

Strong operational performance, addressing effects of a changed financial environment

14 July 2023



HIGHLIGHTS FOR THE QUARTER

- Financial stability and liquidity are top priority
- Focus on core business – Increased focus on community service infrastructure assets
- 10.5 percent like-for-like growth in NOI
- 87% of the gross debt has a fixed interest rate – Average interest maturity of 3.3 years

131 SEKbn

Property Fair Value

52 %

Loan-to-Value¹

3.7 %

EPRA Vacancy Rate²

2.9

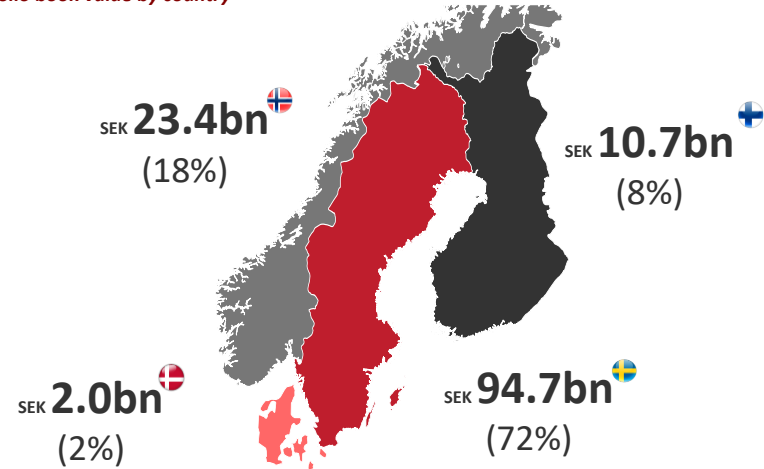
Interest Coverage Ratio³

4.5 %

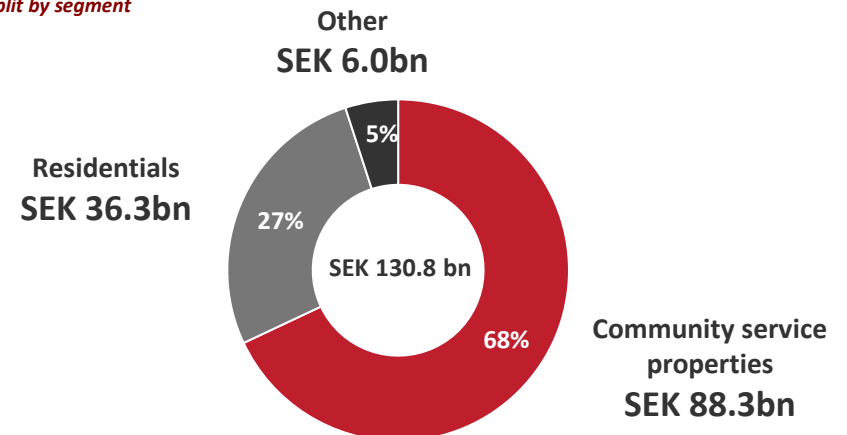
Yield⁴

Property portfolio overview

Portfolio book value by country



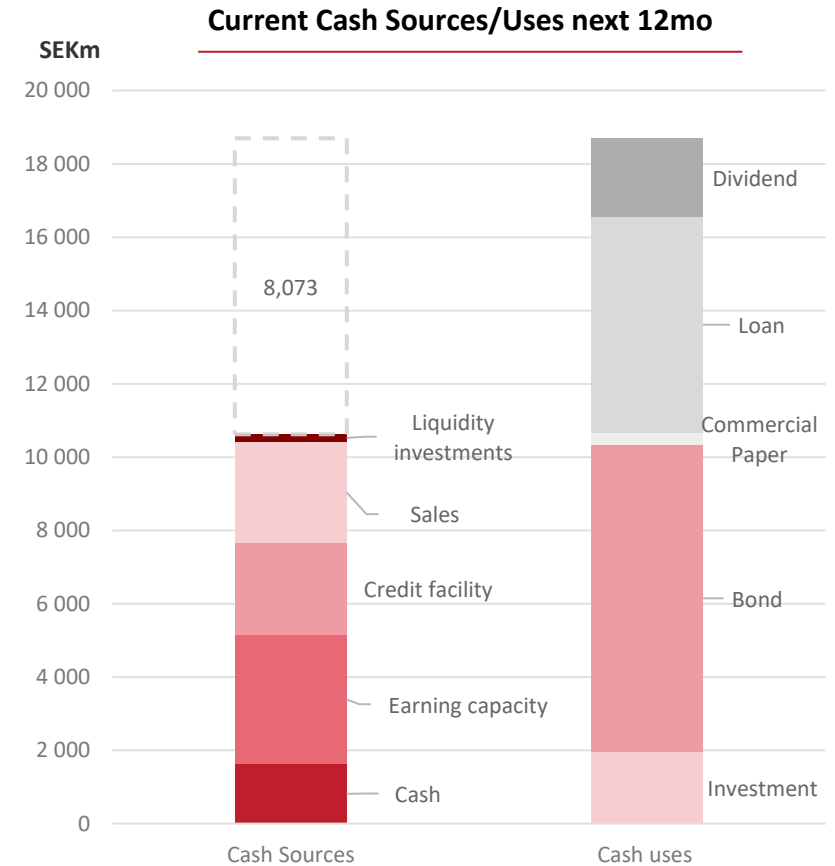
Split by segment



STRATEGIC REVIEW ON TRACK

Swift and thorough execution of the review to consider options that can deliver maximum value for SBB's shareholders

- Short-term focus on liquidity to increase flexibility
 - Sold shares in JM
 - Sold properties to municipalities
 - Divested SBB Industricentralen Holding AB (owning Heba shares)
- Exclusive discussions with Brookfield to sell the remaining 51% in EduCo
