonomy criteria. Turnover refers to rental income recognised in

the income statement. Operating expenditure includes expenditure on repairs and maintenance and a portion of other operating costs according to Note 7 on page 76. Capital expenditure refers to acquisitions and investments in the existing portfolio and newly constructed properties. All properties relating to the construction of new buildings will fulfil the Taxonomy requirements upon their completion.

Turnover	irnover																			
					Subst	antial conf	tribution cr	riteria		D	NSH crite	ria ('Does	Not Signific	antly Harn						
Economic activities	Code(s) (2)	Absolute turnover (3), SEK million	Proportion of turnover (4), %	Climate change mitigation (5), %	Climate change adaptation (6), %	Water and marine resources (7), %	Circular economy (8), %	Pollution (9), %	Biodiversity (10), %	Climate change mitigation (11), Y/N	Climate change adaptation (12), Y/N	Water and marine resources (13), Y/N	Circular economy (14), Y/N	Pollution (15), Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of turnover, year 2023 (18), %	Taxonomy-aligned proportion of turnover, year 2022 (19), %	Category (enabling activity ) (20) E	Category (transitional activity ) (21) T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Acquisition and ownership of buildings	7.7	70.9	10														10	9		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Acquisition and ownership of buildings	7.7	661.9	90														90	91		
Total (A.1 + A.2)		732.8	100														100	100		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		0.0	0																	
Total (A + B)		732.8	100																	

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Operating expenditure/OpEx																				
				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities	Code(s) (2)	Absolute OpEx (3), SEK million	Proportion of OpEx (4), %	Climate change mitigation (5), %	Climate change adaptation (6), %	Water and marine resources (7), %	Circular economy (8), %	Pollution (9), %	Biodiversity (10), %	Climate change mitigation (11), Y/N	Climate change adaptation (12), Y/N	Water and marine resources (13), Y/N	Circular economy (14), Y/N	Pollution (15), Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of CapEx, year 2023 (18), %	Taxonomy-aligned proportion of CapEx, year 2022 (19), %	Category (enabling activity ) (20) E	Category (transitional activity ) (21) T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			-	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Acquisition and ownership of buildings	7.7	4.4	7														7	5		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)														,		ı				
Acquisition and ownership of buildings	7.7	55.9	93														93	95		
Total (A.1 + A.2)		60.2	100														100	100		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Operating expenses of Taxonomy-non-eligible activities (B)		0.0	0																	
Total (A + B)		60.2	100																	

																1				
Capital expenditure/CapEx																				
				Substantial contribution criteria					DNSH criteria ('Does Not Significantly Harm')											
Economic activities	Code(s) (2)	Absolute CapEx (3), SEK million	Proportion of CapEx (4), %	Climate change mitigation (5), %	Climate change adaptation (6), %	Water and marine resources (7), %	Circular economy (8), %	Pollution (9), %	Biodiversity (10), %	Climate change mitigation (11), Y/N	Climate change adaptation (12), Y/N	Water and marine resources (13), Y/N	Circular economy (14), Y/N	Pollution (15), Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of OpEx, year 2023 (18), %	Taxonomy-aligned proportion of OpEx, year 2022 (19), %	Category (enabling activity ) (20) E	Category (transitional activity ) (21) T
A. TAXONOMY-ELIGIBLE ACTIVITIES				,					,									'		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Acquisition and ownership of buildings	7.7	0.0	0														0	0		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Acquisition and ownership of buildings	7.7	92.5	26														26	85		
Construction of new buildings	7.1	257.2	74														74	15		
Total (A.1 + A.2)		349.7	100														100	100		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capital expenditure of Taxonomy-non-eligible activities (B)		0.0	0																	
Total (A + B)		349.7	100																	

