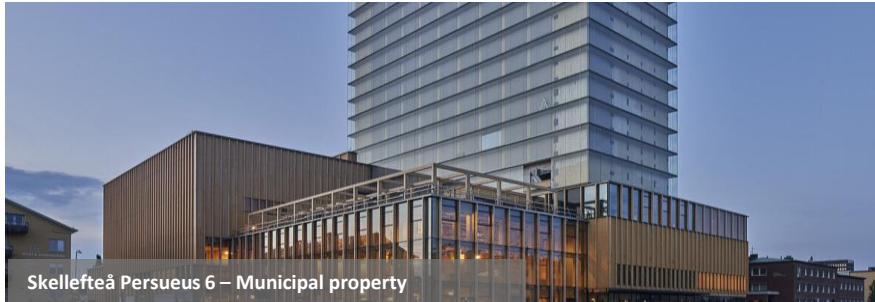


# CAPITAL MARKETS DAY

10<sup>th</sup> September 2021



## TODAY'S PRESENTERS – TEAM WITH STRONG TRACK RECORD



**Ilija Batljan**  
CEO and  
Founder



**Krister Karlsson**  
Deputy CEO and Head  
of Property  
Development



**Eva-Lotta  
Stridh**  
CFO



**Oscar Lekander**  
Head of Business  
Development



**Annika  
Ekström**  
Head of Asset  
Management



**Erik  
Hävermark**  
Head of  
Construction



**Rosel  
Ragnarsson**  
Head of Finance



**Carl Lundh  
Mortimer**  
Senior Business  
Development  
Manager



**Peter  
Olausson**  
Chief Technical  
Officer



**Viktor  
Mandel**  
Head of  
Sveafastigheter



**Marika  
Dimming**  
Investor  
Relations and  
Head of  
Sustainability



**Jenny  
Asmundsson**  
Head of Public  
Procurements



**Henrik  
Melder**  
Head of  
Norway



## AGENDA FOR TODAY

Topic		Presenter
I.	SBB Introduction	Ilija Batljan, Oscar Lekander, Marika Dimming, Carl Lundh Mortimer
II.	Our business model – How we create shareholder value	
	Income from property management	Annika Ekström, Henrik Melder
	Value-add: Income from property development	Krister Karlsson, Erik Hävermark, Jenny Asmundsson, Viktor Mandel
	Value-add: Income from investments in existing portfolio	Peter Olausson
	Value-add: Income from real estate transactions	Oscar Lekander
III.	Balance Sheet Strength and Treasury Update	Eva-Lotta Stridh, Rosel Ragnarsson
IV.	New goals	Ilija Batljan





1.

## SBB Introduction



**Ilija Batljan**  
*CEO and Founder*



**Oscar Lekander**  
*Head of Business  
Development*



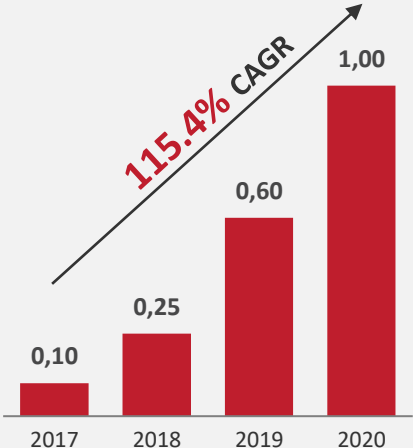
**Marika Dimming**  
*Investor Relations  
and Head of  
Sustainability*



**Carl Lundh Mortimer**  
*Senior Business  
Development Manager*



# TARGETS

Objective						
SBB's objective is to acquire, manage and develop properties that will create a high risk-adjusted return for its shareholders						
Financial targets				Operational targets		Dividend policy
Profit from property mgmt <sup>1</sup>		Income from property development		Growth		Target
Target	31 Dec 2020	Target	31 Dec 2020	Target	31 Dec 2020	To generate a steadily increasing annual dividend. <sup>1</sup>
>15% average annual growth over a 5-year period	✓ 40%	SEK 2,000-2,500m per year, on average over a 5-year period	✓ 2,224m	A property portfolio of SEK 300bn by 2026, with retained BBB+ rating	90.2bn	
LTV		Secured LTV		Vision 2030		
Target	31 Dec 2020	Target	31 Dec 2020	Climate positive in the entire value chain by 2030		Dividend per Class A and B shares 
<50% adjusted debt/(adjusted debt + equity)	✓ 49.8%	<30%	✓ 10%			
Rating		ICR		Refurbishment		
Target	1 Mar 2021	Target	31 Dec 2020	Target	31 Dec 2020	
BBB+ in the short term, A- in the long term	BBB-Positive	>3.0x	✓ 4.1x	Renovate at least 600 apartments per year	✓ 695	

Company information, reported figures as of 31 December 2020 (Q4 2020)

Notes: <sup>1</sup> Per A and B ordinary share. Benchmarking period between 2016 and 2019, actual period between 2016 and 2020;

# ROAD TO SEK 300BN - ILLUSTRATION

## Roadmap

### Potential to build 15 000 apartments in next 5 years

SBB's building rights portfolio is 59,200 apartments. It is possible for SBB to build 15,000 apartments in the next 5 years

### Relatively high net yield for low-risk assets

SBB's valuation yield for the portfolio of SEK 117bn was 4.34 % at the end of Q2 2021. That is probably more than 100 bps higher than the level transactions in the market are being done at

### Equity created that can be leveraged for new acquisitions

With BBB+ rating and LTV below 50%

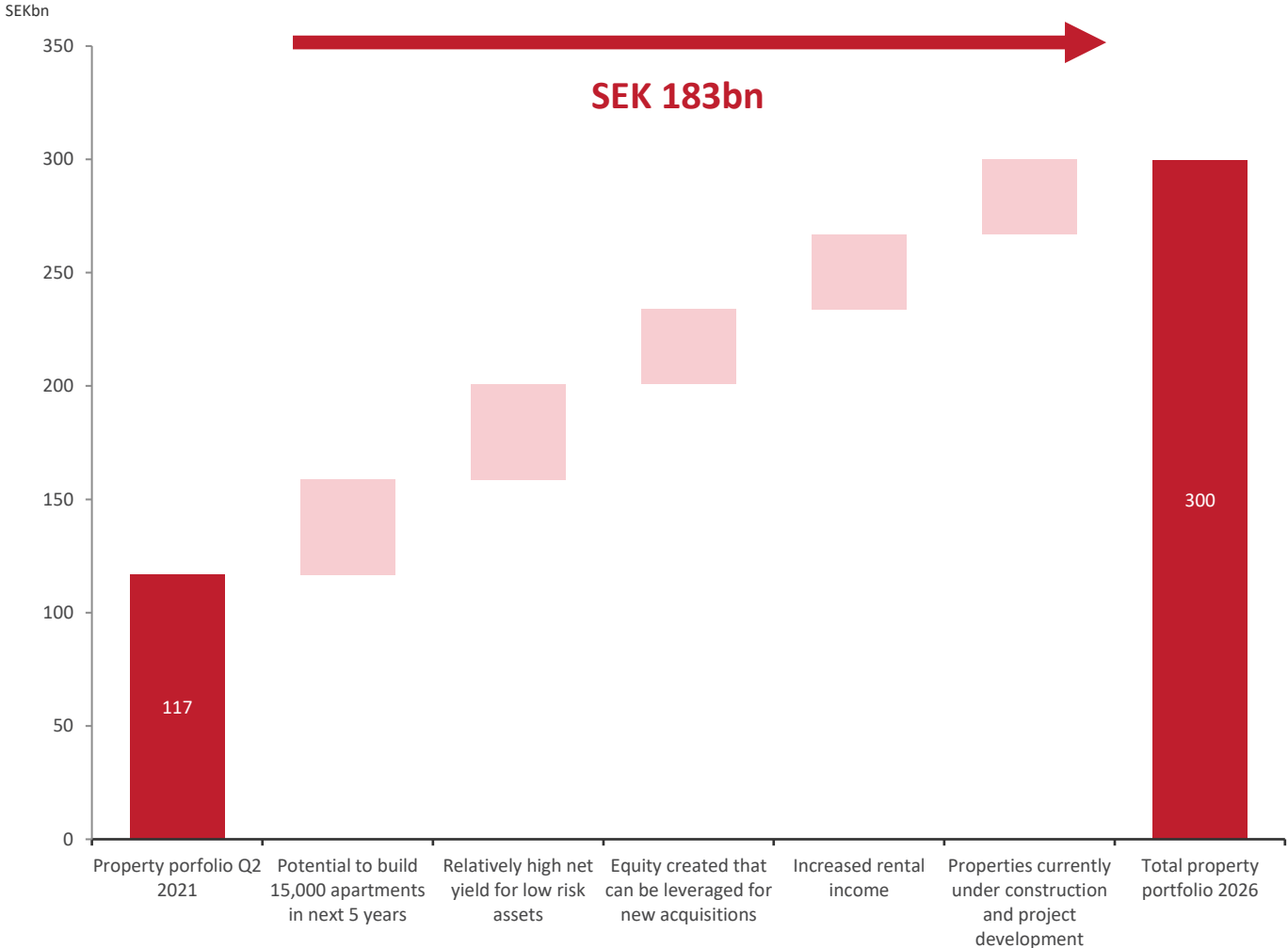
### Increased rental income

SBB's rental income is mainly CPI-indexed. The company has historically delivered more than 100 bps over CPI in yearly increase in income

### Properties currently in construction and project development

In Q2 2021 report on page 24 the company presented the NOI from Properties currently in construction and project development. Yield on cost is 4.9%-5.0%.

## Road to SEK 300bn





## VISION 2030 - BECOMING CLIMATE POSITIVE IN THE ENTIRE VALUE CHAIN

### Vision 2030

- ✓ Climate positive in the entire value chain
- ✓ At least 90% social assets in the property portfolio
- ✓ Climate-adapted property portfolio that can cope with climate risks



### E Environmental targets

- ✓ Reduce energy usage and climate impact by 5% per year
- ✓ At least 50% of SBB's new construction shall consist of wooden buildings from certified forestry
- ✓ The entire portfolio and all new construction shall be within 10 minutes' walking distance to commuting
- ✓ Reduce water usage by 1% per year
- ✓ Assess the entire property portfolio in relation to climate-related risks

### S Social targets

- ✓ At least 90% social assets in the property portfolio
- ✓ All municipalities where SBB owns apartments are offered support in the form of apartments to their social work related to housing
- ✓ Contribute with at least 200 summer jobs to youths living in our residential areas
- ✓ Contribute with at least 10 Better shelter and 100 tents via UNHCR to help refugees

### G Governance and financial targets

- ✓ Achieve investment grade BBB+ in the short term and A- in the long term
- ✓ 100% sustainable financing
- ✓ SBB to be classified as a green share on Nasdaq Stockholm

# ROAD TO BECOME CLIMATE POSITIVE

## Roadmap

### 2016-2019

Continuous improvement through energy efficiency measures, exchange of heating systems and green electricity contracts.

### 2020-2022

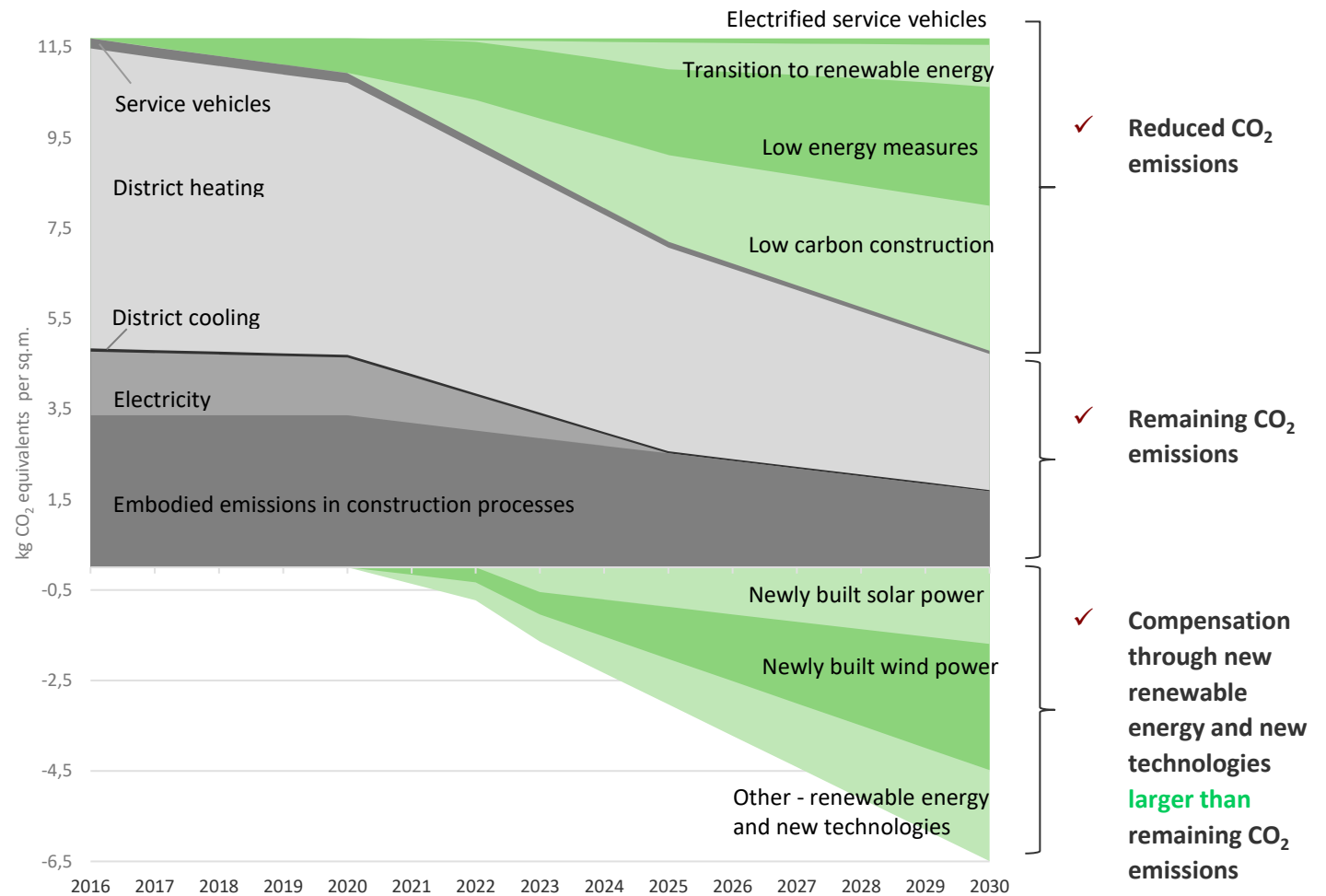
Accelerated initiatives to improve energy efficiency and heating systems. Renewable electricity in 100% of the property portfolio. Expansion of solar power, charging stations and wind power initiated. 50% of all new construction in wood.

### 2023-2025

Wind farms constructed. Tougher requirements on district heating suppliers. Large part of portfolio has charging stations. Strict requirements on climate-effective construction process.

### 2026-2030

Large share of service vehicle fleet electrified. The entire energy needs of the company covered by solar and wind power, while expansion of capacity continues. Emissions from construction process sharply decreases.



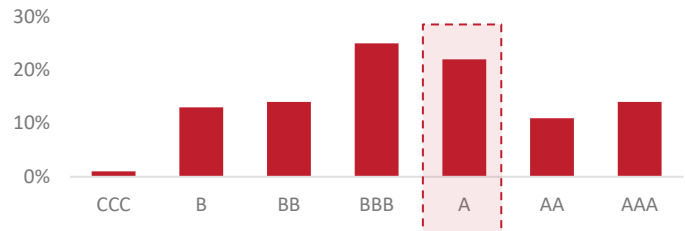


# RECOGNITION OF ESG PERFORMANCE

## ESG ratings



Upgraded from BB to A



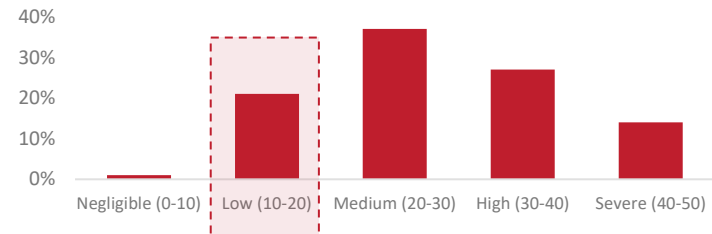
**MSCI**  
ESG RATINGS



CCC B BB **BBB** **A** AA AAA



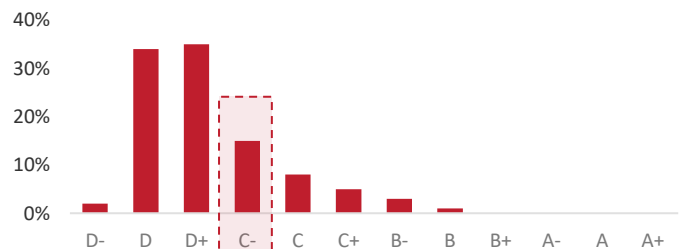
Risk reduced by 2.4 to 11.5,  
threshold for negligible ESG-Risk is 10.0



Peers (Market cap \$7.6-\$9.6bn)	Exposure	Management	ESG-Risk Rating
1. Samhällsbyggnadsbolaget i Norden AB	27.2 Low	58.5 Strong	11.5 Low
2. Castellum AB	27.9 Low	57.2 Strong	12.2 Low
3. Swiss Prime Site AG	28.9 Low	39.5 Average	17.6 Low



Quality score 1 in  
Social Sustainability: **Industry Leader**<sup>1</sup>



**SOCIAL**  
**QUALITYSCORE**  
HIGHEST RANKED BY ISS ESG



# SBB OVERVIEW AND KEY HIGHLIGHTS

## Company snapshot

- ✓ SBB operates in the world's safest real estate asset classes – community service properties where tenants are government-funded and highly regulated residentials
- ✓ 3 value-add strategies deliver growth and additional profit
- ✓ First private member ever of Public Housing Sweden
- ✓ Europe's largest property developer with 59,223 apartments in the project portfolio