- LOI to sell properties for SEK 3,000m
- Continued parallel workstreams to review options, including a sale of the company, business segments, or specific assets, as well as other strategic transactions



NET OPERATING INCOME LIKE FOR LIKE

SEKm	Period Like for Like			Quarter Like for Like		
	1 Jan 23 - 31 Jun 23	1 Jan 22 - 31 Jun 22	Change	Q2 2023	Q2 2022	Change
Rental income	2,798	2,556	242	1 397,2	1 282	115
Operating costs	-539	-504	-35	-237,8	-220	-17
Maintenance	-111	-107	-4	-66,9	-46	-20
Property tax	-43	-39	-4	-22,2	-19	-2
Net operating income	2,105	1,905	200	1,070,4	995	74

Surplus ratio

75,2%

74,5%

72,3%

73,3%

9.5%

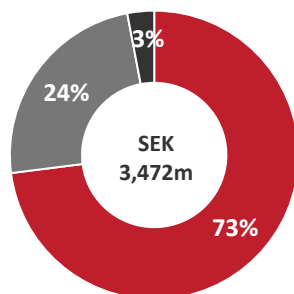
Rental income increase
like for like

10.5%

Net operating income
like for like

Rental income for the period

1 Jan 2022 – 31 Mar 2023



■ Community service properties

■ Residentials

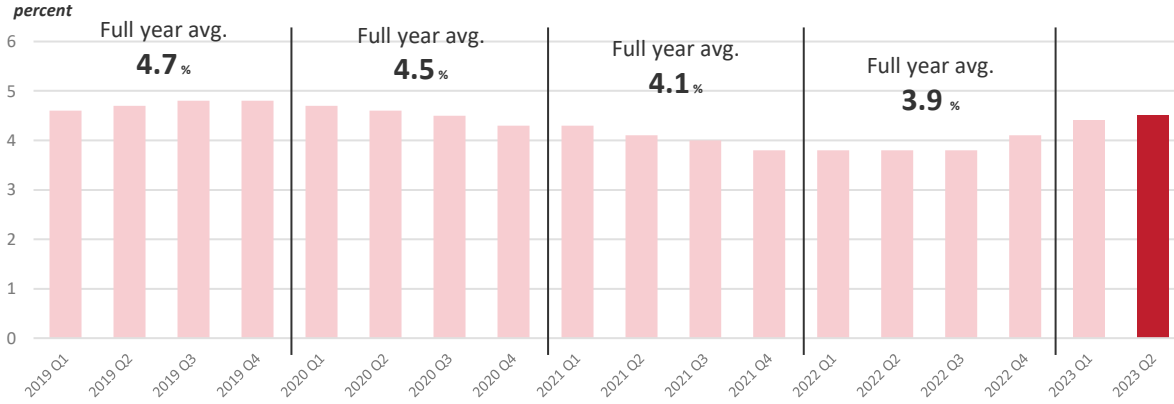
■ Other

Changes in portfolio during the period

- Rental income **increased by 9.5 percent on like for like basis** compared with the corresponding period in the preceding year
- Net operating income **increased by 10.5 percent on like for like basis**