# **Property register**

### Residential properties

Property portfolio	Туре	Area	Property portfolio	Туре	Area
Alven 26	Residential	Malmö	Jordlotten 9	Residential	Malmö
Ankan 2	Residential	Malmö	Kil 1	Residential	Malmö
Ankan 14	Residential	Malmö	Korpen 14	Residential	Landskrona
Arlöv 21:181	Residential	Burlöv	Korpen 42	Residential	Malmö
Badmössan	Residential	Malmö	Laboratorn 1 <sup>1</sup>	Residential	Malmö
Basunen 3	Residential	Malmö	Laboratorn 6 <sup>1</sup>	Residential	Malmö
Beckasinen 11	Residential	Malmö	Lektorn 5 <sup>1</sup>	Residential	Malmö
Brockfågeln 11	Residential	Malmö	Lerteglet 1	Residential	Malmö
Bryggan 1	Residential	Malmö	Lerteglet 2	Residential	Malmö
Bäverungen 5 <sup>1</sup>	Residential	Stockholm	Linné 44	Residential	Landskrona
Centralköket 1	Residential	Malmö	Motetten 2	Residential	Malmö
Concordia 35	Residential	Malmö	Murteglet 1	Residential	Malmö
Dalkarlen 22	Residential	Landskrona	Najaden 9	Residential	Landskrona
Delfinen 14	Residential	Malmö	Nimrod 26	Residential	Landskrona
Delfinen 15	Residential	Landskrona	Notarien 1	Residential	Malmö
Delfinen 16	Residential	Landskrona	Nyborg 22	Residential	Malmö
Docenten 1 <sup>1</sup>	Residential	Malmö	Onsjö 7	Residential	Malmö
Docenten 4 <sup>1</sup>	Residential	Malmö	Orten 8	Residential	Malmö
Docenten 7 <sup>1</sup>	Residential	Malmö	Oscar II 20	Residential	Landskrona
Docenten 8 <sup>1</sup>	Residential	Malmö	Pelikanen 17	Residential	Landskrona
Draken 16	Residential	Landskrona	Pelikanen 21	Residential	Landskrona
Draken 17	Residential	Landskrona	Professorn 14 <sup>1</sup>	Residential	Malmö
Drömmen 12	Residential	Malmö	Professorn 15 <sup>1</sup>	Residential	Malmö
Folkvisan 3	Residential	Malmö	Professorn 4 <sup>1</sup>	Residential	Malmö
Fritz 14	Residential	Malmö	Professorn 5 <sup>1</sup>	Residential	Malmö
Fritz 2	Residential	Malmö	Professorn 6 <sup>1</sup>	Residential	Malmö
Gjörloff 5	Residential	Landskrona	Safiren 1	Residential	Landskrona
Gnistan 4	Residential	Malmö	Slussen 2	Residential	Malmö
Gåsen 2	Residential	Malmö	Stacken 1 <sup>1</sup>	Residential	Malmö
Gåsen 8	Residential	Malmö	Stacken 13 <sup>1</sup>	Residential	Malmö
Hermodsdal 4 <sup>1</sup>	Residential	Malmö	Stacken 91	Residential	Malmö
Hermodsdal 5 <sup>1</sup>	Residential	Malmö	Strutsen 26	Residential	Malmö
Hjorten 46	Residential	Landskrona	Svedala 1:87	Residential	Svedala
Hoppet 8	Residential	Landskrona	Svedala 59:2	Residential	Svedala
Häggen 13	Residential	Malmö	Svedala 59:3	Residential	Svedala
Hälsingör 2	Residential	Malmö	Torna 8	Residential	Malmö
Hämplingen 8	Residential	Malmö			

Property portfolio	Type	Area
Uret 2	Residential	Malmö
Vakteln 10	Residential	Malmö
Vakteln 3	Residential	Malmö
Vallhunden 81	Residential	Stockholm
Vågen 6	Residential	Malmö
Vårsången 61	Residential	Malmö
Vårsången 81	Residential	Malmö
Östra Förstaden 27	Residential	Landskrona

### Community properties

Type	Area
Community	Klippan
Community	Malmö
Community	Malmö
Community	Malmö
Community	Lund
Community	Malmö
Community	Lund
Community	Malmö
Community	Klippan
Community	Malmö
Community	Malmö
	Community

