

# THE SOCIAL INFRASTRUCTURE CHAMPION IN EUROPE

23 February, 2022



ESG  
**REGIONAL**  
TOP RATED



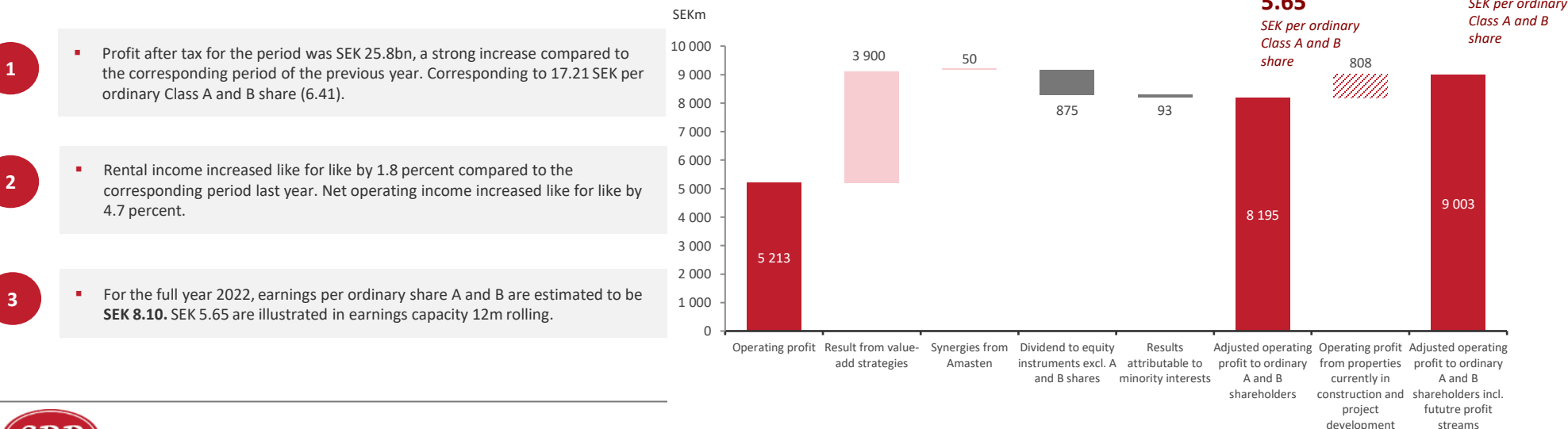
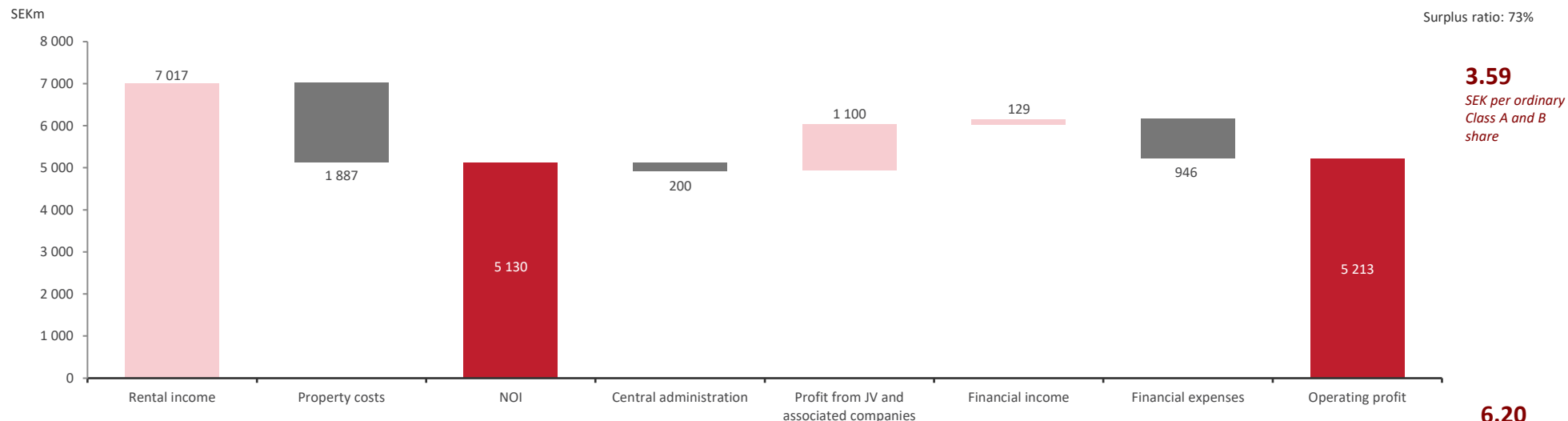
2022



