

# Creating a strong platform

February 2024



# PRESENTERS

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LEIV SYNNES  
CEO



DANIEL TELLBERG  
Finance Director



HELENA LINDAHL  
Treasury Director

# HIGHLIGHTS

- Executing on the new structure and strategy
- Reduced debt SEK 33.5bn last 18 months. Financial stability and liquidity remain a priority
- 10.9 percent like-for-like growth in full year NOI
- All debt is interest rate hedged – Average interest rate at 1.78% and maturity of 3.4 years
- Continued pressure on property valuation with signs of levelling off. Value decrease of 12.0% for the period and, 2.9% in the quarter

SEK **73** bn

Property Value

**2.3**

Interest Coverage Ratio

**54** %

Loan-to-Value

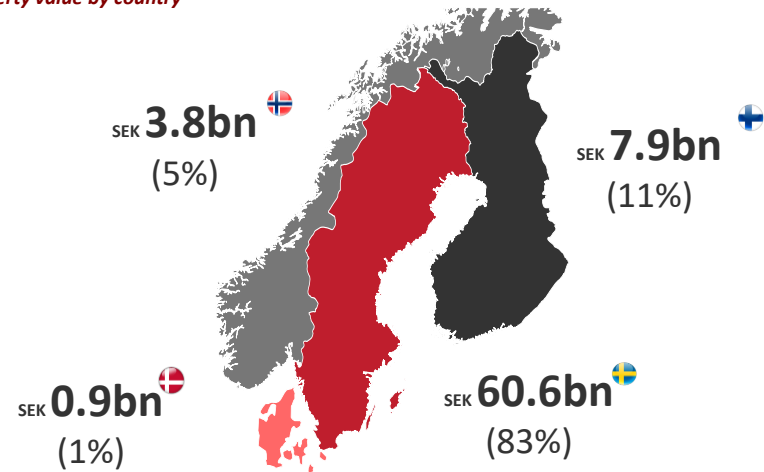
**4.8** %

Yield

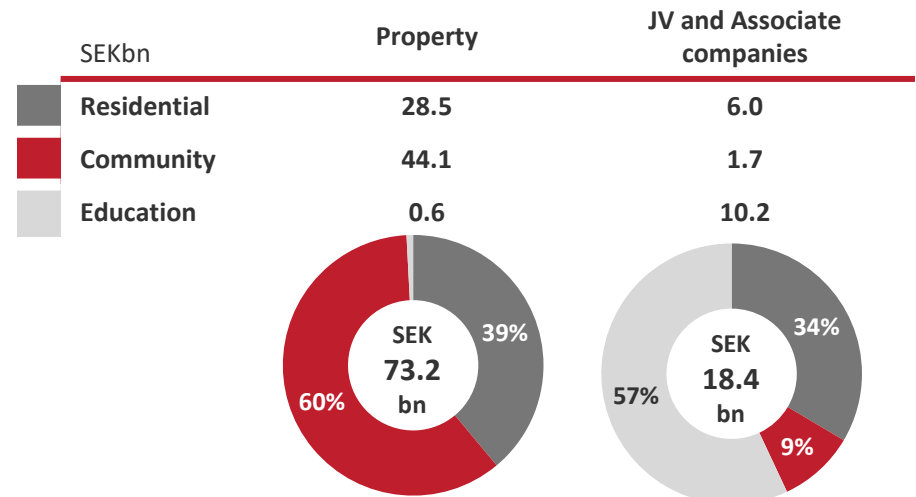
**5.8**

EPRA Vacancy Rate

Property value by country



Value by segment



## EXECUTING ON THE NEW STRUCTURE AND STRATEGY

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### **Implemented decentralised group structure**

- The three focused business units has improved access to bank funding and ability for equity raising activities
- We have deconsolidated Nordiqus (formerly EduCo) which now operates on a stand-alone basis
- We have gathered residential assets in Sveafastigheter and appointed an independent Board of Directors and management team ahead of a broadening of the shareholder base

### **Continued strategic sales and raising capital to increase flexibility**

- Sold properties for SEK 8.8 billion in the last 18 months and half of Nordiqus
- Deferred the interest payments on all hybrid bonds in accordance with the terms and conditions of the hybrid bonds
- Established a joint venture with Castlelake generating cash proceeds to SBB of approximately SEK 5.2 billion

### **Rejects allegations while maintaining a constructive dialogue with our bondholders**

- SBB firmly rejects the allegation that it is in breach of the EMTN consolidated coverage ratio covenant
- SBB will take all necessary legal measures to protect the interests of the company and its stakeholders