## Key figures

**SEK 6.1bn**  
passing rent

**SEK 116.8bn**  
portfolio book value

**9yr WAULT**  
but effectively perpetual

**1.13%**  
average interest rate

**37%**  
net LTV on total assets

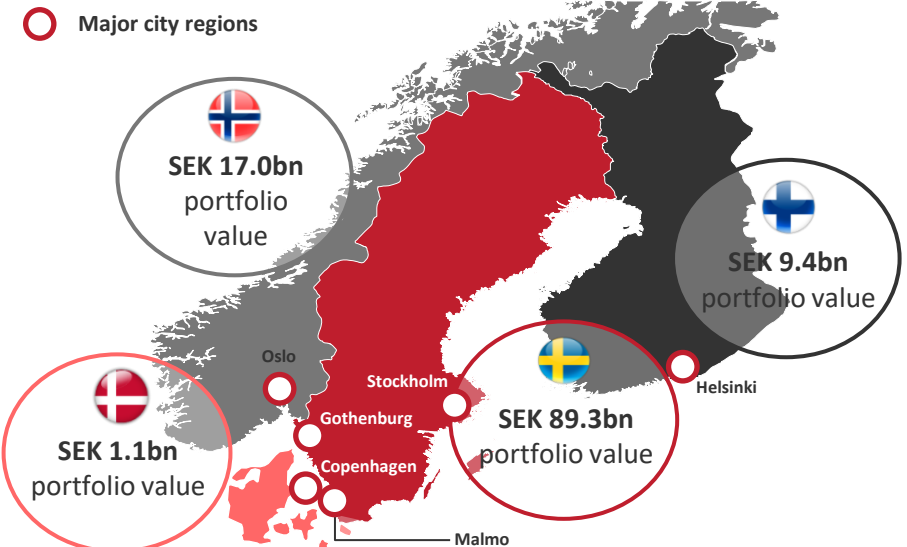
**SEK 9,293m**  
Net profit H1 2021

**4.1%**  
net initial yield<sup>1</sup>

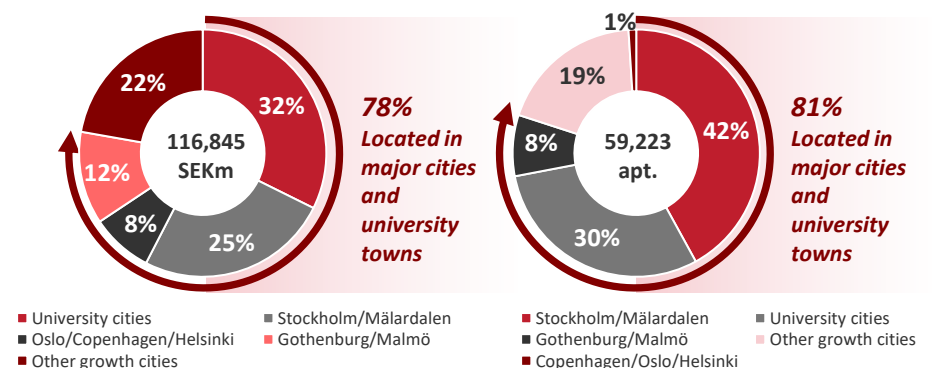
**SEK 22,183**  
book value per sq.m.<sup>1</sup>

**BBB-**  
(positive outlook)  
S&P Global Ratings  
Fitch Ratings

## Portfolio book value by country



## Portfolio book value and project portfolio



## SBB CREATES VALUE FROM “AAA” ASSETS

### Income overview

Classification	Rental Income, SEKm	% of Total
Regulated rent residentials	1,314	21
Building rights for regulated rent residentials	59	1
<b>Sum residentials</b>	<b>1,372</b>	<b>22</b>
Elderly care	768	13
Special apartments for people with disabilities (LSS)	412	7
Building rights for publicly funded residentials	0	0
<b>Sum publicly funded residentials</b>	<b>1,180</b>	<b>19</b>
Education	1,595	26
Pre school	470	8
Compulsory/Upper secondary school	766	12
University	359	6
Hospitals and health centres	420	7
Government infrastructure and justice	536	9
Municipality and department properties	331	5
Public offices	422	7
Other	2	0
Building rights for community service	153	2
<b>Sum community service</b>	<b>3,460</b>	<b>56</b>
<b>Sum social infrastructure</b>	<b>6,012</b>	<b>98</b>
Other	125	2
<b>Total</b>	<b>6,137</b>	<b>100</b>



The trusted partner for municipalities with scale, speed and quality of execution



Legislation prohibits local governments from declaring default: sovereign risk



### Sovereign credit risk exposure in community service

#### Government and government-backed tenants



#### Sovereign credit rating

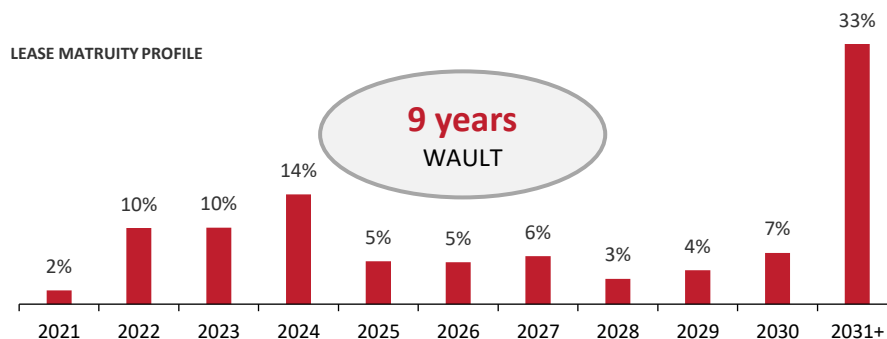
 **S&P Global Ratings** **AAA** (Stable)  
**FitchRatings** **AAA** (Stable)  
**Moody's** **Aaa** (Stable)

 **S&P Global Ratings** **AAA** (Stable)  
**FitchRatings** **AAA** (Stable)  
**Moody's** **Aaa** (Stable)

 **S&P Global Ratings** **AA+** (Stable)  
**FitchRatings** **AA+** (Stable)  
**Moody's** **Aa1** (Stable)

 **S&P Global Ratings** **AAA** (Stable)  
**FitchRatings** **AAA** (Stable)  
**Moody's** **Aaa** (Stable)

#### LEASE MATURITY PROFILE





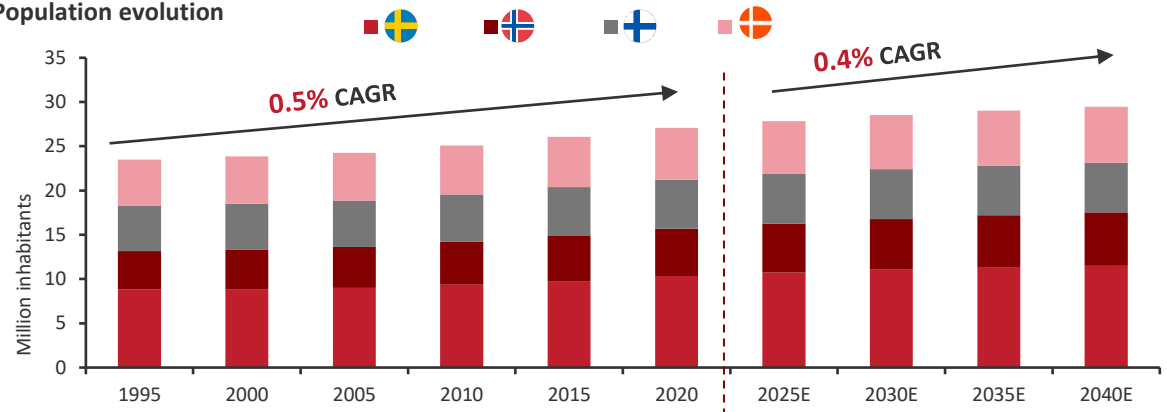
# DEMOGRAPHIC MEGA TRENDS DRIVING DEMAND FOR SBB'S PROPERTIES

## Key considerations

- ✓ **Strong population growth** expected in the Nordic countries (c. 4.0m additional inhabitants up to 2050), concentrated in the urban and intermediate regions, with population growth across all age classes
  - In Sweden alone, there is a need for c.600k new homes by 2040 and c.7.7m sq.m. of new area in community service properties by 2030
  
- ✓ **Trend of ageing population:**
  - Old-age dependency ratio increased from c.24% in 1990 to 30% in 2017, and expected to reach c. 40% by 2040 – i.e. 100 people in the working-age population will support 40 people of retirement ages
  - Clear demand growth for community service properties such as elderly care properties, hospitals and health centres.

## Population growth across all the Nordics

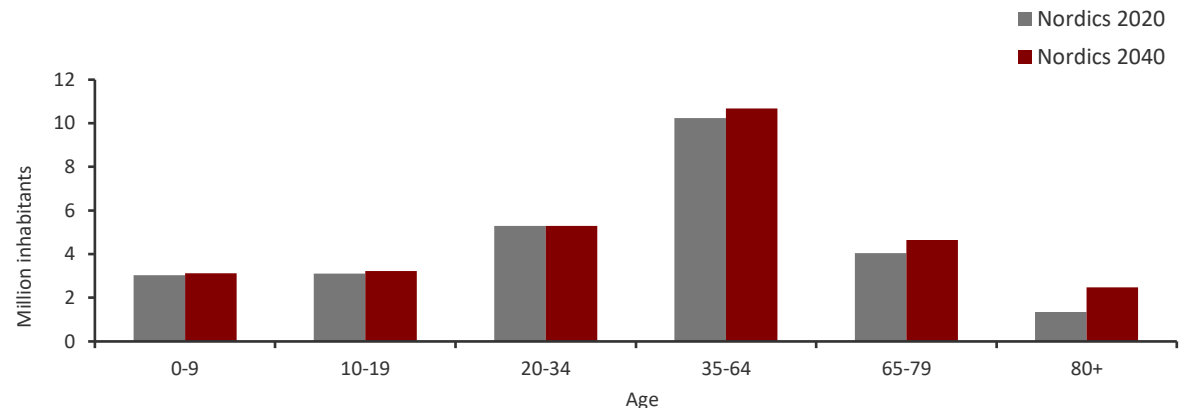
Population evolution



Source: Nordics Statistics database

## Elderly population expected to grow significantly in the Nordics by 2040

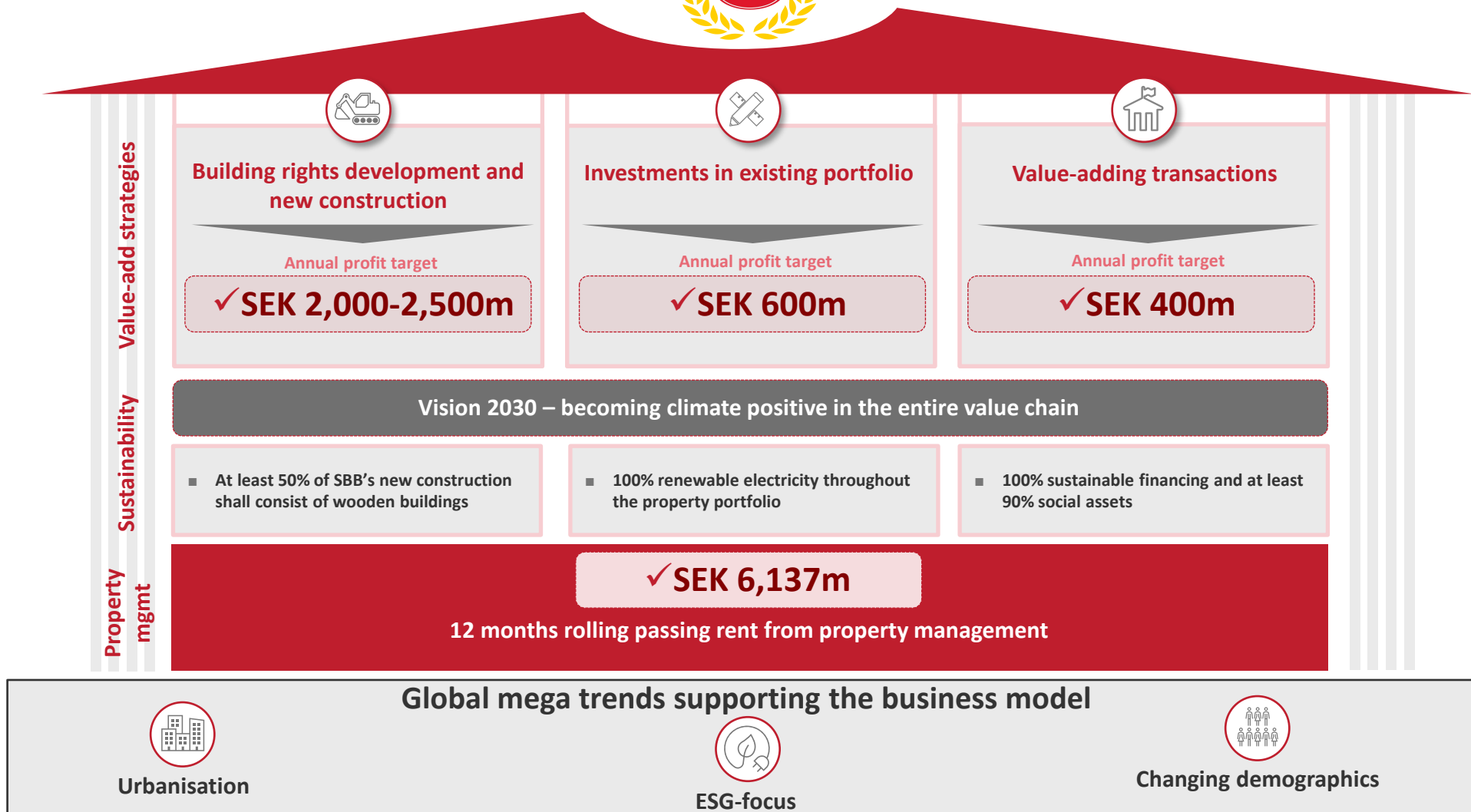
Projection of population by age in the Nordics



Source: Nordics Statistics database

# SBB'S VALUE CREATION AND VISION 2030 – SUSTAINABILITY AT THE CORE OF THE BUSINESS

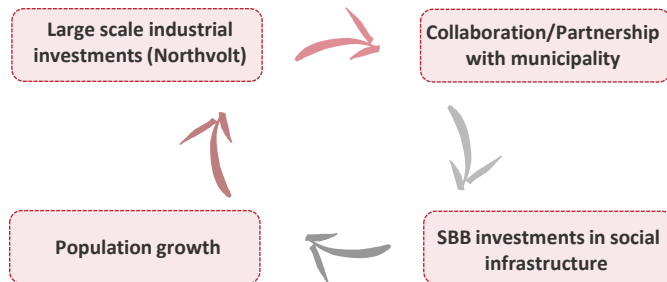
The Social Infrastructure Champion in Europe





## CASE STUDY – GROWING IN SKELLEFTEÅ

### Various investments supporting each other



- **Transaction 1** – Acquisition of newly built cultural center built in wood with a lease maturity of 50 years (100 % CPI linked). Investment **SEK 1.0bn**
- **Transaction 2** – Acquisition of rent regulated residentials and community service properties from the municipality. Investment **SEK 1.3bn**
- **Transaction 3** – Acquisition of rent regulated residentials from other sellers. Investment **SEK 1.0bn**
- **Over time** – investment in at least 1,500 new rent regulated residentials for own management built on own building rights and building rights provided by the municipality. Investment **SEK 3.0bn**



● Skellefteå

### Summary

Municipality	Skellefteå
Population 2021	73,200
Population 2030E	90,000 (+23 %)
Total investment	SEK 6.3bn



**Autumn 2018**  
Agreement for  
Sara (cultural  
center) is signed

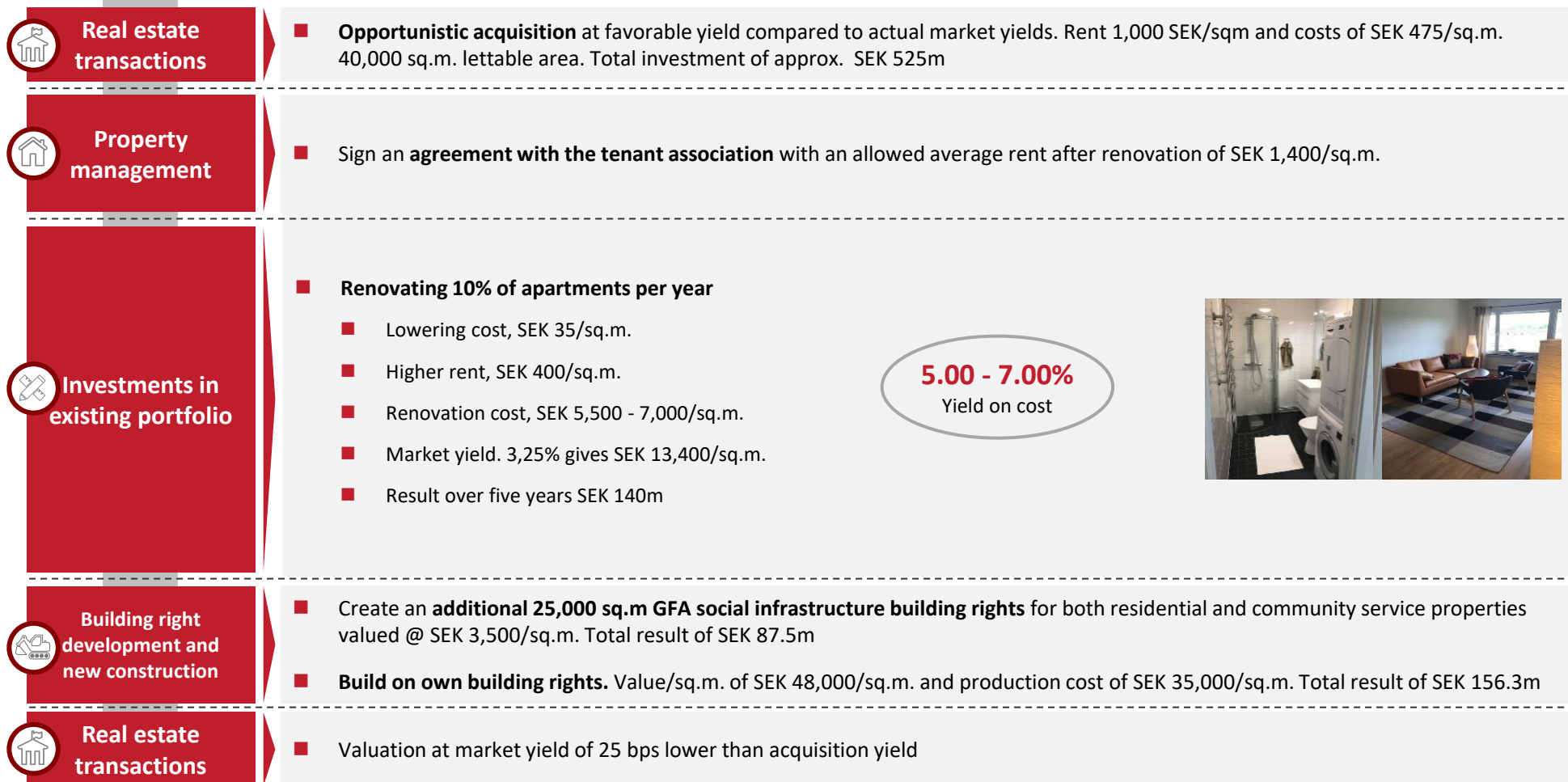
**Autumn 2020**  
Transaction 2  
from the  
municipality