INCREASED YIELD AND IMPROVED OCCUPANCY

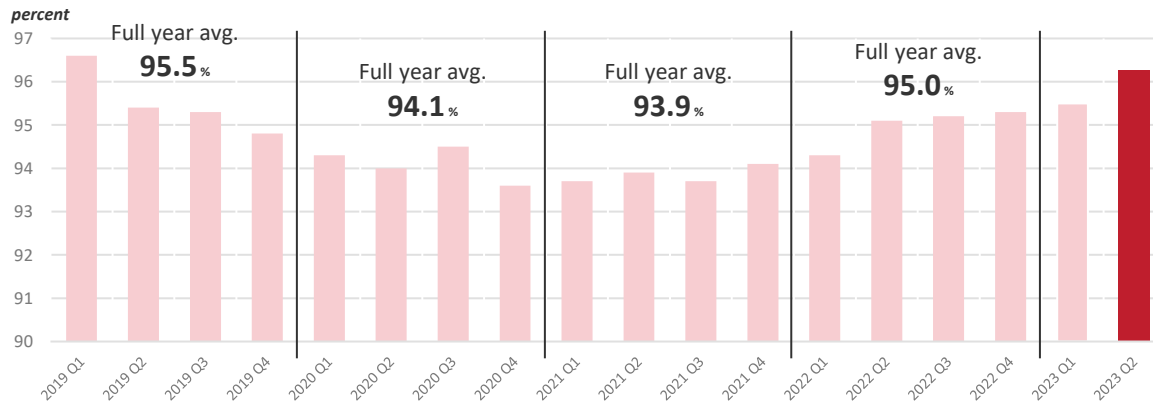
Yield



4.5%

Yield Q2 2023

Rental Occupancy Rate



96.3%

Rental Occupancy Rate Q2 2023

MARKET OUTLOOK FOR MAIN SEGMENTS

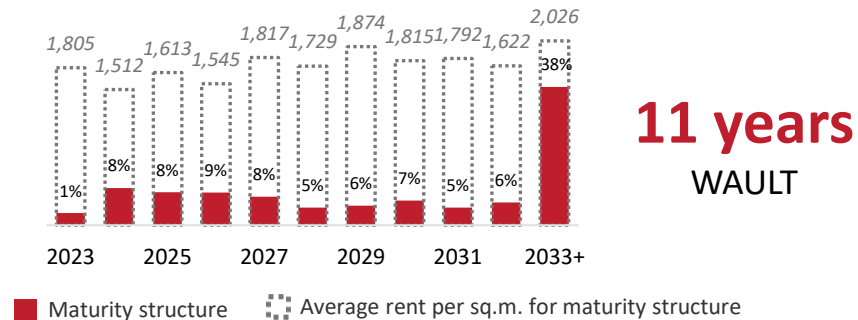
Community Service Properties



73 %
Percent of rental income

- **11 years WAULT**
- **Strong secure tenants**
- **Indexation of rents**

Lease maturity overview for community service properties – rolling 12 months



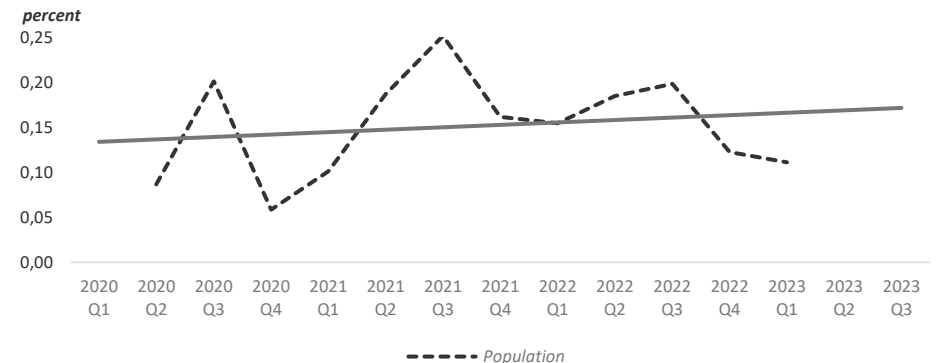
Residential Properties



24 %
Percent of rental income

- **High demand for housing**
- **Low vacancy and turnover**
- **Net operating growth and rental income growth**