# Commercial properties

Property portfolio	Туре	Area
Antilopen 1	Commercial	Malmö
Balken 6	Commercial	Malmö
Druvan 1	Commercial	Malmö
Gefion 1	Commercial	Malmö
Hermodsdal 9	Commercial	Malmö
Liljan 12	Commercial	Malmö
Macken 1	Commercial	Malmö
Mercurius 5	Commercial	Malmö
Nötskrikan 18	Commercial	Malmö
Residenset 4	Commercial	Malmö
Siljan 22	Commercial	Malmö
Skrattmåsen 13	Commercial	Malmö
Svedala 8:16	Commercial	Malmö
Uno 5	Commercial	Malmö
Vakteln 14	Commercial	Malmö
Vipan 9	Commercial	Malmö

# Project properties

Property portfolio	Туре	Area
Blåklockan 13	Projects	Vimmerby
Bunkeflostrand 155:3	Projects	Malmö
Centralköket 3	Projects	Malmö
Gullvivan 5	Projects	Vimmerby
Helmer 4	Projects	Malmö
Helmer 10	Projects	Malmö
Husie 172:75	Projects	Malmö
Hässleholm Vittsjö 3:422	Projek	Hässleholm
Mjölkboden 41	Projects	Stockholm
Poeten 1	Projects	Malmö
Spiralen 10	Projects	Malmö
Stammen 15	Projects	Malmö
Svedala 22:8	Projects	Malmö
Terapisalen 2	Projects	Malmö
Toarp 9:1	Projects	Malmö
Vallen 15	Projects	Malmö

Property portfolio	Type	Area
Arlöv 22:189 <sup>1</sup>	Residential	Burlöv
Bojen 1	Projects	Malmö
Fendern 1	Projects	Malmö
Kandidaten 7	Residential	Osby
Kvarteret Hanna	Projects	Burlöv
Landshövdingen 1 <sup>1</sup>	Commercial	Malmö
Linjalen 1	Residential	Osby
Linjalen 11	Residential	Osby
Linjalen 12	Residential	Osby
Linjalen 13	Residential	Osby
Linjalen 14	Residential	Osby
Smeden 16	Residential	Osby
Smedjan 2	Projects	Malmö
Tågarp 15:4 (Burlöv Center)	Commercial	Burlöv



# Multi-year overview

Trianon presents certain financial measures in its Annual Report which are not defined under IFRS. Trianon considers that these targets provide valuable supplementary information to investors and the Company's management team, since they facilitate the evaluation of the Company's performance. As not all companies calculate financial measures in the same way, these are not always comparable with measures used by other companies. Consequently, these measures should not be seen as a substitute for measures defined under IFRS. In the following table, measures are presented which are not defined under IFRS, unless otherwise stated. In addition, definitions of these measures are given on page 96.

The following financial targets were set by the Board of Directors for the period 2022–2024. A new target for the period is the target for investment profit from the project portfolio:

- The profit from property management shall increase by 12% annually
- Return on equity shall exceed 12% over an economic cycle
- The loan-to-value ratio shall not exceed 60%
- The interest coverage rate shall exceed 1.75 times
- Annual investment income from the project portfolio shall be at least SEK 100 million