**2020 - 2021**  
Additional  
acquisitions from  
private sellers

**2021 – 2025**  
New construction of an  
additional 1,500  
apartments

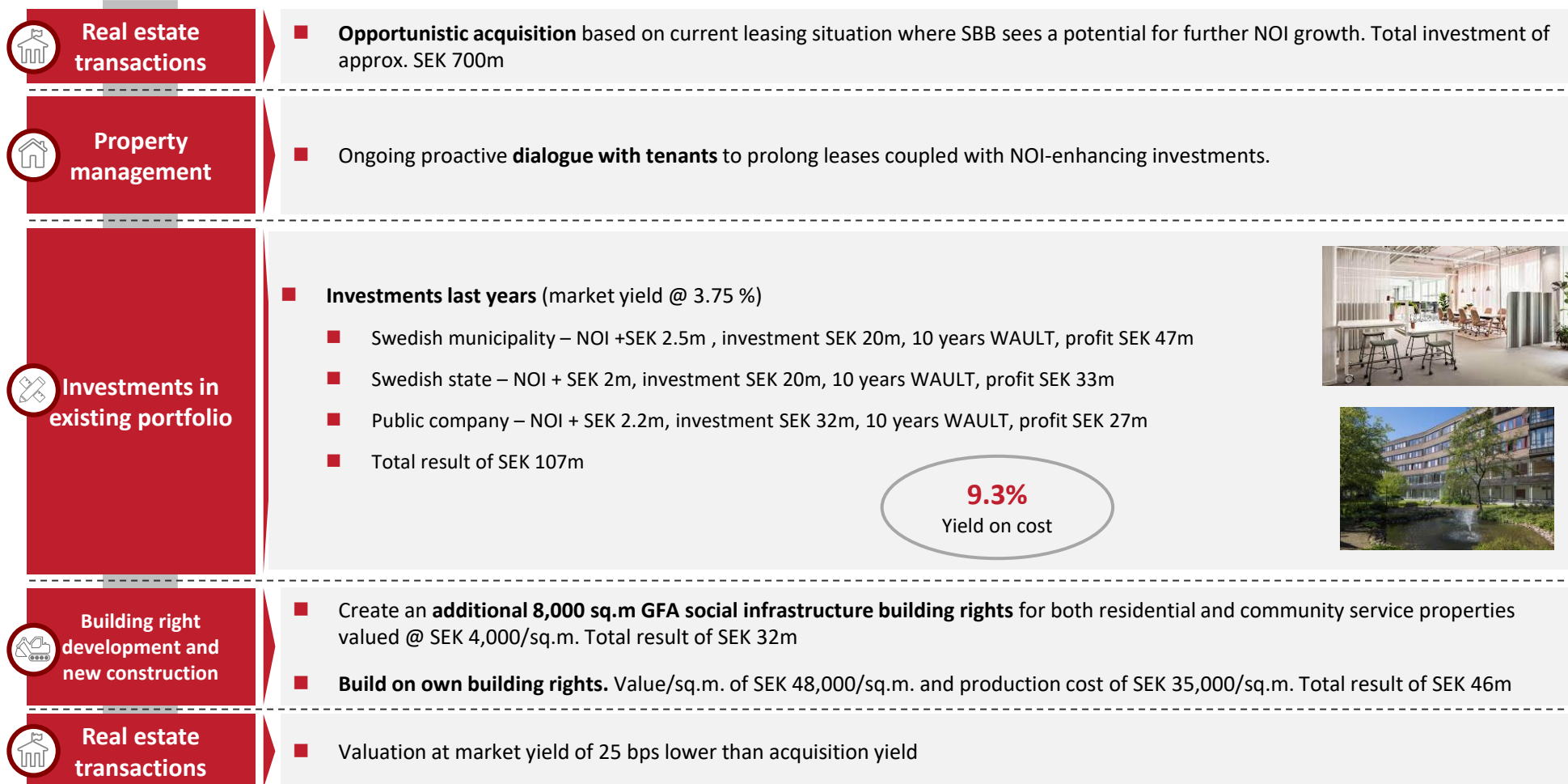


## HOW WE CREATE VALUE IN REALITY, ILLUSTRATIVE EXAMPLE FOR A RESIDENTIAL PROPERTY



**Total value creation of SEK 420m from value-add investments of SEK 780m**

# HOW WE CREATE VALUE IN REALITY, ILLUSTRATIVE EXAMPLE FOR A COMMUNITY SERVICE PROPERTY



**Total value creation of SEK 196m over five years from value-add investments of SEK 282m**

# STRONG MANAGEMENT TEAM AND BOARD OF DIRECTORS

**27 years**

Active and hands-on management team with exceptional experience and track-record  
Management team's average years of experience



**Ilija Batljan**  
CEO and Founder  
**rikshem**  
Nynäshamn Municipality  
Region Stockholm

**21** years in industry



**Lars Thagesson**  
Deputy CEO and COO  
**Hemfosa**  
FASTIGHETER  
**KUNGSLEDEN**

**46** years in industry



**Krister Karlsson**  
Deputy CEO and Head of  
Property Development  
**rikshem**  
**NCC**

**33** years in industry



**Eva-Lotta Stridh**  
CFO  
**rikshem**  
**Akelius**

**21** years in industry



**Oscar Lekander**  
Head of Business  
Development  
**rikshem**  
**SVEFA**

**11** years in industry



**Rosel Ragnarsson**  
Head of Finance  
**DEXIA**  
**Swedbank**  
**Nordea**

**46** years in industry



**Annika Ekström**  
Head of Asset  
Management  
**Hemfosa**  
FASTIGHETER

**26** years in industry



**Viktor Mandel**  
Head of Sveafastigheter  
Bostad  
**Nordanö**  
**BRUNSWICK**

**13** years in industry

Supported by a highly dedicated, reputable and diverse Board of Directors with strong real estate background



**CATELLA**  
**GIMMEL**  
FASTIGHETER  
**GENESTA**

**Lennart Schuss (CoB<sup>1</sup>)**



**FastPartner**  
**COMPACTOR**

**Sven-Olof Johansson**



**BALDER**  
**KLOVERN**  
**ARVID SVENSSON**

**Fredrik Svensson**



**apotea-se**  
**DOBERMAN®**

**Eva Swartz Grimaldi**



**Norwegian Government**

**Anne-Grete Ström-Erichsen**



**STENDÖRREN**  
**AB | SAGAX**

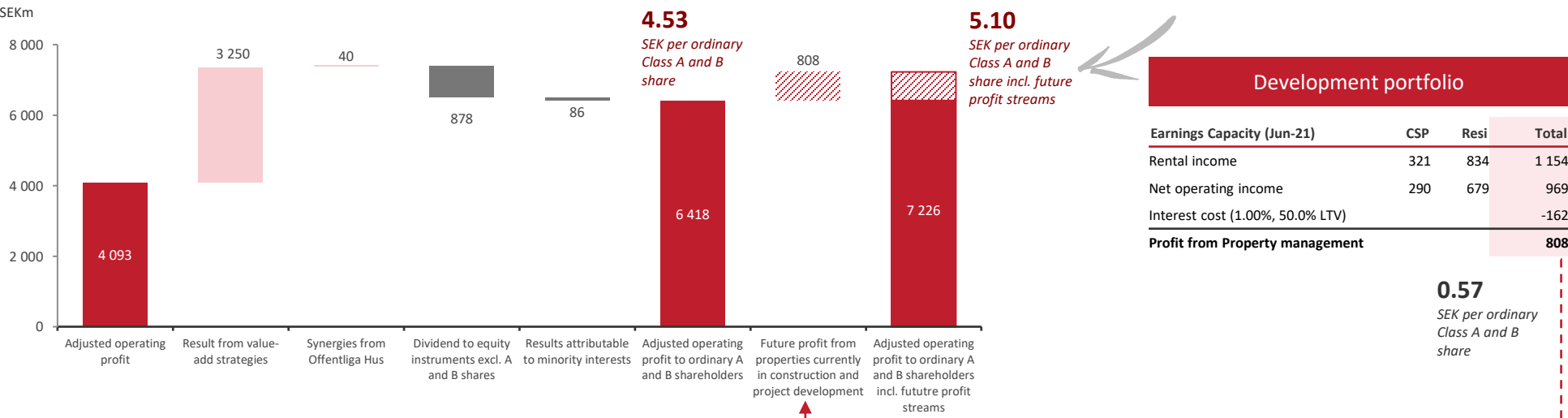
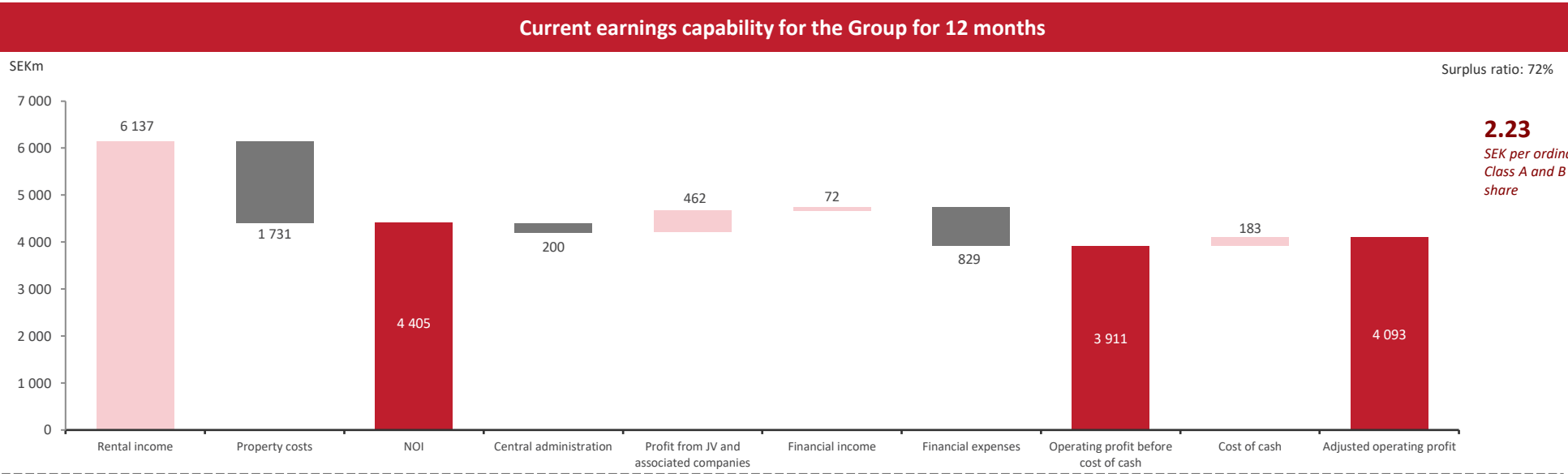
**Hans Runesten**



Notes: <sup>1</sup> Chairman of the Board



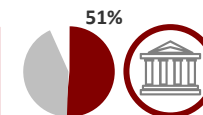
# CONTINUES TO DELIVER AN EVEN STRONGER OPERATING PROFIT – ROLLING 12 MONTHS



# OVERVIEW OF SBB PORTFOLIO: COMMUNITY SERVICE PROPERTIES

**SEK 59.3bn**

Portfolio value



This unique asset class is defined by low risk publicly financed tenants, long leases with low tenant turnover, high demand and attractive lease terms

## Low risk municipality and governmental tenants

Top 10 Tenants	% rental income <sup>1</sup>	Sovereign credit rating
Swedish state	14.8 %	AAA
Norwegian state	4.4 %	AAA
Finnish State	2.6 %	AA+
<hr/>		
<b>Total Top 20</b>	<b>55.4 %</b>	AAA

## Attractive lease terms

- 10-15 years typical lease length for newly signed leases
- No break clauses
- 100% indexed to CPI
- Tenant improvements paid for by the tenants or through a higher rent and/or a higher WAULT



**SEK 59.4bn**  
Portfolio book value

**SEK 3,307m**  
Passing rent

**9.4yr WAULT**  
Effectively perpetual

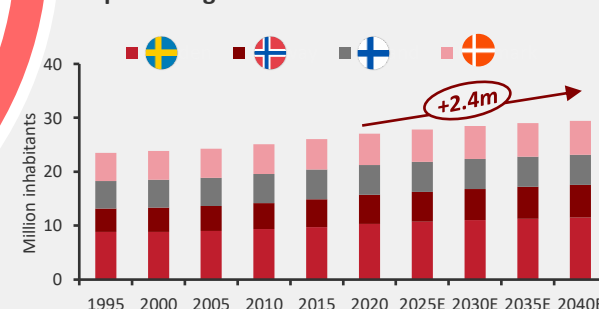
**SEK 23,486**  
Value per sq.m.<sup>2</sup>

**SEK 2,489m**  
Passing NOI

Government funded tenants

## Key portfolio figures

## Population growth across all the Nordic countries



## Attractive demographics creating demand

# OVERVIEW OF SBB PORTFOLIO: PUBLICLY FUNDED RESIDENTIALS

**SEK 22.5bn**  
Portfolio value



This unique asset class is defined by extremely low residual risk, long leases with low tenant turnover, high demand and attractive lease terms

Propensity to prolong at lease end

**99.5%**

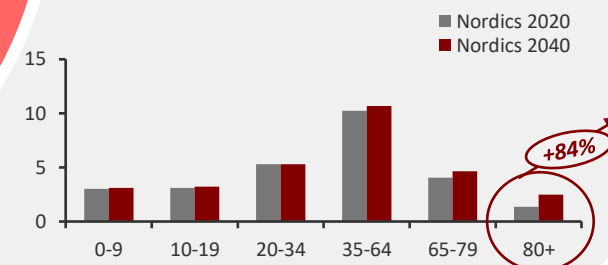
*prolongation ratio for elderly care lease contracts according to Newsec*

Specialised residentials

- 15-25 years typical lease length for newly signed leases
- No break clauses
- 100% indexed to CPI
- Residual use – rent regulated residentials
- Primarily used by elderly people and/or people with special needs



Aging population



Attractive demographics creating demand

Key portfolio figures

**SEK 22.5bn**  
Portfolio book value

**SEK 1,180m**  
Passing rent

**8.4yr WAULT**  
Effectively perpetual

**SEK 26,419**  
Value per sq.m.<sup>1</sup>

**SEK 941m**  
Passing NOI

Government funded tenants



# OVERVIEW OF SBB PORTFOLIO: RENT REGULATED RESIDENTIAL PROPERTIES IN GROWTH MUNICIPALITIES

**SEK 28.0bn**  
Portfolio value



100% focus on rent regulated residentials

## Key portfolio figures

## Rent development

**SEK 28.0bn**  
Portfolio book value

**SEK 1,314m**  
Passing rent

**15,842**  
Number of apartments

**SEK 20,262**  
Value per sq.m.<sup>1</sup>

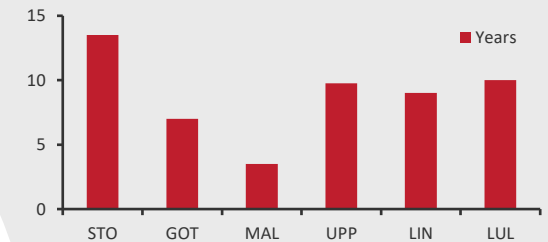
**SEK 782m**  
Passing NOI

**SEK 1,089**  
Average rent per sq.m.

- SBB is the first private real estate company to become a member of Public Housing Sweden (September 2019)
- 100% focus on rent regulated properties
  - Located in attractive municipalities with growing population



AVERAGE WAITING TIME FOR RENTAL

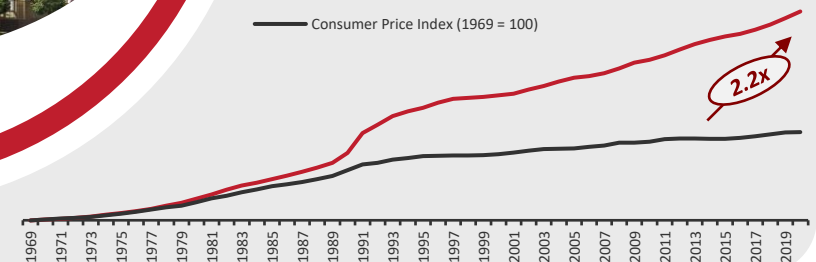


Source: Hyresgästföreningen

- ✓ Since 1969 - rent levels have increased on with inflation +2% per year and since 2020 with inflation +1 %. Since 2009 rent increase has been higher than inflation every year