Apx. 2 PERCENT OF THE SWEDISH  
POPULATION IS NOW A SHAREHOLDER  
IN THE SOCIAL INFRASTRUCTURE  
CHAMPION IN EUROPE

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

## Current earnings capability for the Group for 12 months



**1** Profit after tax for the period was SEK 25.8bn, a strong increase compared to the corresponding period of the previous year. Corresponding to 17.21 SEK per ordinary Class A and B share (6.41).

**2** Rental income increased like for like by 1.8 percent compared to the corresponding period last year. Net operating income increased like for like by 4.7 percent.

**3** For the full year 2022, earnings per ordinary share A and B are estimated to be **SEK 8.10**. SEK 5.65 are illustrated in earnings capacity 12m rolling.

# CONTINUING TO DELIVER ON OPERATIONS AND CASH CONVERSION

## Key notes from the quarter

### Quarterly numbers

- ✓ Like for like – rental growth – corresponding to an **increase of 1.8%**
- ✓ Like for like – net operating income – corresponding to an **increase of 4.7%**
- ✓ **Operating profit amounted to SEK 5,397m.** Adjusted for value changes in Joint Ventures and one-off costs operating profit was **SEK 3,370m (SEK 2,567m)** operating profit corresponding to an **increased of 31%**
- ✓ EPRA NRV **increased to SEK 45.11** per ordinary A and B share
- ✓ **WAULT increased** from 9 years **to 11 years** during the quarter
- ✓ **New created building rights of 490,618 sq.m** during the quarter<sup>1)</sup>
- ✓ **Building rights with granted zoning plan (legal force) 463,987 sq.m. GFA** during the year 2021
- ✓ **Total disposal during FY2021 of SEK 19,381m** with profit of **SEK 3,141m**, of which **SEK 851m** has been reported as realized value changes. The rest has been reported **as unrealized value changes in the periods before closing**
- ✓ **Total disposals of SEK 12.6bn** during the quarter, of which:  
Investment properties – **SEK 10bn**  
Building right and development properties – **SEK 2.6bn**

## DELIVERING SUCCESSFULLY INTEGRATING ON RECENT ACQUISITIONS AND ACHIEVING THE ANTICIPATED SYNERGIES

### S&P adjusted Debt/(Debt + Equity)

Financial thresholds	Q1-2019	Q4-2019	Q4-2021
<b>&lt;55%</b> S&P adjusted Debt/(Debt + Equity)	62.0%	61.2%	✓ <b>53.8%</b> adjusted 52.0%

### ICR incl 50 % hybrid

Financial thresholds	Q1-2019	Q4-2019	Q4-2021
<b>ICR &gt;3.0x</b>	1.5x	1.7x	✓ <b>4.1x</b>