Change in Population in Sweden



KEY TAKE AWAY'S – CONSOLIDATED INCOME STATEMENT

Select line items in mSEK				Comments
	Q2 2023	Q2 2022	Difference	
Income for the quarter	1,747	1,878	-131	<ul style="list-style-type: none"> Income for the quarter, slight decrease following divestments Protected net operating income from the decline in income
Net operating income	1,323	1,405	-82	
Changes in value, property	-5,952	-836	-5,116	<ul style="list-style-type: none"> Property value decrease following higher yield Results from associated companies/joint ventures mainly related to the JM transaction
Operating profit	-5,009	39	-5,048	
Results from associated companies/joint ventures	-3,292	-76	-3,216	<ul style="list-style-type: none"> Rising interest rates on the back of increased inflation which we are now seeing tendency of decreasing Increasing pressure on the krona impacting euro denominated debt
Interest expenses and similiar items	-515	-293	-222	
Translations gains/losses	-1,629	-925	-704	
Profit for the period	-9,897	-2,721	neg	

SBB IS ADAPTING TO NEW MARKET CONDITIONS

- A balanced financial risk requires reduction of debt on the back of higher interest rates for new financing
- SBB is actively reducing its balance sheet to adapt to new market conditions
- Long-term ambition of returning to investment grade rating following downgrades during the quarter