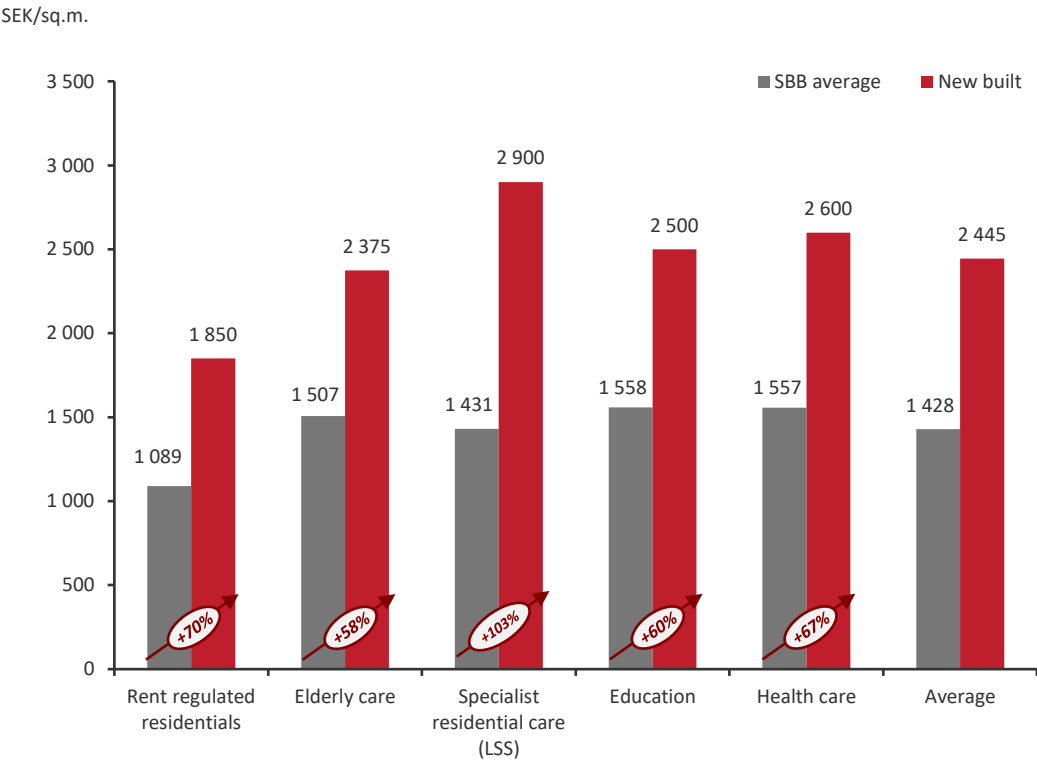
— Annual rent per m<sup>2</sup> in relation to 1969

— Consumer Price Index (1969 = 100)



# VALUE CREATION POTENTIAL IN FUTURE RENT-UPLIFT

## Large upside rent potential across all property sub categories



RENT REGULATED RESIDENTIALS				
Area	Rent levels (SEK/sq.m.)			Market Yield
	New construction	SBB average	Upside	
	Rent regulated residentials	1,850	1,089	761

PUBLICLY FUNDED RESIDENTIALS				
Area	Rent levels (SEK/sq.m.)			Market Yield
	New construction	SBB average	Upside	
	Elderly care	2,350 – 2,400	1,507	893 – 843
Specialist residential care (LSS)	2,900	1,431	1,469	3.75%

COMMUNITY SERVICE PROPERTIES				
Area	Rent levels (SEK/sq.m.)			Market Yield
	New construction	SBB average	Upside	
	Education	2,500	1,558	942
Health care	2,600	1,557	1,043	4.25%

# JOINT VENTURES AND ASSOCIATED COMPANIES

Totalling  
**SEK 0.33**  
per ordinary A  
and B share

## JOINT VENTURES

### Hemvist

SBB holds 50 percent of Hemvist i Mälardalen AB. The remainder is owned by Kåpan Pensioner.

Hemvist owns and manages properties in Stockholm and the Mälardalen region. Hemvist is planning major investments in sustainable new construction and has the ambition of continuing to expand in the Mälardalen region, promoting sustainable societal development.

As of 30 June 2021, Hemvist had a property portfolio of 2,037 apartments, of which 1,116 apartments are under production.

Ownership:  
**50.0%**

Profit from  
property  
management

SEK 67m

Attributable to  
SBB's share-  
holding

SEK 34m

### Public Property Invest AS

SBB holds 50 percent of Public Property Invest AS ("PPI"). The remainder is owned by institutional and private investors in Norway.

PPI owns 31 community service properties in Norway for a total property value of approximately SEK 2.9bn as of 30 June 2021.

Approximately 90 percent of the rental income derives from national and local government tenants, the WAULT is 6.9 years, and the economic occupancy ratio was 98 percent.

Ownership:  
**50.0%**

Profit from  
property  
management

SEK 104m

Attributable to  
SBB's share-  
holding

SEK 52m



## ASSOCIATED COMPANIES



### JM

SBB holds 20.1 percent of JM AB (publ). JM is one of the Nordic region's leading project developers of homes and residential areas.

The company has approximately 37,300 available building rights and approximately 7,500 homes currently under production.

Ownership:  
**20.1%**

Profit from  
property  
management

SEK  
1,764m

Attributable to  
SBB's share-  
holding

SEK 356m

### PUBLICUS

### Publicus

*Publicly funded income*

SBB holds 31.1 percent of One Publicus Fastighets AB. Publicus owns and manages high-quality healthcare, nursing and educational properties.

The company owns three investment properties in which the City of Solna, the City of Malmö and the Municipality of Öst combined account for approximately 81 percent of the rental income.

Ownership:  
**31.1%**

Profit from  
property  
management

SEK 19m

Attributable to  
SBB's share-  
holding

SEK 6m

### Origa Care

**ORIGA CARE AB (publ)**

SBB holds 34.7 percent of Origa Care AB (publ). Origa Care owns 13 care properties in growth regions, primarily in southern Finland.

The properties are fully let with an average lease duration of 8.4 years. Rental income derives mainly from tax-financed operations.

Ownership:  
**34.7%**

Profit from  
property  
management

SEK 23m

Attributable to  
SBB's share-  
holding

SEK 8m





II.

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Our business model – How  
we create shareholder value







Our business model –  
How we create  
shareholder value

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## Income from Property Management



**Annika Ekström**  
*Head of Asset  
Management*



**Henrik Melder**  
*Head of Norway*



# PROPERTY MANAGEMENT AS THE FOUNDATION OF SBB'S LEADING BUSINESS MODEL WITH A BEST-IN-CLASS ASSET MANAGEMENT TEAM

## Experienced asset management team

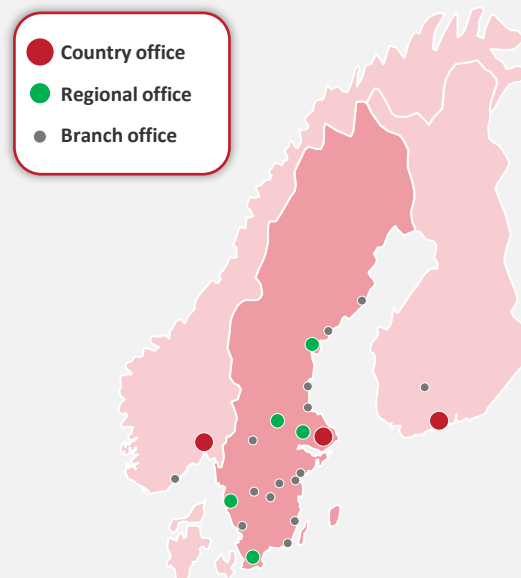
- ✓ Local market presence in all of SBB's investment markets
- ✓ In-house asset management and property management
- ✓ Extensive network and in-depth market knowledge to identify new acquisition and leasing opportunities
- ✓ Deep understanding of tenants' needs and requirements through proactive dialogues

 <b>Alexander Hedin</b> <i>Regional Manager Stockholm</i> <i>Community Service Properties</i> 11 years experience	 <b>Jessica Thornander</b> <i>Regional Manager West</i> <i>Community Service Properties</i> 27 years experience	 <b>Maria Liderås</b> <i>Regional Manager East</i> <i>Community Service Properties</i> 18 years experience	 <b>Christer Melander</b> <i>Regional Manager North</i> <i>Community Service Properties</i> 25 years experience
 <b>Henrik Melder</b> <i>Head of Norway</i> 23 years experience	 <b>Arto Nummela</b> <i>Head of Finland</i> 32 years experience	 <b>Ola Svensson</b> <i>Regional Manager South and Head of Den.</i> 21 years experience	 <b>Per Sundequist</b> <i>Regional Manager Residential Middle Sweden</i> 24 years experience
 <b>Anna-Carin Skoglund</b> <i>Regional Manager North Residential</i> 30 years experience			

**25 years**

Asset management team's average years of experience

## Local market presence



## High exposure to AAA-rated governments tenants with attractive long-term leases and terms

### Sovereign credit rating



### Best-in-class lease terms

**10–15 years** typical lease length  
for newly signed leases

Propensity to prolong at lease end;  
Education: **97%**, Elderly care: **99.5%**

## Improved surplus ratio achieved

**68%** surplus ratio as per Q2 2021.  
Up from 64.5% in Q4 2017 (rolling 12m)

Property Management as the foundation of our business model, **providing passing rent of SEK 6.1bn** of which 98% comes from AAA-rated governments and rent regulated residentials

# UNIQUE LOW RISK ASSET CLASS WITH LONG DURATIONS AND HIGH-PROPENSITY-TO-PROLONG TENANTS

## Structured process together with tenants

- ✓ Ongoing dialogue with community service tenants on a quarterly basis
- ✓ Discussions to prolong leases normally start 3-5 years before lease-end
- ✓ Ambition is to sign new prolonged lease contracts leading to higher NOI and increased lease maturity 2-3 years before lease end



- ✓ **23 year** lease – Haninge municipality (Stockholm region)
- ✓ Total investment of SEK 288m
- ✓ Completion **2021**

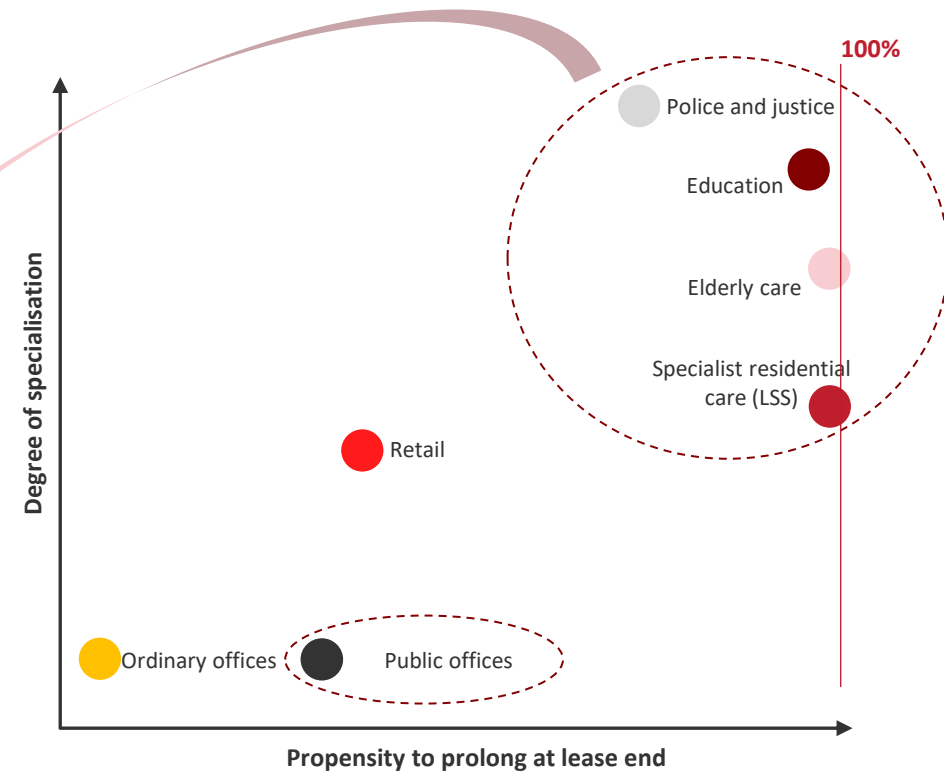


- ✓ **10 year** lease – Finnish state
- ✓ Total investment of SEK 306m
- ✓ Completion **2022**



- ✓ **20 year** lease – Swedish state
- ✓ Total investment of SEK 114m
- ✓ Completion **2021**

## Tenant turnover in community service properties<sup>1</sup>



- ✓ **Propensity to prolong at lease end;**  
Education: 97%, Elderly care: 99.5%<sup>1</sup>



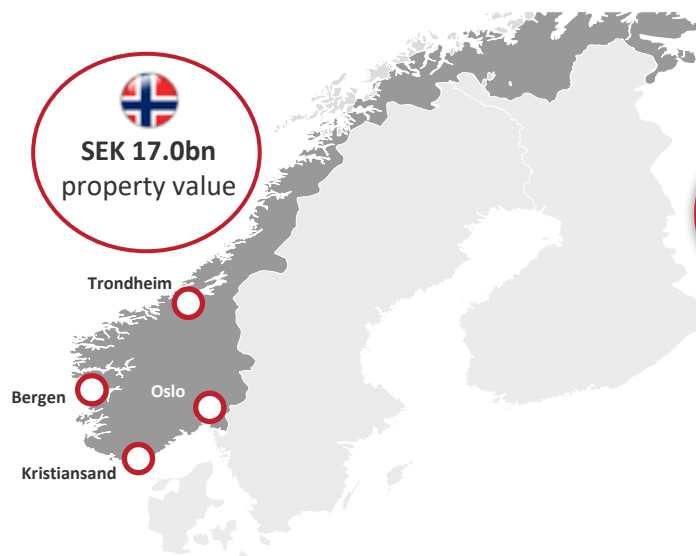


Our business model –  
How we create  
shareholder value

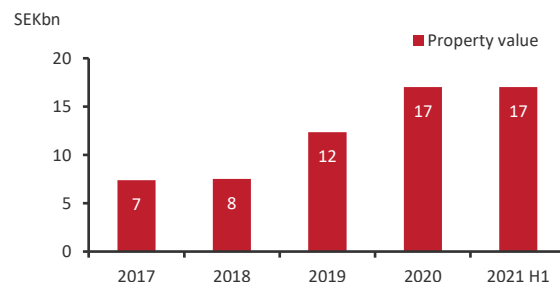
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**SBB Norway – A company  
within the company**

# LOCAL EXPERIENCED TEAM



DEVELOPMENT OF THE NORWEGIAN PROPERTY PORTFOLIO



**Henrik Melder**  
*Head of Norway*  
Industry experience  
23 years



**André Gaden**  
*Asset Management  
Director*

## Local management team



**Ylva Gøransson**  
*Financial Director*



**Cathrine N. Hansli**  
*Investment Manager*



**Henrik Larsen**  
*Development Manager*



**Stig A. Nilsson**  
*Project Director*



**Elise Bratt Aanensen**  
*Regional Manager  
Oslo/Viken*

## Local regional managers



**Kjetil Børulfsen**  
*Regional Manager  
Southern Norway*



**Bent Roar Myrvang Ekse**  
*Regional Manager  
Eastern Norway*



**Lars-Kjetil Holdhus**  
*Regional Manager  
Western Norway*

**Jørgen Selmer**  
*Operations Manager*

**Lars Lunde**  
*Technical Manager*

**Jan-Erik Nordhagen**  
*Operations Manager*

**Jørgen Dammen**  
*Technical Manager*

**Hans Petter Hermansen**  
*Operations Manager*

**Berit Ailin Nilsen**  
*Operations Manager*

**Jøran Melby**  
*Caretaker*

**Pål Meland**  
*Operations Manager*



## A SCALABLE MODEL FOR GROWTH INTO NEW MARKETS





## PROPERTY MANAGEMENT IN SUMMARY

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**Best in-class property management team**



**Proactive and systematic strategy for property management**



**Scalable model**



Our business model –  
How we create  
shareholder value

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**Value-add: Income from  
property development**





# SBB'S VALUE-ADD STRATEGIES

## BUILDING RIGHTS DEVELOPMENT AND NEW CONSTRUCTION



**Krister Karlsson**  
*Deputy CEO and Head of  
Property Development*  
Industry experience  
37 years



**Jenny Asmundsson**  
*Head of Public  
Procurements*  
Industry experience  
27 years



**Erik Hävermark**  
*Head of Construction*  
Industry experience  
19 years

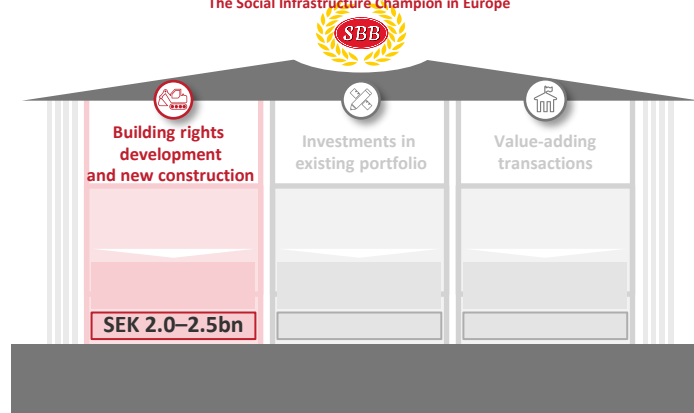


**Mats Silow**  
*Head of Property  
Development*  
Industry experience  
14 years



**Victor Mandel**  
*Head of  
Sveafastigheter*  
Industry experience  
17 years

The Social Infrastructure Champion in Europe



**Sveafastigheter**

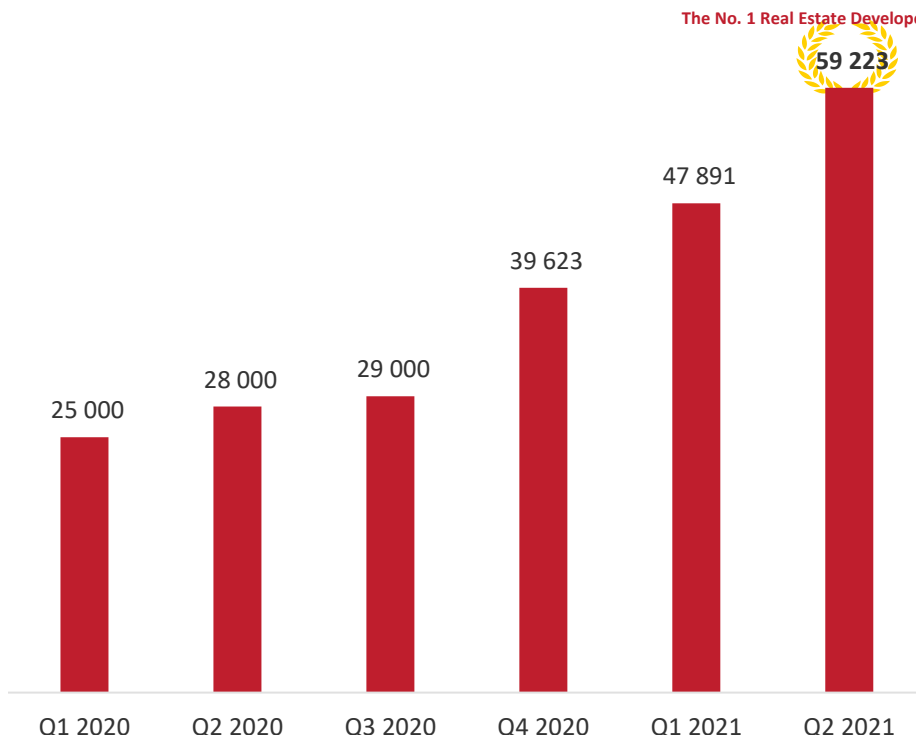
- ✓ No. 1 European property developer with ~59,200 apartments in project portfolio
- ✓ Highly skilled and experienced team creates the opportunity to build for own management
- ✓ Building rights portfolio's estimated value potential of SEK 29.4bn vs. book value of SEK 3.8bn