### EBITDA margin

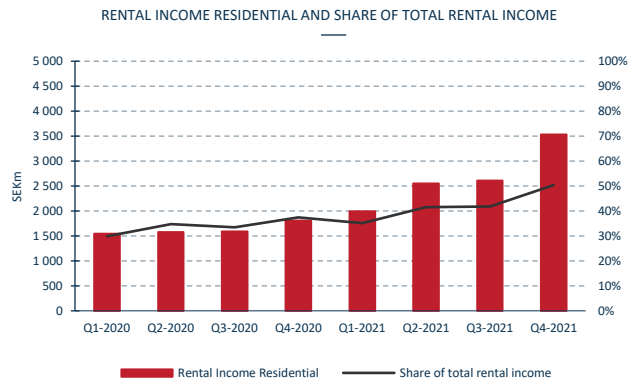
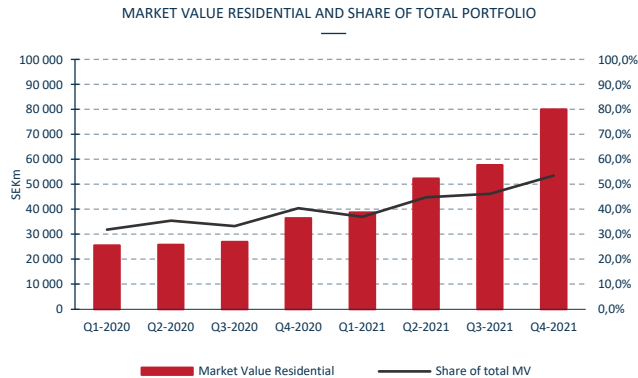
Financial thresholds	Q1-2019	Q4-2019	Q4-2021
<b>62-63%</b> EBITDA margin	56.5%	52.4%	✓ <b>69.4%</b>

### Comments

- The management has shown commitment to deliver on adjusted debt to debt plus equity remaining well below 55%, despite increased focus on acquiring large low risk rent regulated residential in greater cities with main focus on Stockholm.
- The management has shown a great commitment to its new financial policy on having interest cover ratio above 3.0x. Our interest cover ratio is 4.1 times and will increase significantly in 2022 even if we assume that interest rates will increase with more than 100 bps.
- Our strong EBITDA-margin demonstrates a successful integration of recent acquisitions, achieving the anticipated synergies, and establishing an operational track record with a mature portfolio that is over performing.
- Rental income increased 2021 like for like by 1.8 percent compared to the corresponding period last year (1.45% over CPI). Net operating income increased like for like by 4.7 percent.
- In 2022 rental income expected to increase with 4% LFL, compared to S&P expectations for growth-LFL of 1.5%-2.0% for SBB's properties 2021-2022.

# INCREASED FOCUS ON RESIDENTIAL PROPERTIES

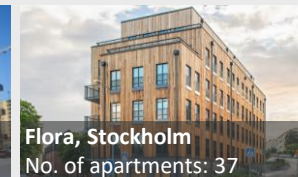
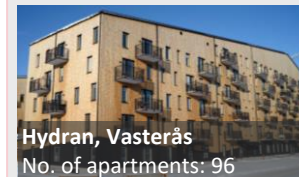
## High growth within the Residential Segment



## Strong position in the residential market with lowest risk in Europe

- ✓ **Rents more stable than European peers** - Since 1969 rent levels have increased on with inflation +2% per year and since 2020 with inflation +1 %.
- ✓ **Most liquid assets in the real estate space** – yields is tightening in the market
- ✓ **SBB rents well below market rent** – SBB average rent of 1 132 SEK/sqm compared to new construction of 1 850 SEK/sqm
- ✓ **Renovated apartments are deemed to have a higher utility value** - opportunity to negotiate a significantly higher normative rent with focus on sustainability.

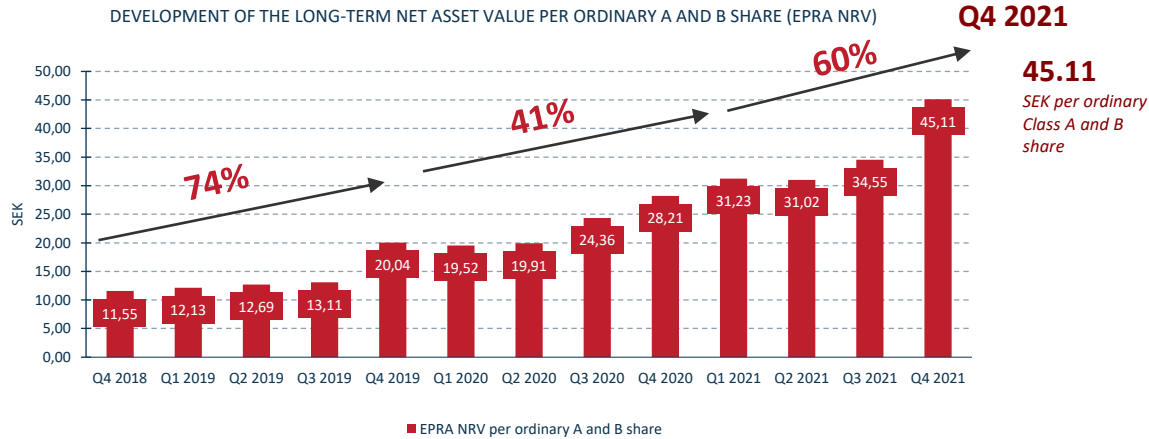
## Selected residential development projects