Financial	2023	2022	2021	2020	2019	2018	2017	2016
Return on equity, %	-3.9	3.2	31.3	16.7	12.7	13.6	20.0	44.2
Interest coverage ratio, times	1.6	2.4	3.2	3.4	2.6	2.4	3.1	3.9
Equity ratio, %	36.8	38.9	38.6	35.3	34.6	34.2	37.2	34.0
Average interest rate, %	3.9	2.2	1.9	2.3	2.4	2.6	2.1	2.0
Profit from property management, SEK million	162.9	231.8	253.1	224.2	177.3	130.8	116.6	82.0
Increase in profit from property management over the corresponding period of the preceding year, %	-29.7	-8.4	12.9	26.4	35.6	12.2	42.2	26.2
Profit before tax, SEK million	-240.9	201.9	1,666.0	651.4	387.6	306.7	431.8	503.5
Comprehensive income for the period, SEK million	-206.1	171.4	1,310.5	537.4	307.1	267.0	340.2	401.9
Comprehensive income for the period attributable to Parent's shareholders, SEK million	-206.1	171.4	1,305.0	519.7	309.6	255.8	318.9	401.9
Equity, SEK million	5,020.3	5,372.9	5,243.9	3,635.2	2,916.8	2,064.3	1,810.6	1,181.5
Equity attributable to Parent's shareholders, SEK million	5,020.3	5,372.9	5,217.3	3,532.3	2,830.9	1,978.4	1,757.2	1,181.5
Equity attributable to Parent's shareholders after the deduction of equity attributable to hybrid bonds, SEK million	4,893.8	4,905.0	4,804.8	3,084.5	2,452.9	1,978.4	1,757.2	1,181.5
Long-term net worth, SEK million	5,908.3	6,198.4	6,090.0	4,228.2	3,384.0	2,398.8	2,126.0	1,469.8
Long-term net worth after the deduction of equity attributable to hybrid bonds, SEK million	5,781.8	5,730.6	5,677.5	3,780.4	3,006.0	2,398.8	2,126.0	1,469.8
Total assets, SEK million	13,629.6	13,797.7	13,581.2	10,303.1	8,420.0	6,040.5	4,861.0	3,479.0

Share-related	2023	2022	2021	2020	2019	2018	2017	2016
Number of outstanding shares, thousand <sup>1</sup>	184,124.7	157,506.0	39,251.5	37,465.5	36,465.5	34,365.5	34,365.5	28,115.5
Average number of outstanding shares, thousand $^{\scriptsize 1}$	159,037.4	157,127.6	37,748.2	36,946.4	34,561.1	34,365.5	31,420.3	28,115.5
Equity per share, SEK	27.27	34.11	33.23	23.57	19.41	14.39	12.78	10.51
Equity per share, SEK <sup>2</sup>	26.58	31.14	30.60	20.58	16.82	14.39	12.78	10.51
Earnings per share, SEK <sup>1</sup>	-1.59	0.84	8.41	3.31	2.14	1.86	2.54	3.57
Long-term net worth per share, SEK	32.09	39.35	38.79	28.22	23.20	17.45	15.47	13.07
Long-term net worth per share, SEK <sup>2</sup>	31.4	36.38	36.16	25.23	20.61	17.45	15.47	13.07

<sup>&</sup>lt;sup>1</sup> Definition in accordance with IFRS.

Historical key performance indicators per share have been recalculated taking into account a 4:1 share split in 2022.

B	2002		2004		2012	2012	224	2016
Property-related	2023	2022	2021	2020	2019	2018	2017	2016
Rental income, SEK million	732.8	688.3	618.1	553.2	446.4	344.5	261.7	174.4
Operating surplus, SEK million	498.3	439.6	396.0	368.5	285.5	212.6	163.5	111.6
Rental value, SEK million	820.3	798.4	737.8	653.4	557.8	437.9	365.6	231.0
Economic occupancy rate, %	96.1	95.2	95.0	94.5	93.5	89.2	85.0	96.0
Surplus ratio, %	67.8	62.6	64.1	66.6	64.0	61.7	62.5	64.0
Management margin, %	58.0	52.4	64.5	55.9	54.6	51.8	52.4	53.2
Loan-to-value ratio, %	57.1	54.6	53.5	55.7	55.1	56.6	53.6	56.4
Loan-to-value ratio relative to total assets, %	51.5	50.9	49.9	51.1	52.4	55.3	51.7	53.6
Net operating income through borrowing, %	7.4	6.6	6.2	7.3	6.8	6.7	6.9	6.4
Proportion of residential and community properties, %	85	85	85	75	75	69	66	-
Rentable area excluding garage, thousand m <sup>2</sup>	455	491	488	402	341	272	223	158

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<sup>&</sup>lt;sup>2</sup> After the deduction of equity attributable to hybrid bond.