# NO. 1 PROPERTY DEVELOPER IN EUROPE

## No. 1 property developer

*Top property developer by project portfolio  
(no. of apartments, c. 70 sq.m. per apartment)*

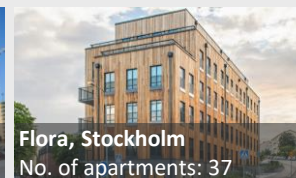
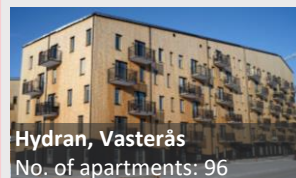
The No. 1 Real Estate Developer in Europe



## Utilising building rights to create value throughout the value chain

- ✓ Previous target 2021: **SEK 1,000 – 1,400m**  
Outcome H1: **SEK 1,452m**
- ✓ Building rights volume: **2.9m sq.m.**
- ✓ No. apt. under project development: **12,945**  
No. apt. under construction: **2,770**  
Community service properties under construction: **107,000 sq.m.**
- ✓ Estimated remaining profit from project portfolio: **SEK 37bn**, of which;
  - **SEK 27.9bn** from building rights portfolio and JV-collaborations
  - **SEK 9.1bn** from project development portfolio

## Selected development projects

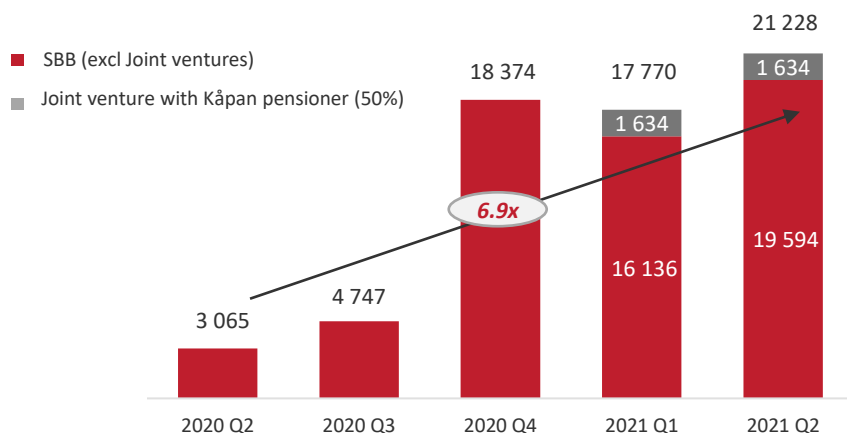


**No. 1 developer with 2,770 apartments under construction. Estimated recurring earnings effect per year: SEK 2,000–2,500m**

# HEAVILY INCREASED FOCUS ON ORGANIC GROWTH THROUGH NEW CONSTRUCTION ON OWN BUILDING RIGHTS

## Total estimated investment in ongoing project portfolio for own management

Project portfolio (SEKm)



## Disclosure on developments for own management

Earnings Capacity (Jun-21)	CSP	Resi	Total
Rental income	321	1,021	1,341
Net operating income	290	758	1,048
Interest @1.00%, 50.0% LTV			-175
<b>Profit from Property management</b>			<b>873</b>
Yield on cost			4.90%
Market yield			3.00%
Profit			13,706
12 months rolling ROE			23.2 %

SEK 4,584m already on balance sheet





# HOW DO WE DO IT? PROPERTY DEVELOPMENT IN THE STOCKHOLM REGION

## ACQUISITION PHASE



- ✓ Acquisition 2016 as a cash-flow property.
- ✓ Important feature for SBB – low utilization of land and short distance to commuter train station
- ✓ Purchase price: **SEK 135m**

## ZONING PHASE



### New building rights developed:

Type	# sq.m.	SEK /sq.m.	Value mSEK
Elderly care	7,000	8,000	56
Residentials	17,000	6,000	102
Additional floors	6,000	4,000	24
Semi detached houses	5,000	4,000	20
<b>Total</b>	<b>35,000</b>	<b>5,800</b>	<b>202</b>

- ✓ Additional NOI-enhancing investment. Renovating 144 apartments and creation of additional apartments. **Profit = SEK 50m**

## CONSTRUCTION PHASE



- ✓ 2021: Construction commences for own management. 35,000 sq.m. with estimated profit of 10,000 SEK/sq.m.

Profit = **SEK 350m**

- ✓ Profit creation = **SEK 602m** based on an original purchase price of **SEK 135m**

# HOW DO WE DO IT? PROPERTY DEVELOPMENT IN THE COPENHAGEN/MALMÖ REGION

## ACQUISITION PHASE



- ✓ Acquisition 2016 as part of major portfolio where this nearly vacant property was acquired relative inexpensively.
- ✓ Important feature for SBB – low utilization of land and short distance to commuter train station
- ✓ Purchase price: **SEK 16m**



## ZONING PHASE



### New building rights developed:

- ✓ **Residentials**  
 $40,000 \text{ sq. m.} \times \text{SEK } 6,000/\text{sq. m.} = \text{SEK } 240\text{m}$
- ✓ A new city district is created close to the commuter train station where over 1,000 people will live when fully developed

## CONSTRUCTION PHASE



- ✓ 2023: Construction commences for own management. 40,000 sq.m. with estimated profit of SEK 8,000/sq.m.

Profit = **SEK 320m**

- ✓ Profit creation = **SEK 560m** based on an original purchase price of **SEK 16m**

## YET ANOTHER EXAMPLE: BUILDING RIGHT DEVELOPMENT AND NEW CONSTRUCTION IN REGIONAL GROWTH CITY



- ✓ Developed: **10,000 sq.m.**
- ✓ Value: **SEK 3,000/sq.m.**
- ✓ Additional profit: **SEK 8,000/sq.m. from building new rent regulated residentials**

Total profit = **SEK 110m**





## NEW CONSTRUCTION – IN CHARGE OF THE ENTIRE VALUE CHAIN



**+59,000  
apartments project  
development  
portfolio**



Owned concept building factory



Assembling in factory

### Key features

- ✓ Largest development portfolio in Europe
- ✓ Ownership in industrial off-site production facilities
- ✓ In-house developed concept buildings in wood
- ✓ Best-in-class project development team

Concept building L1



Concept building L2



**+2,770  
apartments in  
on-going  
construction**



Concept building T1



Assembling on site in Stockholm

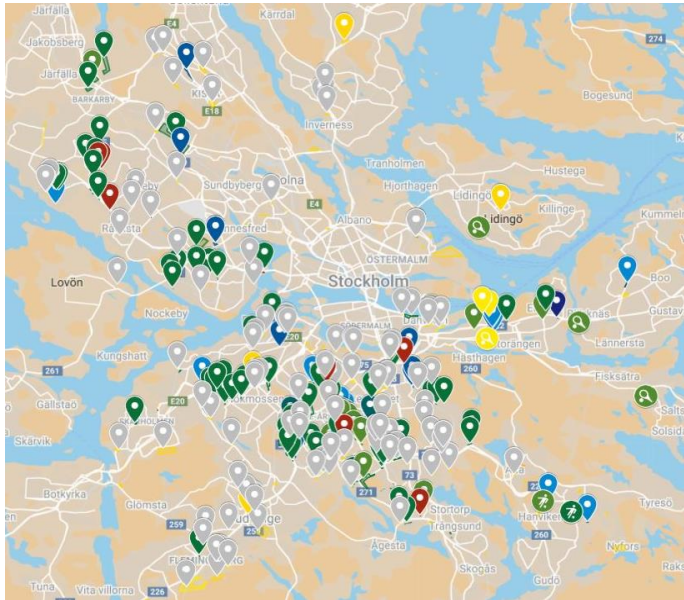
**50%  
less production  
time compared  
to on-site  
construction**



Assembling on site in Stockholm

# MUNICIPAL LAND ALLOCATIONS

## A data driven process



- ✓ SBB's fully-owned subsidiary Sveafastigheter is the most successful non-municipality owned developer in terms of land allocations for rent regulated residentials in Stockholm 2018, 2019 and 2020
- ✓ The building rights in Sveafastigheter's portfolio are primarily bought or received from municipalities
- ✓ Proactive and data driven approach. Currently 1,200 active applications

## Pioneering efforts for sustainability with a long-term approach



Architecture

Social sustainability

Environmental sustainability

Economic sustainability





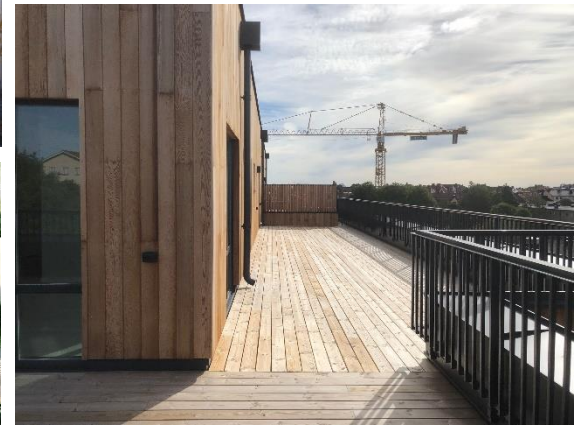
# AWARD-WINNING ARCHITECTURE

## Highly innovative urban planning and architecture

Sveafastigheter actively co-operates with municipalities to find potential opportunities to improve the urban environment



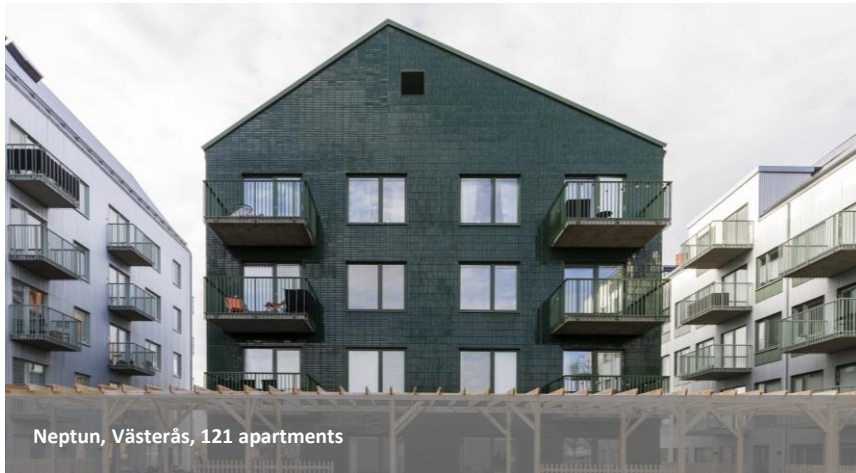
- Sveafastigheter aims to be a prioritised municipal partner for innovative urban planning and architecture
- The architecture is characterised by a focus on sustainable innovations, with carefully chosen materials and design. Through its full-scale offering, Sveafastigheter often develops a mix of different housing types in the same area to create vibrant neighbourhoods
- Combined with efficient production and a high level of cost-control, the sustainability ambitions and innovative architecture serve as an important competitive advantage that have resulted in several attractive land allocations
- Sveafastigheter's project Discus in Nacka won the World Architecture News Awards, category Future Projects: Residential. Discus has also been awarded the Architecture Master Prize, an international award celebrating the best within design and innovation



# CASE STUDIES: NEPTUN AND HAGSÄTRA HUBB

Leading developer of socially and environmentally sustainable housing

## Award-winning project with cutting-edge technology



Neptun, Västerås, 121 apartments

- In 2018, Sveafastigheter completed the pioneering project Neptun in Västerås, which combines world-leading technology, such as the 3Eflow system, with renewable energy sources (over 1,200 sq.m. of high-performance solar panels) to create a building that produces more energy than it consumes
- The project was nominated for the highly prestigious award, *Årets Bygge*, and won the sustainability award *Årets Hållbarhetspris*
- The building has the highest level of environmental certification according to the Swedish SGBC system (Sw: Miljöbyggnad Guld)
- From planning to completion, Sveafastigheter collaborated closely with Mälarens Högskola and the city of Västerås

## Social sustainability in Hagsätra



Hagsätra Hubb, Stockholm, 129 apartments

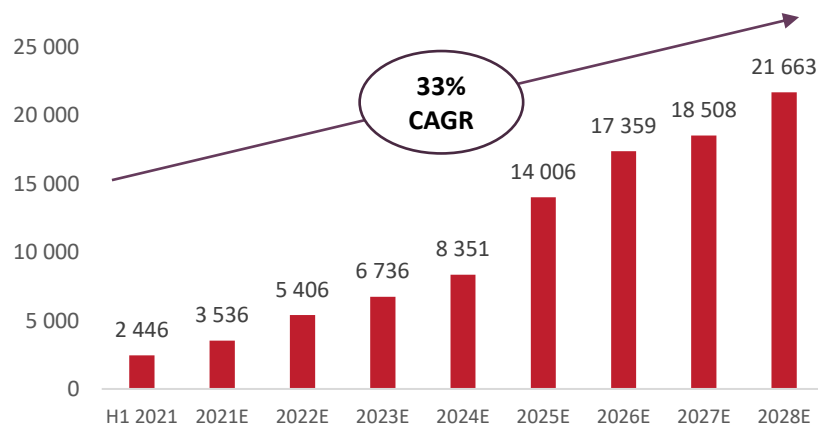
- In the landmark project Hagsätra Hubb, Sveafastigheter plans to develop 129 rent regulated residences next to the subway station in Hagsätra
- The design of the building and its courtyard encourages activity and offers places for people to meet. Co-housing is mixed with other forms of housing to create a sense of community and increase the security in the area
- The project includes playgrounds for children, spaces for homework and common areas, including a mini cinema
- To guide the design of the project, Sveafastigheter carried out a social value creation analysis in collaboration with Tyréns and the city of Stockholm to identify the needs and expectations of residents and the local community

# A JOINT VENTURE BETWEEN SBB AND KÅPAN PENSIONER

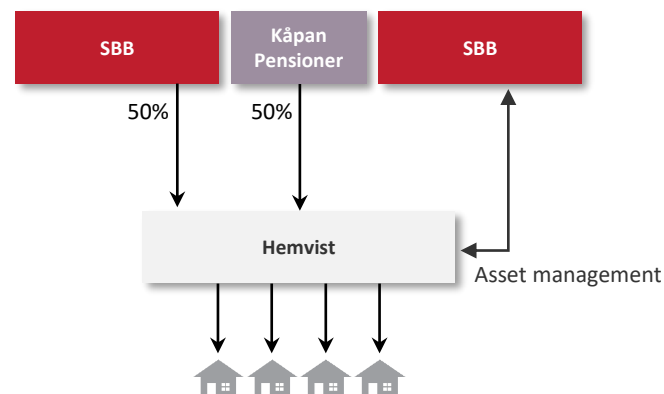
## A growth company in Stockholm/Mälardalen

- Hemvist is a residential real estate company that owns new-built rent regulated residentials in the Stockholm/Mälardalen region
- The strategy is to develop new rent regulated residentials with a focus on long-term ownership, social and environmental sustainability
- Hemvist is a joint venture (50/50) between SBB and Kåpan Pensioner
- The current pipeline of contracted projects comprise SEK 19.2bn in value growth