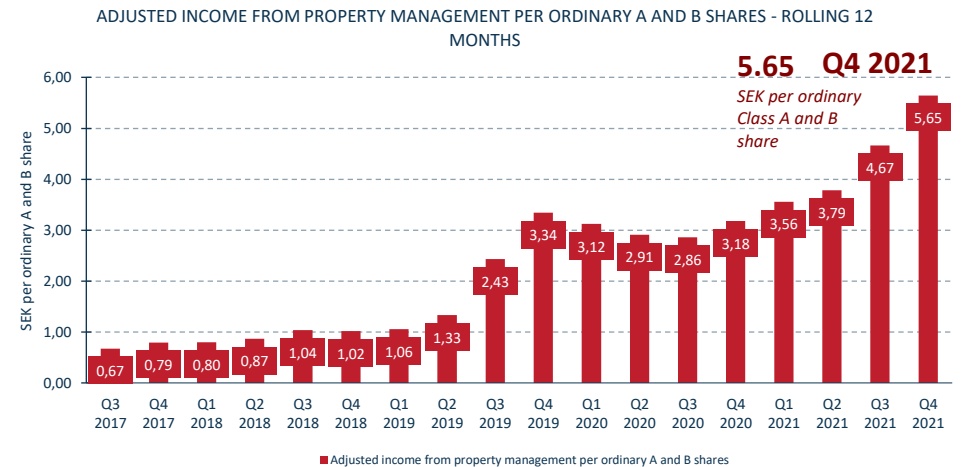
SBB have increased **rental income** from Residential with **SEK 2bn (129%)** and the **value** with **SEK 53.4bn (212%)** over the last **2 years**