52%

LTV Q2 2023

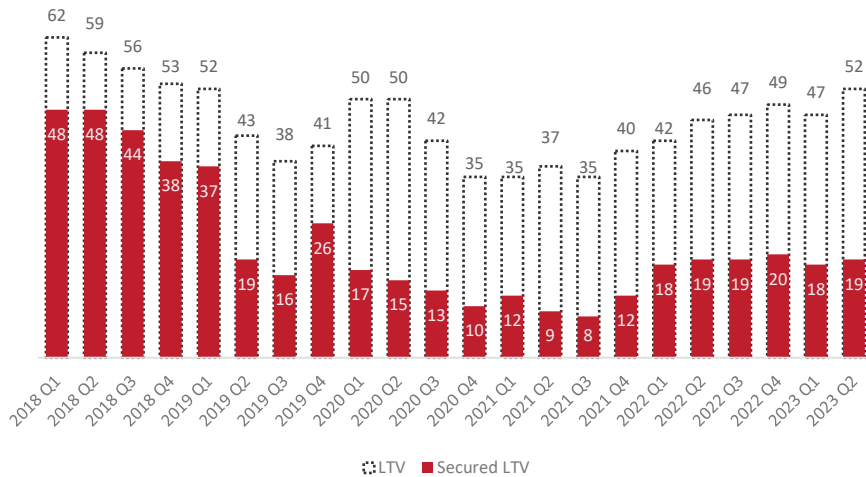
19%

Secured LTV

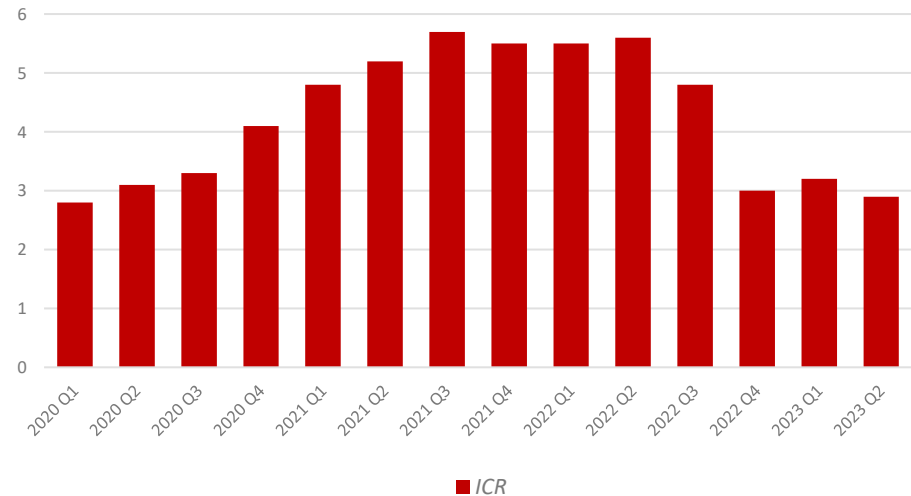
2.9_x

Interest coverage ratio Q2 2023

Loan to value



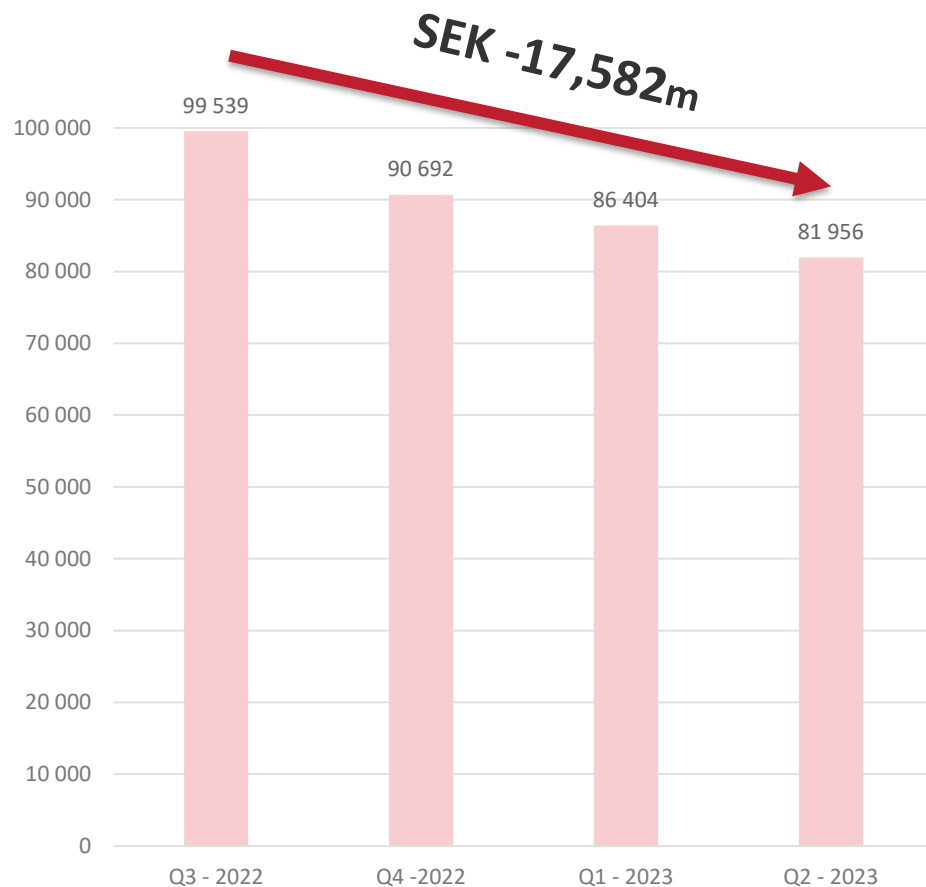
Interest Coverage Ratio



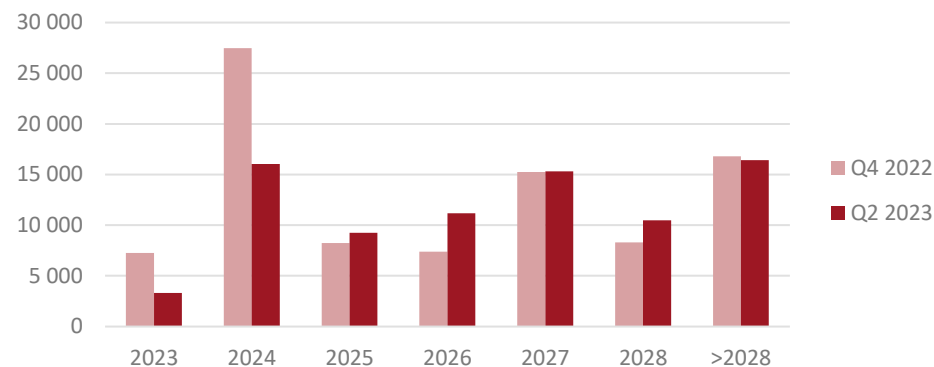
Notes: ¹ Based on the current portfolio mix of around 20% residential by EBITDA