# Derivation of key performance indicators

All amounts are denominated in SEK million	2023	2022	2021	2020	2019	2018	2017	2016
unless otherwise stated								2016
Rental income	732.8	688.3	618.1	553.2	446.4	344.5	261.7	174.4
Other income	15.7	16.3	5.5	2.6	6.7	3.6	2.5	1.7
Property costs	-252.0	-273.4	-227.6	-187.3	-167.6	-135.5	-100.7	-64.5
Net operating income	496.5	431.2	396.0	368.5	285.5	212.6	163.5	111.6
Surplus ratio, %	67.8	62.6	64.1	66.6	64.0	61.7	62.5	64.0
Equity	5,020.3	5,372.9	5,243.9	3,635.2	2,916.8	2,064.3	1,810.6	1,181.5
Total assets	13,629.6	13,797.7	13,581.2	10,303.1	8,420.0	6,040.5	4,861.0	3,479.0
Equity ratio, %	36.8	38.9	38.6	35.3	34.6	34.2	37.2	34.0
Interest-bearing liabilities, non-current	5,239.5	4,127.0	3,454.2	4,059.6	850.1	1,814.7	1,657.3	1,848.3
Interest-bearing liabilities, current	1,861.1	2,980.4	3,412.4	1,486.6	3,714.9	1,553.1	900.3	32.3
Bank overdraft facility	21.7	0.0	0.0	0.0	0.0	5.1	0.0	8.4
Cash and cash equivalents	-109.8	-90.0	-87.4	-280.1	-177.7	-30.0	-44.1	-23.2
Interest-bearing net debt	7,012.4	7,017.4	6,779.1	5,266.1	4,387.3	3,342.9	2,513.5	1,865.8
Investment properties	12,288.6	12,862.6	12,665.5	9,462.3	7,958.4	5,904.9	4,692.9	3,306.1
Loan-to-value ratio, %	57.1	54.6	53.5	55.7	55.1	56.6	53.6	56.4
Profit/loss before tax	-240.9	201.9	1,666.0	651.4	387.6	306.7	431.8	503.5
Add-back of changes in the value of investment properties and derivatives	424.0	38.1	-1,377.7	-343.9	-210.4	-171.1	-308.3	-376.8
Add-back of interest expense	307.4	151.9	90.2	85.7	66.6	49.1	23.2	13.8
Adjusted profit/loss before tax	490.5	392.0	378.5	393.2	243.8	184.7	146.7	140.5
Financial expenses	-307.4	-151.9	-90.2	-85.7	-66.6	-49.1	-23.2	-13.8
Interest expense, derivatives	-0.1	-11.2	-30.0	-28.4	-27.4	-28.4	-24.0	-22.5
Total interest expense including interest expense for derivatives	-307.5	-163.1	-120.2	-114.1	-94.0	-77.5	-47.2	-36.3
Interest coverage ratio, times	1.6	2.4	3.2	3.4	2.6	2.4	3.1	3.9
Profit for the period attributable to the Parent's shareholders	-206.1	171.4	1,305.0	519.7	309.6	255.8	318.9	401.9
Estimated annualised rate	-206.1	171.4	1,305.0	519.7	309.6	255.8	318.9	401.9
Average equity attributable to the Parent's shareholders	5,245.6	5,421.5	4,172.8	3,103.1	2,440.3	1,886.4	1,593.4	908.4
Return on equity, %	-3.9	3.2	31.3	16.7	12.7	13.6	20.0	44.2