# THE HIGHEST NET ASSET VALUE GROWTH 2019-2021

## EPRA NRV per share



## Earnings capacity for the Group for 12 months rolling per ordinary A and B share



# SBB OVERVIEW AND KEY HIGHLIGHTS

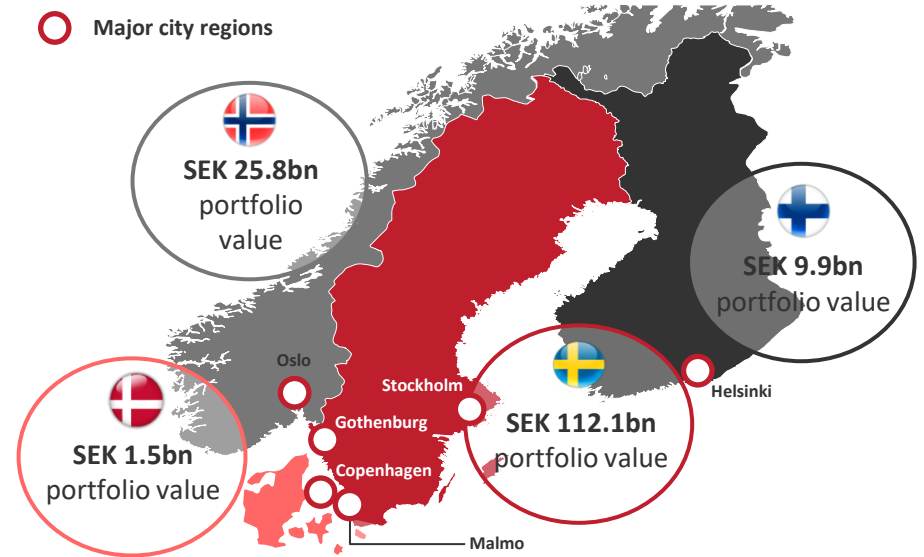
## Company snapshot

- ✓ SBB operates in the world's safest real estate asset classes – community service properties in the Nordics where 100% of tenants are sovereign or state-financed organisations and highly regulated Swedish residentials.
- ✓ Properties are in attractive location, major Nordic cities; therefore, **high alternative use potential and strong case for creation of building rights**
- ✓ **c.100% occupancy of available properties (i.e. not under refurbishment) in community services and residential**, with minimal vacancy in the residential and project portfolio to capture upside through investment driven renovations
- ✓ **Sustainability is the core of SBB's business model as the first private member ever of Public Housing Sweden**

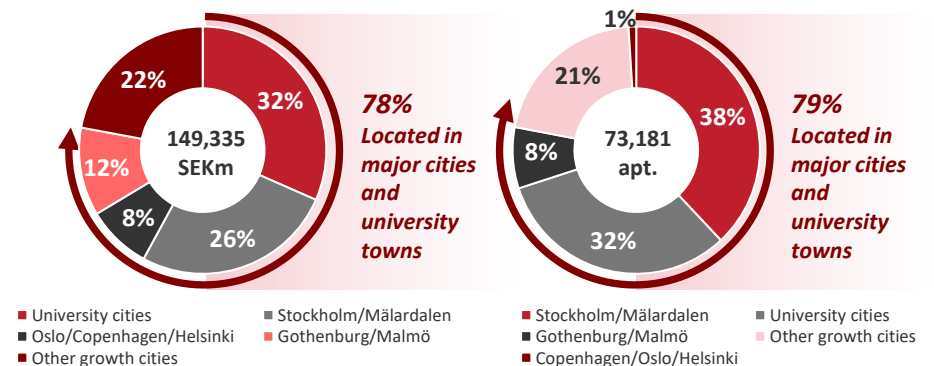
## Key figures

<b>SEK 7.0bn</b> passing rent	<b>SEK 149.3bn</b> portfolio book value	<b>11yr WAULT</b> but effectively perpetual	<b>1.1%</b> average interest rate	<b>40%</b> net LTV on total assets
	<b>SEK 25,839m</b> Net profit for the period	<b>3.8%</b> net initial yield	<b>SEK 25,335</b> book value per sq.m. <sup>1</sup>	<b>BBB-</b> S&P Global Ratings FitchRatings

## Portfolio book value by country



## Portfolio book value and building rights portfolio



# SBB CREATES VALUE FROM “AAA” ASSETS

## Income overview

Classification	Rental Income, SEKm	% of Total
Regulated rent residentials	2 225	32
Building rights for regulated rent residentials	81	1
<b>Sum rent regulated residentials</b>	<b>2 306</b>	<b>33</b>
Apartments for elderly care	822	12
Apartments for specialist residential care (LSS)	405	6
Building rights for publicly funded residentials	0	0
<b>Sum publicly funded residentials</b>	<b>1 227</b>	<b>17</b>
Education	1 999	28
Pre school	766	11
Compulsory/Upper secondary school	847	12
University	386	5
Hospitals and health centres	443	6
Government infrastructure and City Halls	456	7
Public offices	337	5
Other	0	0
Building rights for community service	158	2
<b>Sum community service</b>	<b>3 392</b>	<b>48</b>
<b>Sum social infrastructure</b>	<b>6 926</b>	<b>99</b>
Other	91	1
<b>Total</b>	<b>7 017</b>	<b>100</b>



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



We create value from underutilised land



Legislation prohibits local governments from declaring default: tenant sovereign risk