Hemvist - Estimated value growth



## Structure and key facts



## Q2 2021

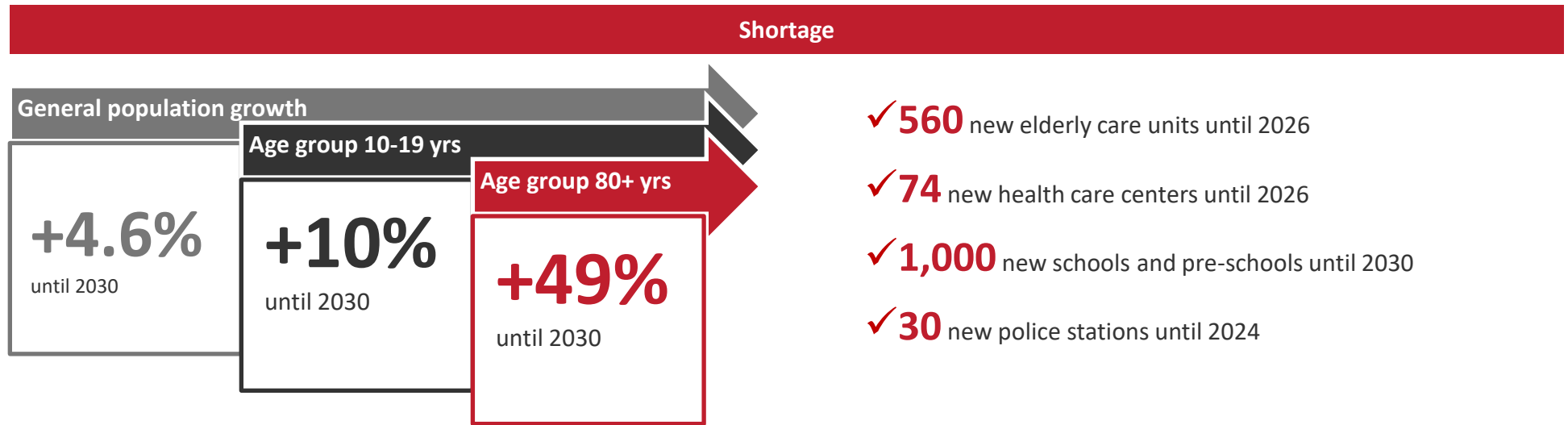
### Current portfolio

Apartments (no)	992
Lettable area (sq.m.)	59,491
Book value (SEKm)	2,446

### Ongoing projects

Apartments (no)	1,541
Lettable area (sq.m.)	88,895
Estimated value (SEKm)	4,368

# DEMOGRAPHIC NEEDS AND SUPPLY SHORTAGE OF SOCIAL INFRASTRUCTURE PROPERTIES IN SWEDEN



## Public procurement in Sweden

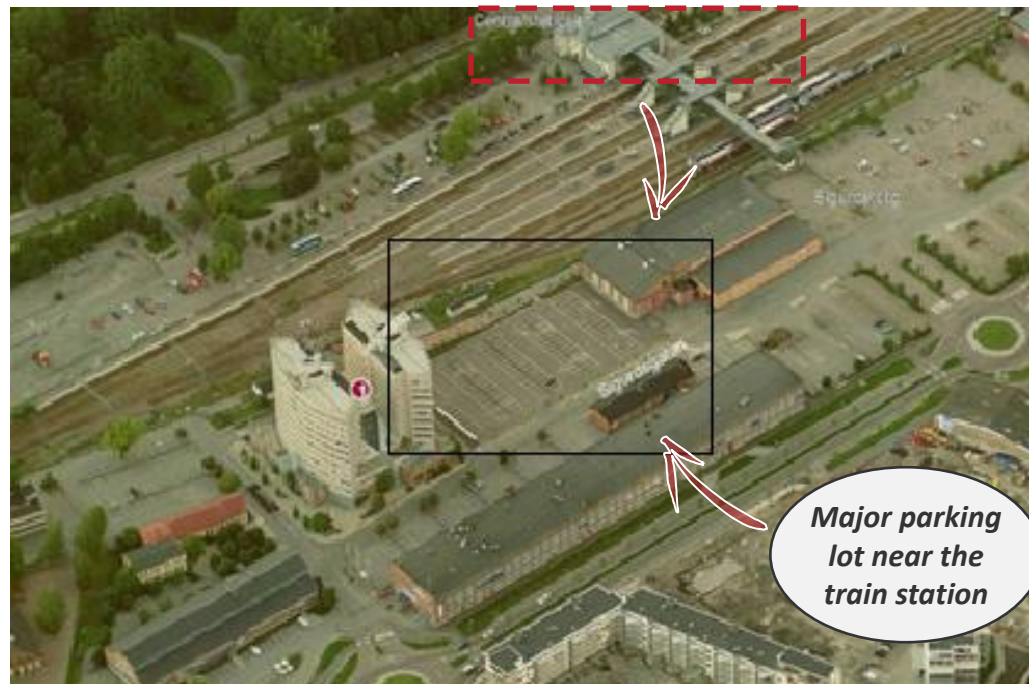
- ✓ **18,000** new public procurements per year
- ✓ **13%** canceled before signed agreements
- ✓ **7%** appealed
- ✓ **20%** only 1 tender
- ✓ **60%** 1-3 tenders





# PUBLIC PROCUREMENT CASE STUDY – MUNICIPALITY PROPERTY IN VÄSTERÅS, STOCKHOLM REGION

Overview before project initiated



**Jan 2017**  
Public  
procurement  
published

**Nov 2017**  
SBB won the public  
procurement

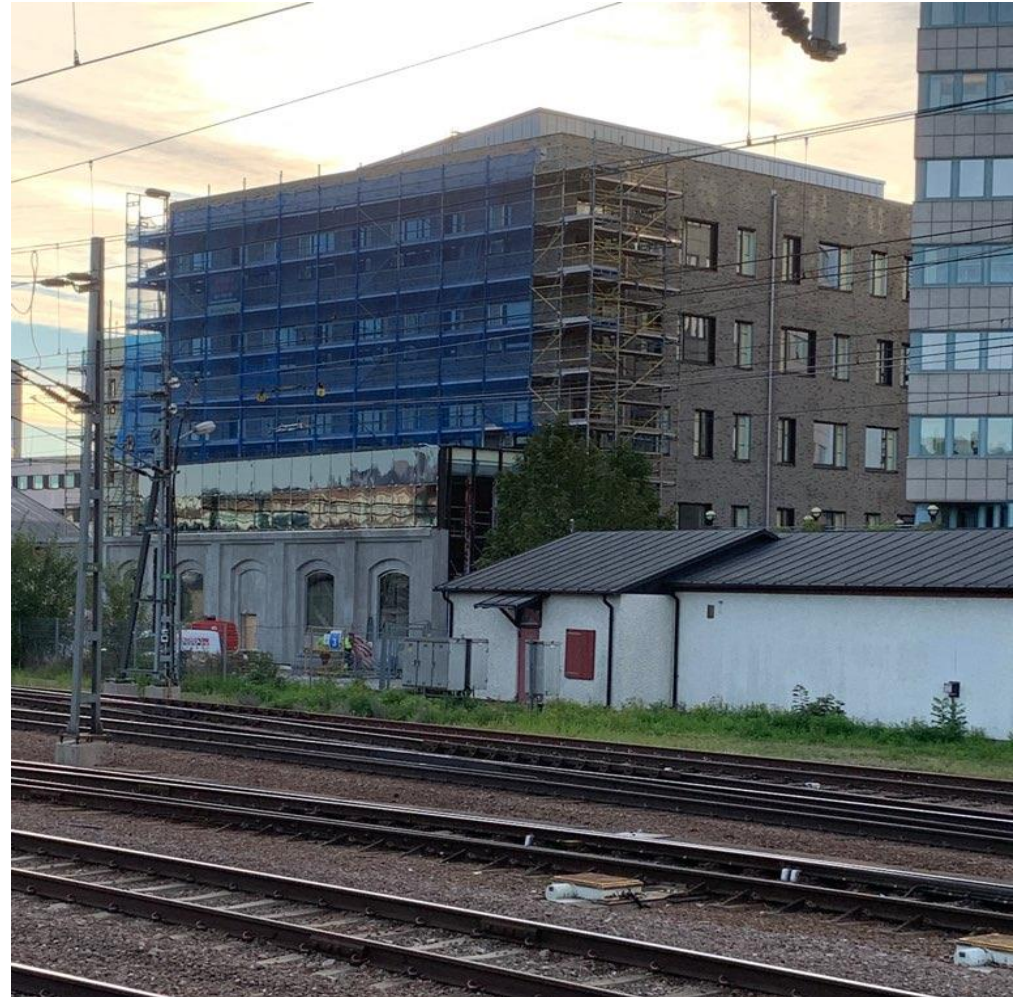
**Nov 2018**  
15 years lease contract  
signed

**Dec 2019**  
Start of construction  
works



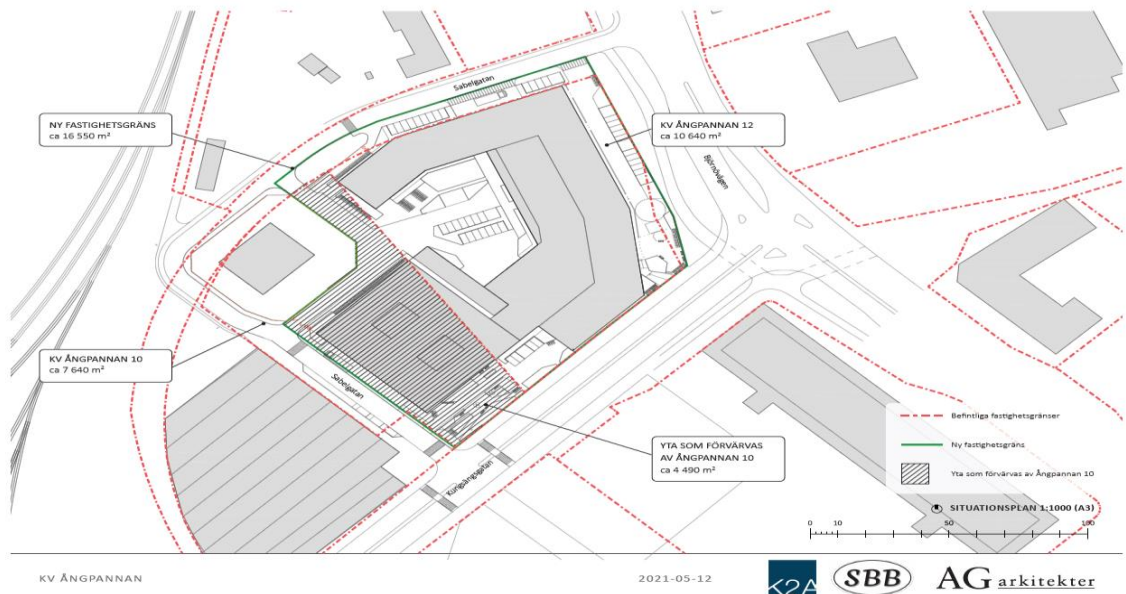
## PUBLIC PROCUREMENT CASE STUDY – MUNICIPALITY PROPERTY IN VÄSTERÅS, STOCKHOLM REGION CONTD.

Development until today – on-going construction





# CASE STUDY – NEW POLICE STATION IN VÄSTERÅS, STOCKHOLM REGION



## Key facts

Municipality	Västerås
Tenant	Swedish state
Lettable area	20,000 sq.m.
Investment	SEK 675m
WAULT	15 years





## SBB LONG TERM PARTNER TO A MUNICIPALITY IN THE STOCKHOLM REGION (HANINGE MUNICIPALITY)



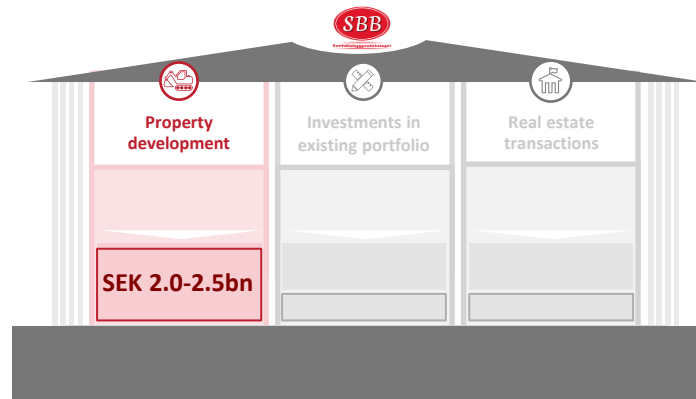
- ✓ Long term collaboration with Haninge Municipality
- ✓ Owner of more than 100,000 sq.m. lettable area with the municipality as the main tenant
- ✓ Long-term partnership has led to:
  - Development of new school and elderly care unit with municipal tenant, total investment of SEK 400m
  - Development of building rights for 3,000 apartments whereof 800 are in on-going construction



Illustrations of new school and elderly care unit



## PROPERTY DEVELOPMENT IN SUMMARY



**We have all the essential components; team, land bank, ownership in construction company, best-in-class management, balance sheet with BBB+ metrics**



**Strong demand. 4m new inhabitants in the Nordics until 2050**



***SBB's land bank + best-in-class team + strong demand = a constantly growing and recurring flow of profits from property development***





Our business model –  
How we create  
shareholder value

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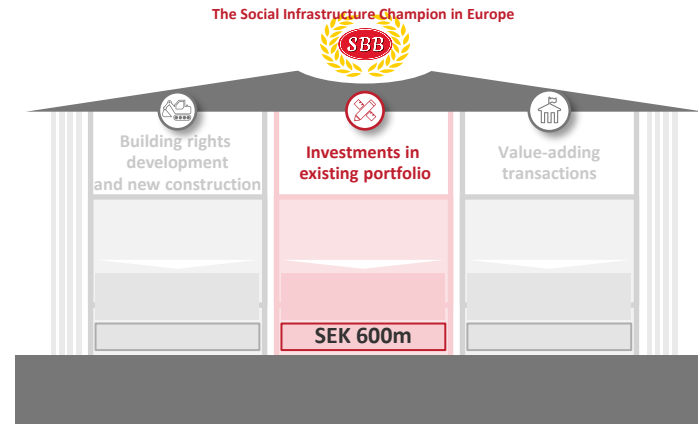
**Value-add: Income from  
investments in existing  
portfolio**





# SBB'S VALUE-ADD STRATEGIES

## INVESTMENTS IN EXISTING PORTFOLIO



**Peter Olausson**  
*Chief Technical Officer*  
Industry experience  
20 years

**Karl-Anders Persson**

*Project manager*

**Erik Navarette**

*Project manager*

**Ulf Mikaelsson**

*Project manager*

**Niclas Franzén**

*Project manager*

**Peter Landwehr**

*Project manager*

- ✓ Value-add renovations across community service and residential properties
- ✓ Target of 600 renovated residential apartments p.a. (375 renovated during H1 2021)
- ✓ Highly experienced team with strong relationships with tenants to understand needs and requirements

# UNIQUE RESIDENTIAL RENOVATION BUSINESS MODEL IN SWEDEN

## ILLUSTRATIVE EXAMPLE OF INCREASE IN RENT THROUGH RESIDENTIAL RENOVATION

### Rent formula

$$\text{Annual rent} = \frac{\frac{\text{Normative rent} * (\text{Area} + \text{Apartment points}) * 77}{121}}$$

### Normative Rent

- Rental level for a hypothetical apartment of 77 sq.m. and with 3 rooms

### Apartment Points

- Based on a table (please see below), dependent on the number of rooms in the apartment
  - e.g. an apartment with 2 rooms and a kitchen is equal to 40 points, whilst one with 3 rooms would be equal to 44 points

Apartment type	Apartment points
1 room and kitchen cabinet	24
1 room and kitchenette	27
1 room and kitchen	34
1.5 room and kitchen	37
2 rooms and kitchenette	34
<b>2 rooms and kitchen</b>	<b>40</b>
2.5 rooms and kitchen	42
<b>3 rooms and kitchen</b>	<b>44</b>

Before	After renovation	After renovation but with additional room created
2 rooms and kitchen - 62 sq.m.	2 rooms and kitchen - 62 sq.m.	<b>3 rooms and kitchen</b> - 62 sq.m.
Normative rent = <b>850 SEK/sq.m.</b>	Normative rent = <b>1,250 SEK/sq.m.</b>	Normative rent = <b>1,250 SEK/sq.m.</b>
Apartment points = <b>40</b>	Apartment points = <b>40</b>	Apartment points = <b>44</b>
$\begin{aligned} \text{Annual rent} &= \frac{850 * (62 + 40) * 77}{121} \\ &= \text{SEK } 55,173 \end{aligned}$	$\begin{aligned} \text{Annual rent} &= \frac{1,250 * (62 + 40) * 77}{121} \\ &= \text{SEK } 81,136 \end{aligned}$	$\begin{aligned} \text{Annual rent} &= \frac{1,250 * (62 + 44) * 77}{121} \\ &= \text{SEK } 84,318 \end{aligned}$
Monthly rent = <b>SEK 4,598</b>	Monthly rent = <b>SEK 6,761</b>	Monthly rent = <b>SEK 7,027</b>

# ILLUSTRATIVE RENOVATION AND CREATION OF AN ADDITIONAL ROOM



## Renovation from Ground Up

- The apartment is renovated from the ground up – all vertical piping is replaced along with new electrical wiring, residual-current device and distribution board
- All surfaces such as floor and tiles are replaced and walls/ceilings are painted

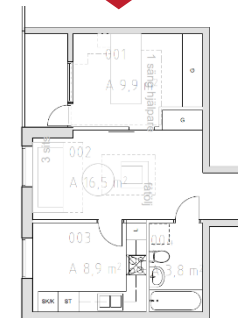
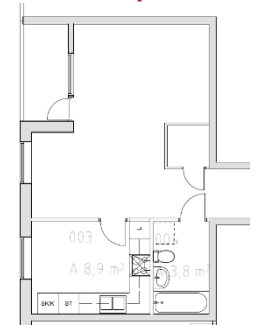
## Kitchen

- New, modern kitchen with stainless steel appliances, durable counters in composite / granite, integrated microwave and optional dishwasher

## Bathroom

- New, tiled bathroom with shower enclosure, floor heating and optional washing machine and tumble dryer

**1 room and kitchen over 41 sq.m. with existing floor plan**



**2 rooms and kitchen over 41 sq.m. with new floor plan**



# UNIQUE RENT SETTING MODEL UPON RENOVATION ALLOWS FOR SIGNIFICANT UPSIDE



## Key considerations

- ✓ Since 1997, average rent increase has been between 1-3% p.a., approximately 1% above inflation
- ✓ **Renovated apartments are deemed to have a higher utility value:** opportunity to negotiate a significantly higher normative rent
- ✓ Renovations typically take place apartment by apartment when the tenants are moving out
- ✓ After a renovation that costs SEK 5,500-7,000/sq.m., **rents normally can be increased by c. SEK 300-400 / sq.m.**
- ✓ In addition **costs per apartment can be cut by c.10-15%** due to lower operating and maintenance costs

## Rent and yields levels across new / non-renovated / renovated apt.

Area	Rent levels (SEK/sq.m.)			Yield	
	New production	Non-renovated	Post-renovation	Low	High
Stockholm prime	2,100 – 2,500	975 – 1,325	1,425 – 1,675	1.25%	2.00%
Gothenburg prime	1,700 – 2,300	1,000 – 1,300	1,200 – 1,600	1.50%	2.50%
Malmö prime	1,600 – 2,000	900 – 1,200	1,400 – 1,700	2.00%	3.25%