LIQUIDITY HAS BEEN USED TO REDUCE DEBT

Nominal Debt like for like



Debt maturity structure like for like

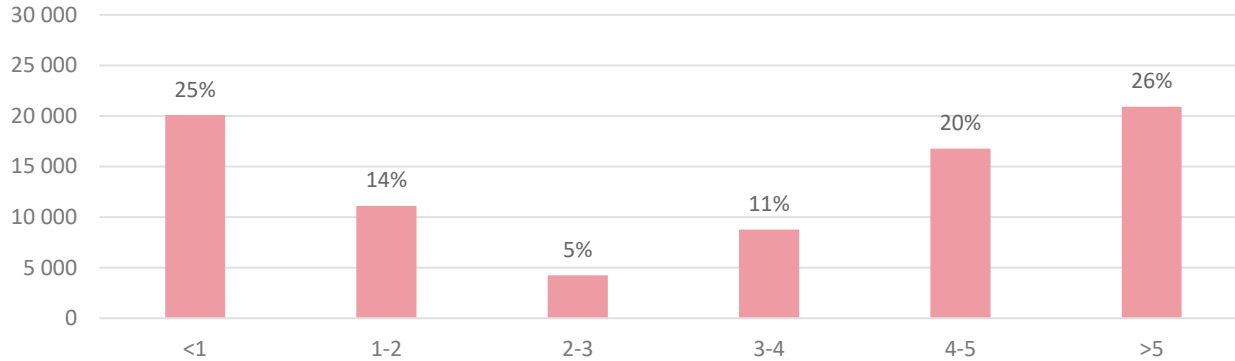


Comments

- Actively managing debt portfolio has resulted in a substantial like for like decrease in debt
- Reduction in near-term maturity debt increases financial flexibility

LEEWAY TO IMPROVE FINANCIAL STABILITY

Interest Rate Maturity Volume



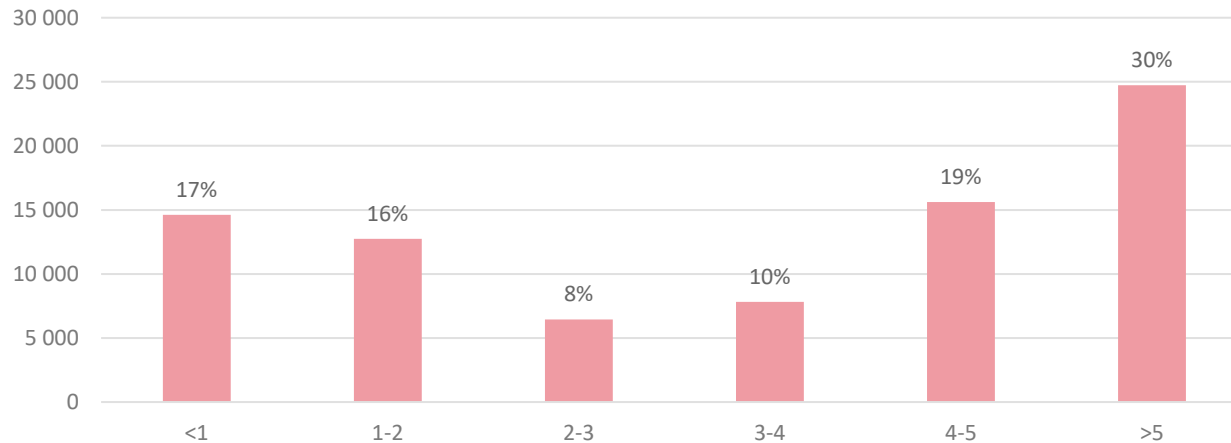
3.3

Average interest maturity

57%

With maturity >3 years

Capital Maturity



3.9

Average debt maturity

59%

With maturity >3 years

1.6%

Average interest of debt with maturity >3 years

TO SUMMARIZE



SBB

- 1 Financial stability and liquidity are top priority
- 2 Focus on core business – Increased focus on community service infrastructure assets
- 3 10.5 percent like-for-like growth in NOI
- 4 87% of the gross debt has a fixed interest rate –Average interest maturity of 3.3 years

THANK YOU!



Samhällsbyggnadsbolaget