We improve our assets to generate additional value



## Sovereign credit risk exposure in community service

### Government and government-backed tenants



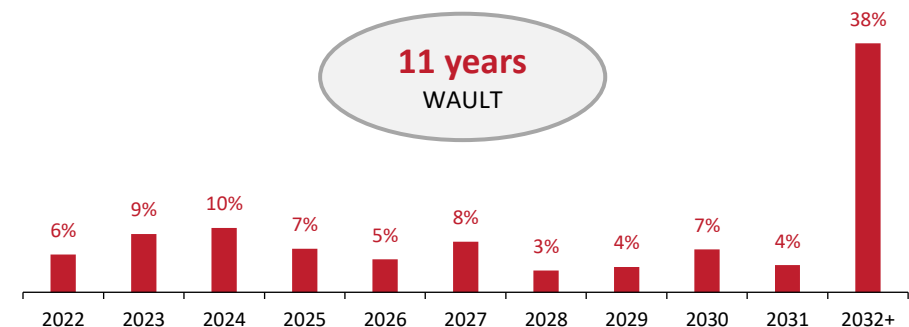
### Sovereign credit rating

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)



11 years  
WAULT



## SELECTION OF SBB'S LARGEST JOINT VENTURES AND ASSOCIATED COMPANIES – SBB'S VALUE SEK 35BN

### Svenska Myndighetsbyggnader AB

SMB owns and manages properties for the judiciary, the defense forces and other Swedish authorities. The remainder of the company is owned by Kåpan Pensioner. The portfolio includes several police stations currently in production.

Property value:	SEK 10.4bn
Net operating income:	SEK 393m
Shareholding:	50.0%

### JM AB

JM is one of the Nordics' leading project developers of housing and residential areas. The company has building rights at its disposal for some 35,600 apartments and some 8,094 homes currently under production.

Company value <sup>1</sup> :	SEK 37.1bn
Profit before tax 2021:	SEK 2,158m
Shareholding:	28.1%
Anticipated dividend SBB 2022:	SEK 260m

### Solon Eiendom ASA

Solon is one of Norway's leading project developers of housing and residential areas. The company has building rights at its disposal for some 8,300 apartments and some 820 homes currently under production. The remainder of the company is owned by OBOS.

Company value <sup>1</sup> :	SEK 8.6bn
Profit before tax 2021:	SEK 293m
Shareholding:	49.5%

### Public Property Invest AS

PPI owns and manages properties for the judiciary and other Norwegian authorities. The remainder of the company is owned by institutional and private investors.

Property value:	SEK 8.7bn
Net operating income:	SEK 405m
Shareholding:	48.4%
Anticipated dividend SBB 2022:	SEK 85m

### Heba Fastighets AB

Heba is a long-term and experienced property owner that develops, owns and manages housing and community properties in the Stockholm region, Uppsala and the Mälardalen. The holding is not classified as an associated company.

Property value:	SEK 13.5bn
Net operating income:	SEK 274m
Shareholding:	22.0%
Anticipated dividend SBB 2022:	SEK 29m

### Preservium property AB

In Greater Stockholm, Preservium owns and manages two properties with only public-sector tenants and an average remaining lease term of 19 years.

Property value:	SEK 1.5bn
Net operating income:	SEK 56m
Shareholding:	35.4%
Anticipated dividend SBB 2022:	SEK 11m

### SBB Kåpan AB

SBB Kåpan AB owns and manages properties in Stockholm and the Mälardalen region. SBB Kåpan has the stated ambition of continuing to expand in the Mälardalen region. As of 31 December 2021, SBB Kåpan had a property portfolio of 2,692 apartments, of which 1,567 apartments are under production. The remainder of the company is owned by Kåpan Pensioner.

Property value:	SEK 5.7bn
Property value on completion:	SEK 8.2bn
Net operating income:	SEK 117m
Net operating income upon compl.:	SEK 244m
Shareholding:	50.0%

### Arlandastad Group AB

In the existing project portfolio, which has a potential value of approximately SEK 30bn, the company expects to generate some SEK 5–7bn in value added through organic growth over time.