Value potential of renovations: SEK 8.9bn<sup>1</sup>

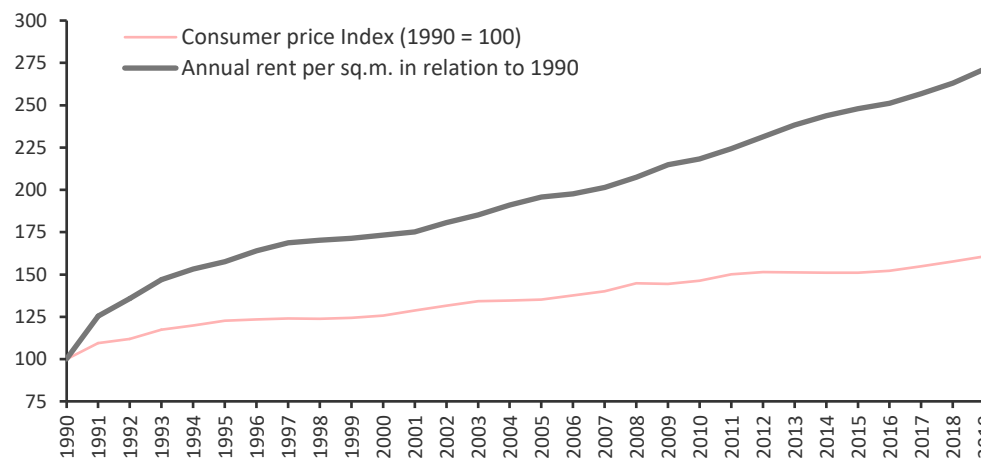


c1,000 → 1,500

vs. 1,850 for new-built apartments

Source: Newsec

## Rent levels have developed stronger than inflation



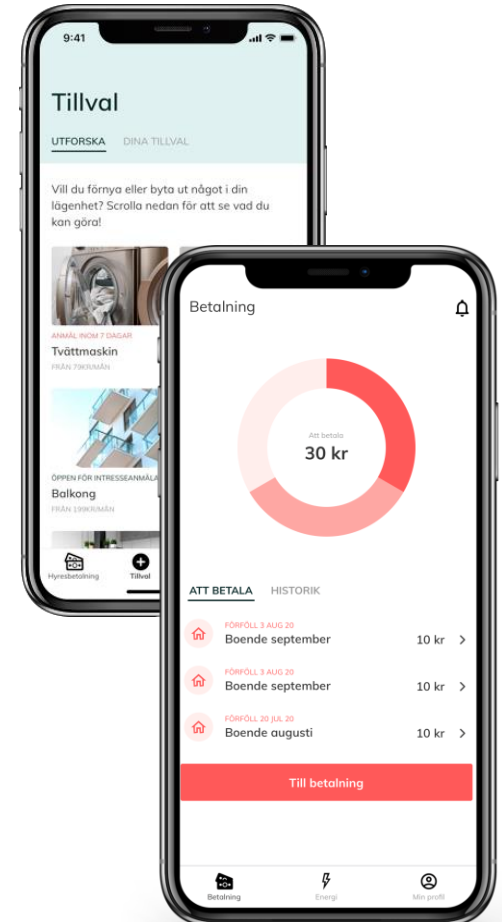
Source: Statistics Sweden

## ADDING INCOME THROUGH DIGITALISATION

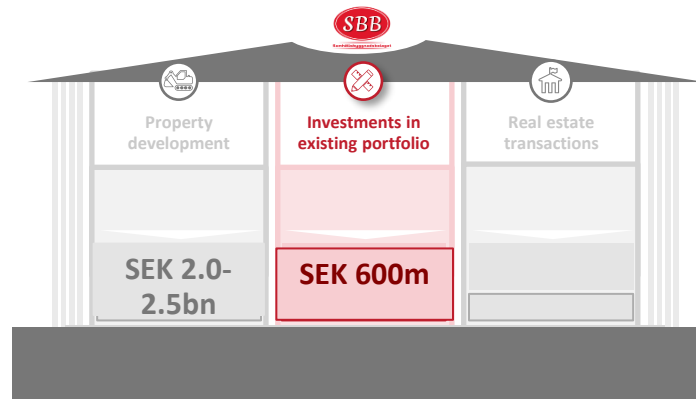
New app for our residential tenants enable a smoother two-way communication



- ✓ We provide an app to all our residential tenants
- ✓ Mainly used to communicate with the tenants – as well as handling digital rental notices and, in the long-run, handle bookings of laundry rooms and common areas
- ✓ Digital payment methods available – reducing paper waste
- ✓ All tenants connected to a common platform
- ✓ Due to SBB's large size, SBB can negotiate favorable offers for our tenants, enabling additional (optional) services to be delivered:
  - 100% renewable electricity contract
  - Home insurance on favorable terms
  - Security door
  - Charging station for electrical cars
- ✓ **Win-win – adding value for tenants and generating new revenue streams**



## INVESTMENTS IN EXISTING PORTFOLIO IN SUMMARY



**Sweden has a unique rent setting model based on utility value**



**Large remaining value potential in the portfolio**



**Digitalisation generates additional income**





Our business model –  
How we create  
shareholder value

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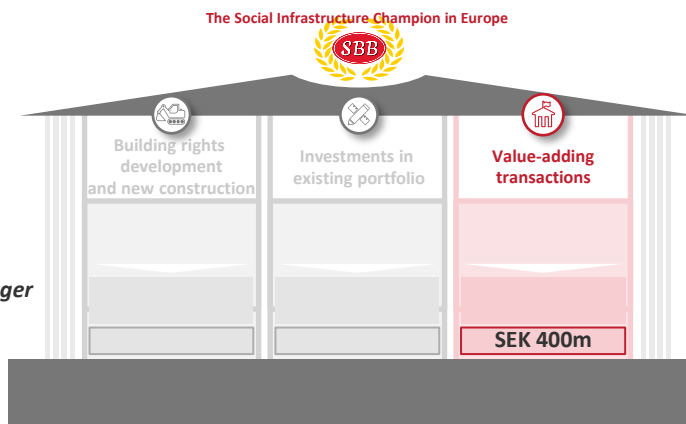
**Value-add: Income from  
transactions**





# SBB'S VALUE-ADD STRATEGIES

## VALUE-ADDING TRANSACTIONS



**Oscar Lekander**  
Head of Business Development  
Industry experience 11 years



**Carl Lundh Mortimer**  
Senior Business Development Manager  
Industry experience 9 years



**Magnus Edlund**  
Senior Business Development Manager  
Industry experience 32 years



**Joakim Bill**  
Transaction Manager  
Industry experience 11 years



**Linus Eklund**  
Business Development Manager  
Industry experience 6 years



**Lovisa Sörensson**  
Analyst  
Industry experience 5 years



**Jenny Diaz Jernberg**  
Business Development Manager  
Industry experience 8 years



**Fredrik Cronqvist**  
Senior Business Development Manager  
Industry experience 16 years

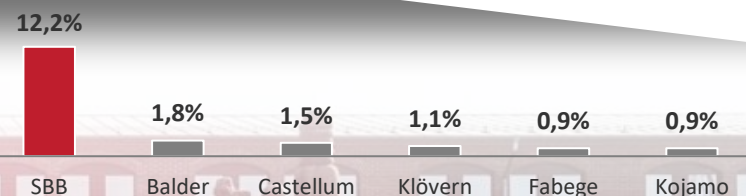


**Päivi Loukusa-Virta**  
Investment Manager  
Industry experience 15 years



**Cathrine Hansli**  
Investment Manager  
Industry experience 12 years

% of total Nordic real estate transaction volume 2019-2020<sup>1</sup>



- ✓ The #1 real estate M&A team in Europe<sup>2</sup> enabling off-market transactions at attractive valuations
- ✓ Local presence in all relevant geographies gives insight into local markets and facilitates sourcing
- ✓ The #1 acquirer of Nordic real estate by transaction volume
- ✓ The #1 acquirer of Nordic community service properties by transaction volume



Notes: <sup>1</sup>Based on the 10 largest Nordic listed real estate companies (based on GAVbn) and >0.7% market share of transaction volume (acquisitions and disposals) in the Nordics. Market data collected by Newsec;

<sup>2</sup>Based on 2019-2020 volume for 50 largest listed European real estate companies by market cap having reported Q4 2020 figures as of 12 Mar 2021. Market data collected by JLL

## VALUE-ADDING TRANSACTIONS

### Clear M&A strategy in the world's safest real estate class



#### Strategic acquisitions

SEK 96.1bn total acquisitions 2019–2021



#### Rigorous disposals of non-core assets

SEK 30.8bn total disposals 2019–2021



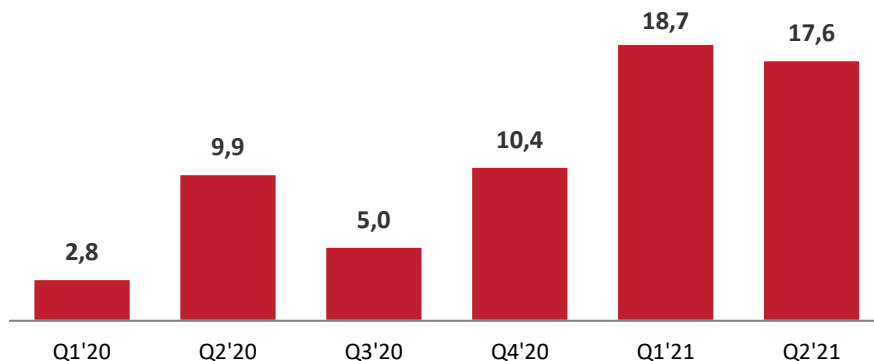
#### Clear focus on social infrastructure

98% of property value

Structuring single assets into portfolios or structuring portfolios into single assets, depending on market preference

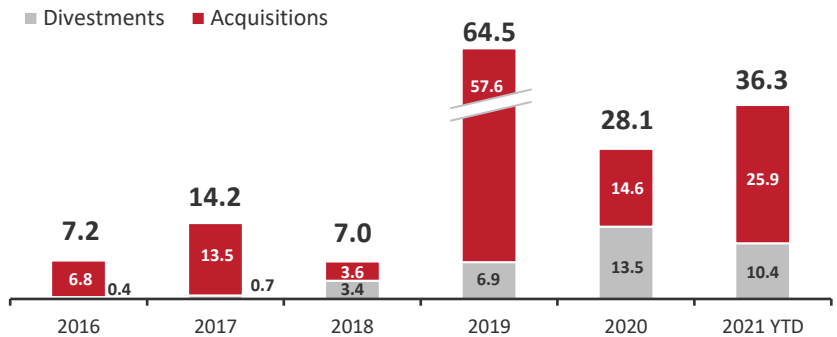
### Social infrastructure – a low-risk and highly liquid market

SBB's total transaction volume totaling SEK 64.4bn during a volatile 2020-2021



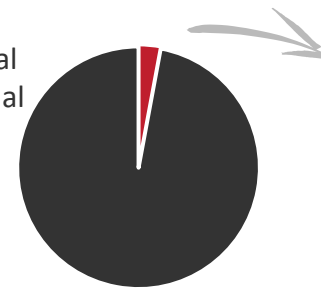
### Significant transaction volume since inception

#### Yearly transaction volume (SEKbn)



### Largely unexploited market












SEK 4,000bn, total size of Nordic social infrastructure market



SBB has a clear strategy of acquisitions to reach target of SEK 300bn property value by 2026. Estimated recurring earnings effect per year: SEK 400m



## MAJOR TRANSACTIONS COMPLETED SINCE 2019

	Counterparty	Transaction volume	Nature of transaction	Rationale
2021	 Riksbyggen <i>Rum för hela livet</i>	SEK 6.9bn	Acquisition	Adding scale in growth cities
	 Svenska Stadsbyggen	SEK 2.5bn	Acquisition	Adding scale in elderly care
	 Various	SEK 1.7bn	Disposal	Selling non-core properties with short WAULT
2020	 OFFENTLIGA HUS	SEK 9.0bn	Acquisition	Adding scale and strengthen the European social infrastructure champion
	 Sveafastigheter	SEK 3.0bn	Acquisition	Adding scale in Stockholm region. Acquiring development capabilities
	 Læringsverkstedet	SEK 4.3bn	Acquisition	Adding scale and additional exposure to growth regions
	 NYFOSA	SEK 4.9bn	Disposal	Selling public offices
2019	 Hemfosa FASTIGHETER	SEK 39.8bn	Acquisition	Adding scale and establishing the European social infrastructure champion
	 eQ	SEK 3.7bn	Acquisition	Adding scale in Finnish growth regions
	 Various	SEK 0.5bn	Acquisition	Entry into Danish market
	 DNB	SEK 4.9bn	Disposal	Selling office property with semi-private tenant

## THE LARGEST ELDERLY CARE TRANSACTION IN THE NORDICS

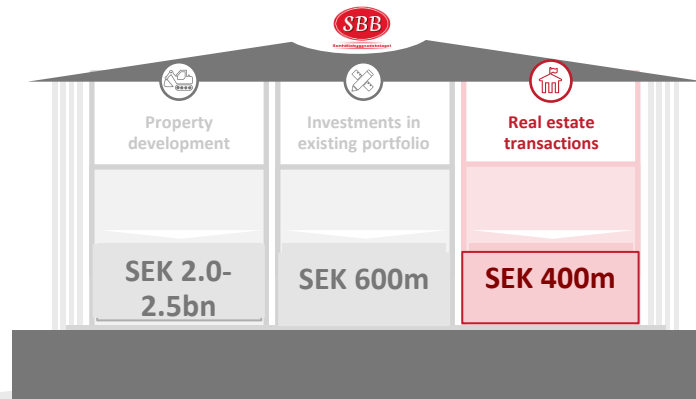


**H1 2021**  
**STOCKHOLM**  
**MALMÖ/COPENHAGEN**

**VOLUME: SEK 2.5bn**  
**WAULT: 14.5 years**



## REAL ESTATE TRANSACTIONS IN SUMMARY



**Active portfolio management generating recurring income**



**Strong partnership with municipalities and other market participants**

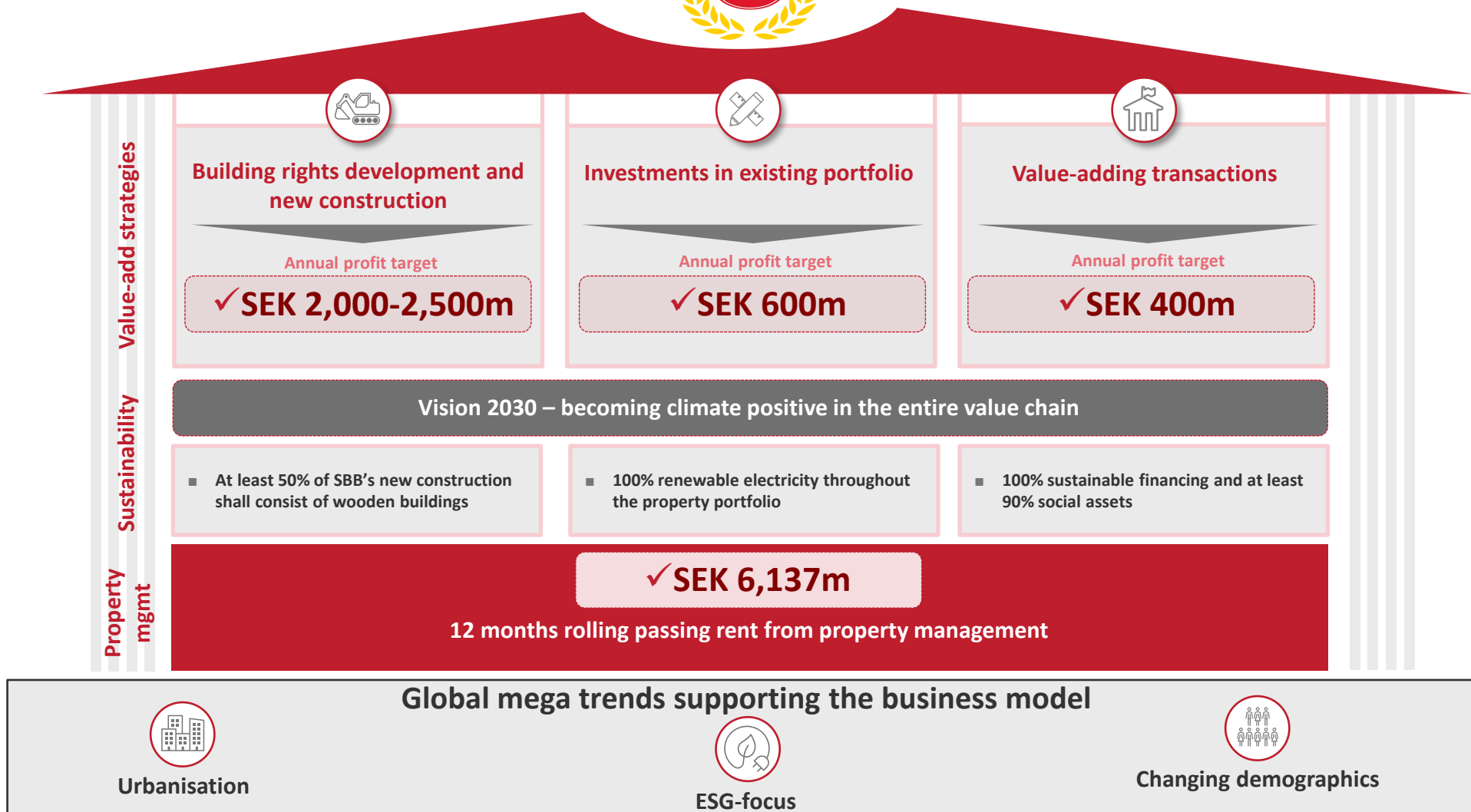


**Highly experienced transaction team enabling off-market transactions**



# SBB'S VALUE CREATION AND VISION 2030 – SUSTAINABILITY AT THE CORE OF THE BUSINESS

The Social Infrastructure Champion in Europe





III.