All amounts are denominated in SEK million								
unless otherwise stated	2023	2022	2021	2020	2019	2018	2017	2016
Equity attributable to Parent's shareholders	5,020.3	5,372.9	5,217.3	3,532.3	2,830.9	1,978.4	1,757.2	1,181.5
Add-back of deferred tax	841.4	855.1	857.3	586.8	467.3	372.9	324.7	232.4
Add-back of derivative liability	166.9	28.2	70.9	166.5	133.5	79.0	67.0	78.3
Add-back of derivative asset	-9.6	-22.2	0.0	0.0	0.0	0.0	0.0	0.0
Add-back of deferred tax asset	-110.7	-35.5	-55.5	-57.4	-47.7	-31.5	-22.9	-22.4
Long-term net worth	5,908.3	6,198.4	6,090.0	4,228.2	3,384.0	2,398.8	2,126.0	1,469.8
Deduction of equity attributable to hybrid bonds	-126.6	-467.8	-412.5	-447.8	-378.0	0.0	0.0	0.0
Long-term net worth after the deduction of equity attributable to hybrid bonds	5,781.8	5,730.6	5,677.5	3,780.4	3,006.0	2,398.8	2,126.0	1,469.8
Net operating income	498.3	439.6	396.0	368.5	285.5	212.6	163.5	111.6
Central administration	-67.2	-72.9	-55.5	-52.9	-35.8	-34.1	-26.3	-18.9
Interest expense for rights of use	-6.1	-6.1	-6.4	-6.4	-5.8	0.0	0.0	0.0
Management surplus	425.1	360.6	334.1	309.2	243.9	178.5	137.2	92.7
Rental income	732.8	688.3	518.1	553.2	446.4	344.5	261.7	174.4
Management margin, %	58.0	52.4	64.5	55.9	54.6	51.8	52.4	53.2
Net operating income	498.3	439.6	396.0	368.5	285.5	212.6	163.5	111.6
Add-back of property administration	22.7	21.1	21.4	18.0	16.0	12.0	9.8	7.0
Net operating profit, excl. admin costs	521.0	460.6	417.4	386.5	301.5	224.6	173.3	118.6
Estimated annualised rate	521.0	460.6	417.4	386.5	301.5	224.6	173.3	118.6
Net debt	7,012.4	7,017.4	6,779.2	5,266.1	4,409.0	3,342.9	2,513.5	1,865.8
Net operating income through borrowing, %	7.4	6.6	6.2	7.3	6.8	6.7	6.9	6.4

SUSTAINABILITY

Sustainability key performance indicators	2023	2022	2021	2020	2019
Carbon dioxide emissions, tonnes CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)					
Scope 1					
Biogas for heating, tCO <sub>2</sub> e	0.3	0.5	0.3	0.1	-
Fuel from service cars, tCO <sub>2</sub> e	35.9	35.7	33.2	31.0	-
Scope 2					
District heating, tCO <sub>2</sub> e	3,955.9	3,960.2	4,179.1	3,871.5	-
Electricity, market-based, tCO <sub>2</sub> e	0.0	0.0	0.0	0.0	-
Scope 3					
Category 6 – Business travel, tCO <sub>2</sub> e	6.2	5.7	2.9	-	-
Heating consumption					
District heating consumption normal-year-adjusted, kWh/m² Atemp	91	90	100	99	92
Biogas consumption normal-year-adjusted, kWh/m² Atemp	3	4	1	1	1
Electricity consumption, kWh/m² Atemp	27	29	30	30	34
Total, kWh/m² Atemp	121	124	131	130	127
Water consumption, m³/m²	1.34	1.40	1.45	1.51	1.64
Self-generated direct/indirect renewable energy					
Solar power production, MWh	2,764	2,973	2,321	567	200
Installed capacity, MW	2.59	2.44	2.33	2.10	0.30
Cost-effective renovations					
Number of renovated apartments	109	151	186	132	107
Employees					
Average number of employees	90	93	82	69	59
Proportion of women, %	36	44	42	41	41
Proportion of women in management positions, %	42	44	43	42	42
Health rate, %	95	95	95	94	97
Health rate, /6	95	95	95	94	97

# SUSTAINABILITY-RELATED DEFINITIONS Atemp

The total internal area for each floor, attic and cellar that is heated to more than 10°C.

### **CSRD**

The Corporate Sustainability Reporting Directive (CSRD) is a new EU directive to ensure that companies report the impact of their social and environmental activities.

### **EFRS**

The new EU directive also includes the European Sustainability Reporting Standards (ESRS), a new common reporting standard for sustainability reporting that covers 12 different reporting issues.