Property value:	SEK 5.5bn
Net operating income:	SEK 64m
Shareholding:	20.1%

### One Publicus Fastighets AB

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

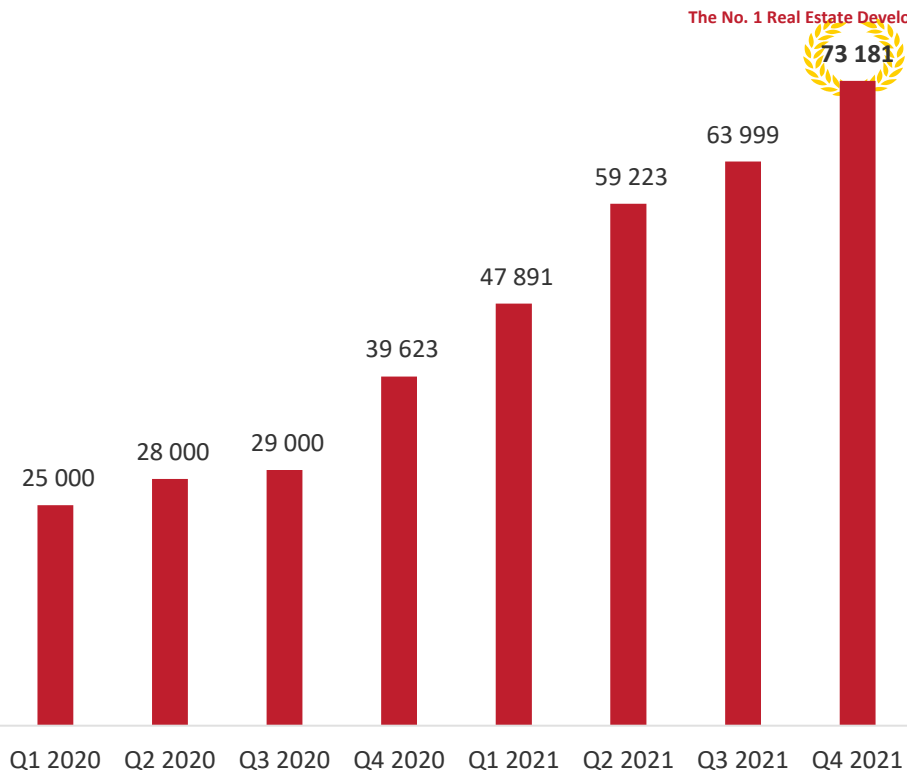
Property value:	SEK 777m
Net operating income:	SEK 24m
Shareholding:	32%
Anticipated dividend SBB 2022:	SEK 5m

# 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)

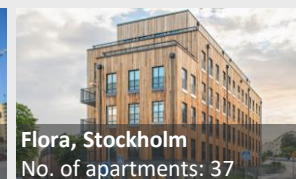
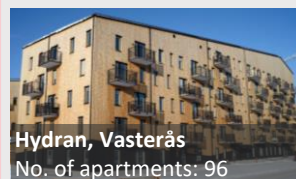
The No. 1 Real Estate Developer in Europe



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

- ✓ Annual target: **SEK 2,000 – 2,500m**  
FY 2021: **SEK 6,612m**
- ✓ Building rights volume: **3.3m sq.m.**
- ✓ No. apt. under project development: **18,465**  
No. apt. under construction: **4,471**
- ✓ Community service properties under construction: **95,900 sq.m.**
- ✓ Estimated potential profit from building rights portfolio: **SEK 21.4bn** without need for new investments.

## Selected development projects



**No. 1 developer with 4,471 apartments under construction. Estimated recurring earnings effect per year: SEK 2,000–2,500m**

# 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

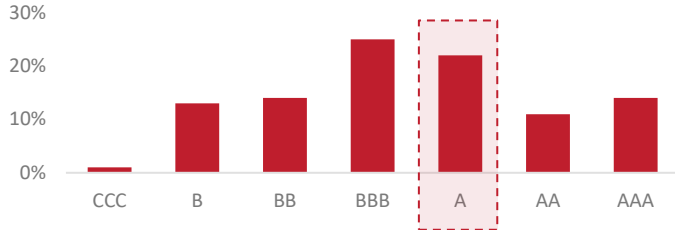
- ✓ Achieve investment grade BBB+ in the short term and A- in the long term
- ✓ 100% sustainable financing
- ✓ SBB to be classified as a green share on Nasdaq Stockholm