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## Balance Sheet Strength and Treasury Update



**Eva-Lotta Stridh**  
*CFO*



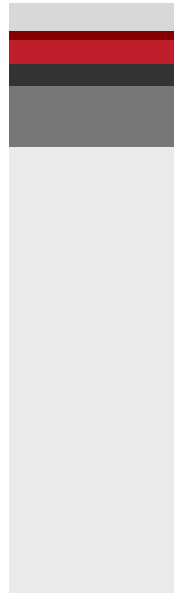
**Rosel Ragnarsson**  
*Head of Finance*



# SOLID BALANCE SHEET AND DIVERSIFIED SOURCES OF FUNDING

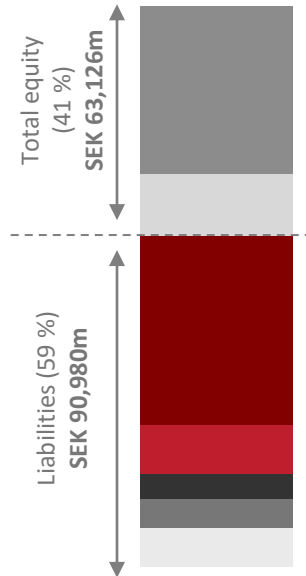
## Assets (SEK 154.1bn)

- Participations in associated companies/JVs - SEK 7,099m (5%)
- Receivables from associated companies/JVs - SEK 2,264m (1%)
- Goodwill - SEK 6,310m (4%)
- Other Assets - SEK 5,519 (4%)
- Cash and cash equivalents and cash investments - SEK 16,069m (10%)
- Investment Properties - SEK 116,845m (76%)



- ✓ Unencumbered investment properties: c. SEK 104bn / c. 89% of total investment properties

## Equity and Liabilities (SEK 154.1bn)



- Equity excl. hybrid - SEK 46,004m (30%)
  - A+B+D : SEK 44,147m
  - NCI: SEK 1,857m
- Hybrid instruments - SEK 17,122m (11%)
  - of which 1% secured (SEK 465m)
- Bond loans - SEK 52,050m (34%)
- Liabilities to credit institutions - SEK 13,308m (9%)
  - 100% secured
- Commercial paper - SEK 6,974m (5%)
  - 100% unsecured
- Deferred tax - SEK 7,759m (5%)
- Other - SEK 10,889m (7%)

- ✓ Secured debt: SEK 13,773m / 19% of total debt

## Key debt highlights

**37%** LTV

**9%** secured LTV

**4.2** years weighted avg. maturity

**5.2x** ICR

**1.13%** average cost of debt

**BBB-** (positive) **S&P Global** **FitchRatings**



## EFFICIENT SHARE STRUCTURE AS PER 31<sup>TH</sup> OF AUGUST 2021

	Share of class A	Share of class B	Share of class D
Listed	–	✓	✓
Share count	209,977,491	1,216,869,423	193,865,905
Voting rights	1 vote per share	1/10 vote per share	1/10 vote per share
Dividend rights	✓ Class A and Class B common shares are entitled to the same dividend per share		✓ Entitled to 5x the total dividend paid on the Class A and B shares, up to SEK 2 p.s. per year  ✓ If the dividend on Class D share is < SEK 2 p.s., the maximum permitted dividend of SEK 2 shall be increased so that the shortfall of up to SEK 2 per year may be distributed later if sufficient dividends on common shares are declared subsequently
Historical dividends per ordinary share	<ul style="list-style-type: none"> <li>2017A: SEK 0.10</li> <li>2018A: SEK 0.25</li> <li>2019A: SEK 0.60</li> <li>2020A: SEK 1.00</li> </ul>		<ul style="list-style-type: none"> <li>2017A: N/A</li> <li>2018A: SEK 2.00</li> <li>2019A: SEK 2.00</li> <li>2020A: SEK 2.00</li> </ul>

## CREDIT RATING

### Objective

Clear impact on finance costs since the first issuance

Credit Rating		
First confirmed rating	First confirmed IG rating	Current confirmed rating
<b>BB</b> (Jan 2018)	<b>BBB-</b> (Apr 2019)	✓ <b>BBB-</b> (positive outlook)

Perpetual hybrid bonds		
Issuance before first confirmed rating	First issuance with confirmed IG rating	Latest issuance with current rating
<b>7.00%</b> (SEK 700m) (Sep 2017)	<b>4.625%</b> (EUR 300m) (Apr 2019)	✓ <b>2.875%</b> (EUR 500m) (Jun 2021)

Unsecured bonds		
Issuance before first confirmed rating	First issuance with confirmed IG rating	Latest issuance with current rating
<b>6.00%</b> (SEK 1,000m) (Apr 2017)	<b>1.75%</b> (EUR 500m) (May 2019)	✓ <b>1.125%</b> (EUR 750m) (May 2021)

### Lowering cost of debt



✓ We have delivered the key figures required for a **BBB+** rating

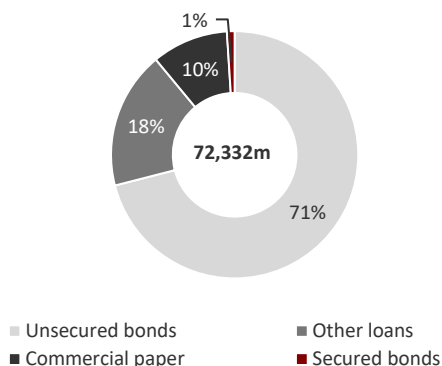
✓ Short-term target of **BBB+** rating

✓ Long-term target of **A-** rating

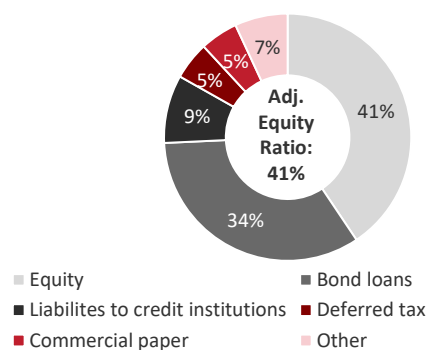
# STRONG BALANCE SHEET WITH A LOW COST OF DEBT AND LONG-DATED MATURITY PROFILE

## Diverse debt and capital structure

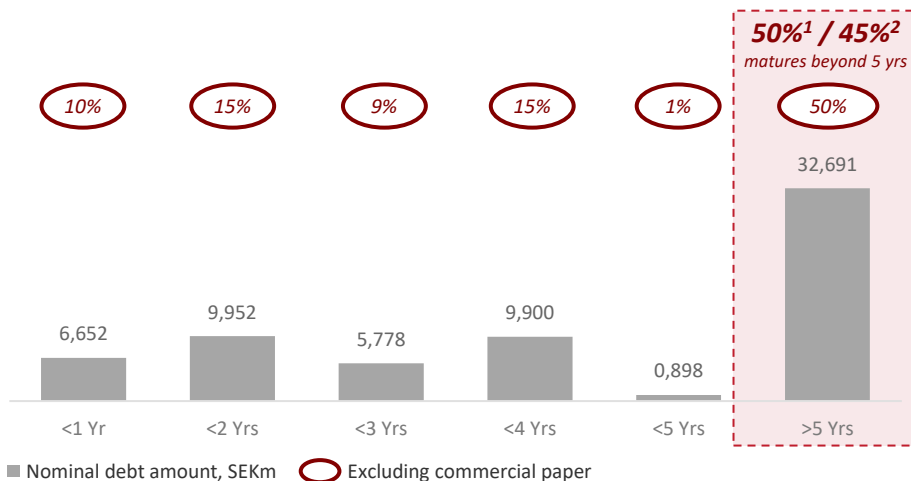
### Debt structure



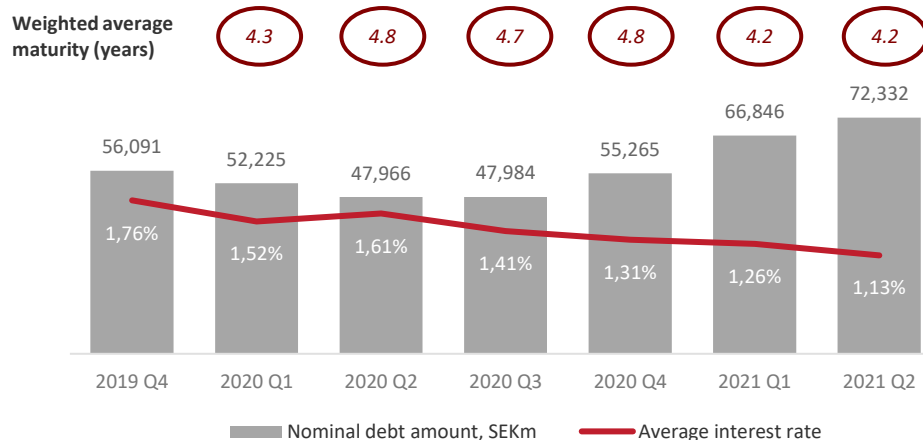
### Capital structure



## Long-dated maturity profile<sup>1</sup>



## Progressively lower cost of debt



## Latest Developments

In May 2021, SBB issued an unsecured bond with a maturity of **8.5y**, nominal amount of **EUR 750m** and a fixed coupon of **1.125 percent**

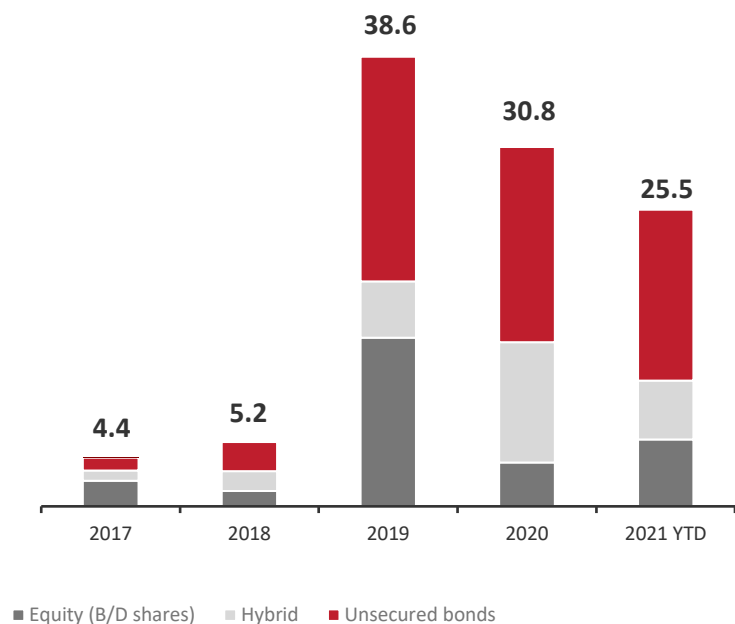
SBB now has a total of SEK 10.1bn in credit limits, which means that **all loan maturities are covered for the next 24 months**



## CAPITAL MARKET ACTIVITY – ROBUST ACCESS TO FUNDING

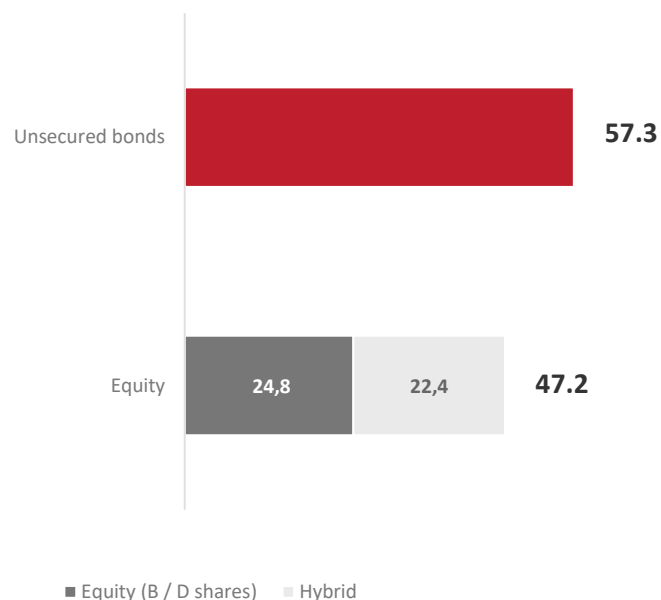
### Capital market activity per year

Issuance (SEKbn)



### Capital market activity per issuance type 2017-21 YTD

Issuance (SEKbn)



#### Latest bond issuances

On 18 June 2021, SBB issued the first social perpetual hybrid bond EUR 500m

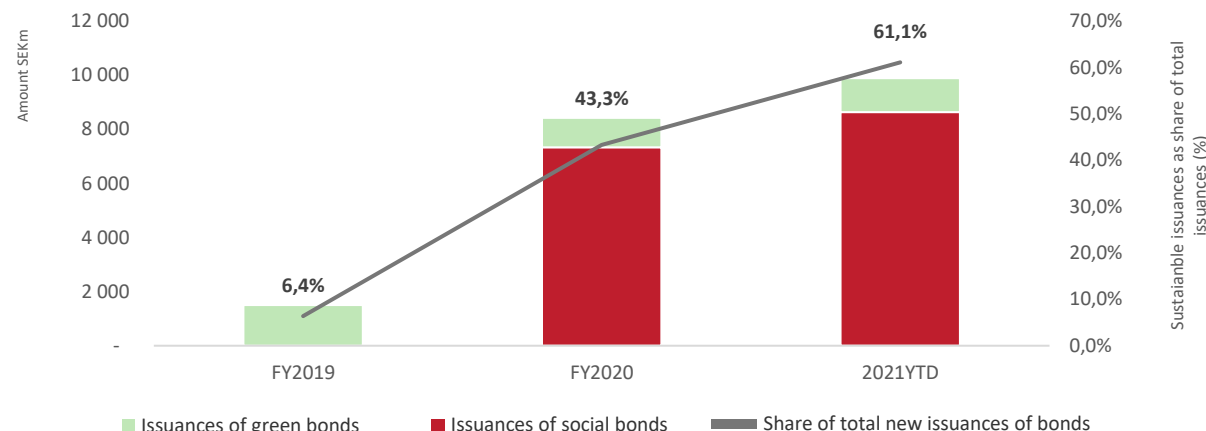
Weighted average cost of debt and maturity is optimised to **1.13%** and **4.2** years respectively

## STRONG INCREASE IN SUSTAINABLE FINANCING SINCE LAUNCH OF NEW FRAMEWORK IN NOVEMBER 2020

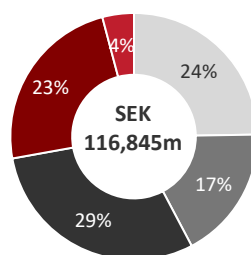
### Key benefits of sustainable financing

- **A more diversified** investor base
- **High share** of sustainable financing is a proof of low ESG related risks

### 2019-2021YTD Sustainable bonds issuances



### High share of property portfolio classified as social assets and aligned with the UN Sustainable Development Goals



- Affordable housing (SDG 10)
- Medical facilities (SDG 3)
- Access to social services (SDG 4)
- Other social assets (N/A to the sustainable finance framework)
- Other assets

- ✓ **72%** of property portfolio classified as social assets, corresponding to SEK 84bn as of Q2 2021
- ✓ **Additional 23%** of the property portfolio might be classified as social assets in the near future; leaving only 4% non-classified
- ✓ **Only 19%** of the framework for social bonds has been utilised; providing clear potential to continue increasing the share of sustainable financing
- ✓ **9%** of the portfolio classified as green; share continues to increase based on certifications, acquisitions and new construction with low CO<sub>2</sub> emissions

## BALANCE SHEET AND TREASURY IN SUMMARY

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**Strong financial position**



**53 bps lower financial costs since Q4 2019**



**Delivered all key metrics for BBB+ rating**



**On path to 100% sustainable financing**





# IV.

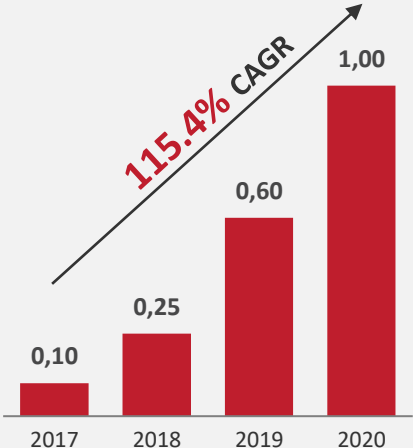
## New Goals



**Ilija Batljan**  
*CEO and Founder*



# TARGETS

Objective						
SBB's objective is to acquire, manage and develop properties that will create a high risk-adjusted return for its shareholders						
Financial targets				Operational targets		Dividend policy
Profit from property mgmt <sup>1</sup>		Income from property development		Growth		Target
Target	31 Dec 2020	Target	31 Dec 2020	Target	31 Dec 2020	To generate a steadily increasing annual dividend. <sup>1</sup>
>15% average annual growth over a 5-year period	✓ 40%	SEK 2,000-2,500m per year, on average over a 5-year period	✓ 2,224m	A property portfolio of SEK 300bn by 2026, with retained BBB+ rating	90.2bn	
LTV		Secured LTV		Vision 2030		
Target	31 Dec 2020	Target	31 Dec 2020	Climate positive in the entire value chain by 2030		Dividend per Class A and B shares 
<50% adjusted debt/(adjusted debt + equity)	✓ 49.8%	<30%	✓ 10%			
Rating		ICR		Refurbishment		
Target	1 Mar 2021	Target	31 Dec 2020	Target	31 Dec 2020	
BBB+ in the short term, A- in the long term	BBB-Positive	>3.0x	✓ 4.1x	Renovate at least 600 apartments per year	✓ 695	

Company information, reported figures as of 31 December 2020 (Q4 2020)

Notes: <sup>1</sup> Per A and B ordinary share. Benchmarking period between 2016 and 2019, actual period between 2016 and 2020;

## CLOSING REMARKS

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Proposed dividend of SEK 1.32 per ordinary share A and B, divided into twelve monthly installments, and a new property target of SEK 300bn for the size of SBB's property portfolio by the of 2026



Unique business model with three value-add strategies



Unique operational platform – key to support the business model



The metrics for BBB+ in place



SBB is fully committed to become **climate positive** 2030 and supporting the transition towards a more sustainable world with a clear road map





# Q&A

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