### Self-generated renewable energy

Solar energy, wind energy, wave energy, hydropower and biomass are renewable energy sources that are continuously replenished, mainly by the sun's rays. The energy is generated by solar cells, for example, where the solar panels are owned by Trianon either directly or indirectly.

### Health rate

Total number of working hours minus number of sick hours in relation to the number of hours worked during the year.

### Average number of employees

The sum of the total number of hours worked during the financial year divided by the number of working hours corresponding to a full-time position.

### Carbon dioxide equivalents, CO<sub>a</sub>e

A carbon dioxide equivalent, CO<sub>2</sub>e, is an amount of gas equivalent to the climate impact of carbon dioxide. This is a way of translating the contribution of different gases to global warming according to a uniform scale. The reason for this is that different greenhouse gases have a different greenhouse effect.

### Normal year-adjusted values

The normal year-adjustment of energy use data is designed to enable energy used to be compared for different periods, irrespective of the outdoor temperature at the time.

### Scope 1

The emissions that occur in own activities (direct), for example fuel combustion and from vehicles which the organisation owns or controls.

### Scope 2

Emissions (indirect) from purchased energy.

### Scope 3

Indirect emissions in addition to purchased energy over which the company has no direct control but which occur due to the company's operations. At Trianon, we have chosen to report our own business travel by air and private car.

# Information

# Information on Trianon's Annual General Meeting

The Annual General Meeting of Fastighets Aktiebolaget Trianon (publ) will be held on Wednesday 15 May 2024 at 16.00 at the office of Trianon, Fredsgatan 21, SE-212 12 Malmö, Sweden.

### Right to participate

The right to participate in the AGM is granted to a person who, firstly, is entered as a shareholder in the share register held by Euroclear Sweden AB with respect to the status on Monday 6 May 2024, and, secondly, has given notice of their intention to attend the General Meeting no later than on Wednesday 8 May 2024.

Any shareholder whose shares are registered to a nominee must reregister the shares in their own name to be able to participate in the Meeting. Such registration, which may be temporary, must be executed by Monday 6 May 2024, which means that the shareholder must inform the nominee in good time before this date.

Voting right registrations made no later than the second banking day after 8 May 2024 will be included in the production of the share register.

The Company has a total of 184,124,662 shares, of which 6,084,472 are class A shares and 178,040,190 are class B shares, granting a total of 23,888,491 votes. The Company does not hold any of its own shares.

### Notification

Notification may be submitted in writing by post to Fastighets Aktiebolaget Trianon (publ), Fredsgatan 21, 212 12 Malmö (please mark the envelope "Annual General Meeting"), by telephone on +46 (0)40-611 34 00 or by email to arsstamma@ trianon.se. The notification must state the shareholder's name, Swedish civil registration number/corporate ID number, shareholding, address, daytime telephone number and, where appropriate, the number of assistants (maximum two) whom it is intended to bring to the General Meeting.

Shareholders who are represented through proxies must provide the proxy with a written and dated proxy form. If the proxy is issued by a legal entity, a certified copy of the registration certificate or equivalent showing the authorised signatory for the legal entity must be attached. The original of the proxy form along with any registration certificate should be submitted to the Company in good time before the General Meeting at the address given above. A proxy form is available on the Company's website, www.trianon.se, and will be sent to shareholders on request.

### Financial calendar

Interim report Q1 2024	07	May 2024
Annual General Meeting	202415	May 2024
Interim Report Q2 2024	12	July 2024
Interim report Q3 2024	07 Noven	nber 2024

The reports will be available on www.trianon.se

# For further information, please contact:

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Mari-Louise Hedbys, Deputy CEO, CFO mari-louise.hedbys@trianon.se, tel. +46 (0)40-611 34 85

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Trianon owns, manages, develops and builds properties in Malmö and the surrounding area. We are an entrepreneurial property company that promotes social responsibility and sustainable housing.

By being an active and committed player in our neighbourhood, we contribute to long-term and sustainable urban planning.

### Fastighets AB Trianon

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