# RECOGNITION OF ESG PERFORMANCE

## ESG ratings



Upgraded from BB to A



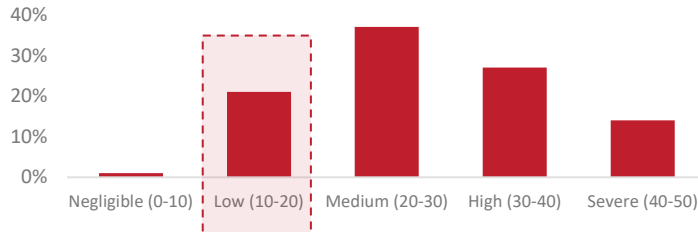
**MSCI**  
ESG RATINGS



CCC	B	BB	BBB	<b>A</b>	AA	AAA
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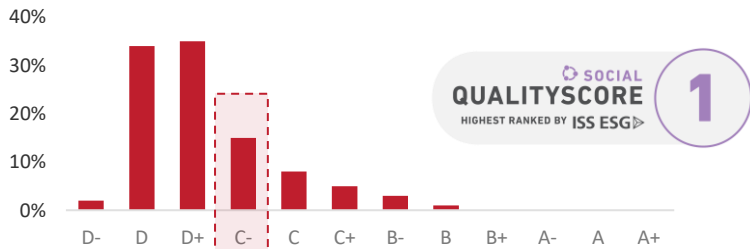
Risk reduced by 2.4 to 11.5, threshold for negligible ESG-Risk is 10.0



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>



**Regional Top Rated 2022**



**ESG REGIONAL TOP RATED**



SBB has been identified as a **top ESG performer** (ESG Regional Top Rated 2022) out of more than 4,000 comprehensive companies that Sustainalytics covers in their global universe



Notes: <sup>1</sup> As of 21<sup>st</sup> August 2021

## THE SOCIAL INFRASTRUCTURE CHAMPION IN EUROPE

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- 1** **Stable cash flow with large cash conversion** – Backed by AAA-countries
- 2** **Growth fueled by unique investment platform combining property management with our three value-add strategies** – Building right development and new production, investments in existing portfolio and value-adding transactions
- 3** **Dividend** – Proposed dividend of SEK 1.32 per A- and B class share (increase by 1,220% since 2017) to be paid monthly.
- 4** **Rating** – Key ratios delivered for BBB+
- 5** **Strategic sustainability** – The core of our business model

## IN SUMMARY...

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### ... continuing to deliver on operations and cash conversion...

1

SBB's rolling 12-month **earnings capacity rose by 102 percent** compared with the fourth quarter of 2020 and amounted to **SEK 8,195m** (4,049) at the end of 2021. As of 31 December 2021, earnings capacity per series A and B ordinary share was **SEK 5.65** (3.05), an **increase of 85 percent over the past year**. For the 2022 full year, we **forecast earnings of SEK 8.10 per series A and B ordinary share**.

2

SBB's income comprises secure cash flows from property management of social infrastructure, in which **residential and LSS housing** constitutes **54 percent of the property value and 50 percent of the rental income**. **Educational properties** make up **28 percent** of both property value and rental income. At 11 years, our average lease term is **the longest of any major European property company**. We supplement our uniquely secure property management with three revenue-generating and value-adding strategies: Building rights development, new production and investments in existing portfolios, and value-adding transactions. The value-adding strategies strengthen SBB's earnings, helping generate value over the long term, but also delivered strong cash of SEK 12.6bn in Q4 2021 helping to fund the Amasten bid. These also contributed to earnings per series A and B ordinary share of **SEK 17.35** and produced strong cash flow over the year.

3

**Total disposal during FY2021 of SEK 19,381m** with **profit of SEK 3,141m**, of which **SEK 851m** has been reported as realized value changes. The rest has been reported as unrealized value changes in the periods before closing

4

The **interest coverage ratio** continues to increase, the **S&P definition of ICR** (including 50% hybrid) was **4.1x**.

**Strong EBITDA-margin of 69.4%** demonstrates a successful integration of recent acquisitions, achieving the anticipated synergies, and establishing an operational track record with a mature portfolio that is over performing. **Rental income increased 2021 like for like by 1.8 percent** compared to the corresponding period last year (1.45% over CPI). **Net operating income increased like for like by 4.7 percent**.

**THANK YOU!**

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**Samhällsbyggnadsbolaget**

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