# GROUP STRUCTURE



## Residential

*Property value*  
**28.5bn**

*JV and Associate companies value*

**6.0bn**

*Yield*  
**3.79%**

## Community

*Property value*  
**44.1bn**

*JV and Associate companies value*

**1.7bn**

*Yield*  
**5.32%**

## Education

*Property value*  
**0.6bn**

*JV and Associate companies value*

**10.2bn**

*Yield*  
**6.24%**

## RESIDENTIAL

- SEK 1.4 billion in total rental value
- Rent development for Swedish regulated tenancies have outpaced inflation over time
- Strong potential - demographics and development opportunities
- Long term opportunity for increased rental income
- Occupancy rate of 94 percent for the quarter
- Strong organization and prudent capital structure enable growth
- IPO or strategic partnership in 2024 to enhance funding opportunities



### Consolidated properties

SEK **28.5** bn  
Property value

**3.79** %  
Yield

**1,313**  
Avg. rent per sq.m

### JV and Associate companies

SEK **6.0** bn  
Value

## COMMUNITY

- Government-funded tenants, minimal risk of rent loss
- Leading and scalable platform - facilitates sourcing opportunities
- Rental income close to 100% CPI-linked
- Sustainability at the core of the business model
- Elderly care as largest property type at 30%
- Partnership confirms the strong value of the portfolio



### Consolidated properties

SEK **44.1** bn  
Property value

**5.32** %  
Yield

**6.7** years  
WAULT

### JV and Associate companies

SEK **1.7** bn  
Value

## EDUCATION

- SBB owns 49.84% of Nordiqus with total property value of SEK 40.4 billion
- Nordiqus is co-owned with Brookfield, one of the world's largest and most competent infrastructure investors
- Nordiqus is Europe's leading public education property platform with growth potential
- Government-backed income, high lease renewal rate and close to 100% CPI-linked
- Excellent asset quality with predictable earnings is expected to lead to an investment grade credit rating and attractive dividend yield over time



### Consolidated properties

SEK **0.6** bn  
Property value

### JV and Associate companies

SEK **10.2** bn  
Value





## FINANCIAL STATEMENTS

## NORDIQUUS TREATMENT

- As of 22<sup>nd</sup> November 2023, SBB owns 49.84 percent of Nordiquus
- As of the majority shift, SBB reports Nordiquus under JV and Associated companies
- All operations related to Nordiquus before 22<sup>nd</sup> November 2023 is still reported as discontinued operations
- Historical periods have been re-calculated
- The deconsolidation has a limited effect on earnings per share

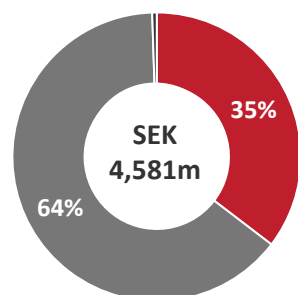
<b>Nordiquus, Discontinued operations</b>	<b>01-01-2023 - 22-11-2023</b>
SBB's holding	51.00%
Property value, 2023-11-22, SEKm	40,843
Rental income, SEKm	2,086
Profit from property management, SEKm	1,004
<i>Profit for the period attributable to:</i>	
Parent Company shareholders, SEKm	-1,148
Non-controlling interest, SEKm	-1,103
<b>Profit for the period, discontinued operations, SEKm</b>	<b>-2,251</b>
	<b>22-11-2023 - 31-12-2023</b>
<b>Nordiquus AB, JV and Associated companies</b>	
SBB's holding	49.84%
Carrying amount for holding, share of capital, SEKm	10,176
Rental income, SEKm	253
Profit from property management, SEKm	-10
<b>Profit for the period, SEKm</b>	<b>-937</b>
<b>SBB's share of profit/loss, SEKm</b>	<b>-467</b>

## NET OPERATING INCOME LIKE FOR LIKE

SEKm	Period Like for Like			Quarter Like for Like		
	1 Jan 23 - 31 Dec 23	1 Jan 22 - 31 Dec 22	Change	Q4 2023	Q4 2022	Change
Rental income	2,998	2,757	241	752	709	44
Operating costs	-617	-593	-24	-168	-148	-20
Maintenance	-147	-148	1	-52	-54	2
Property tax	-60	-56	-4	-14	-18	4
<b>Net operating income</b>	<b>2,174</b>	<b>1,959</b>	<b>214</b>	<b>518</b>	<b>488</b>	<b>30</b>
<i>Surplus ratio</i>	<i>72.5%</i>	<i>71.1%</i>		<i>68.8%</i>	<i>68.9%</i>	

### Rental income for the period

1 January 2023 – 31 December 2023



■ Residential    ■ Community    ■ Education

# 8.8%

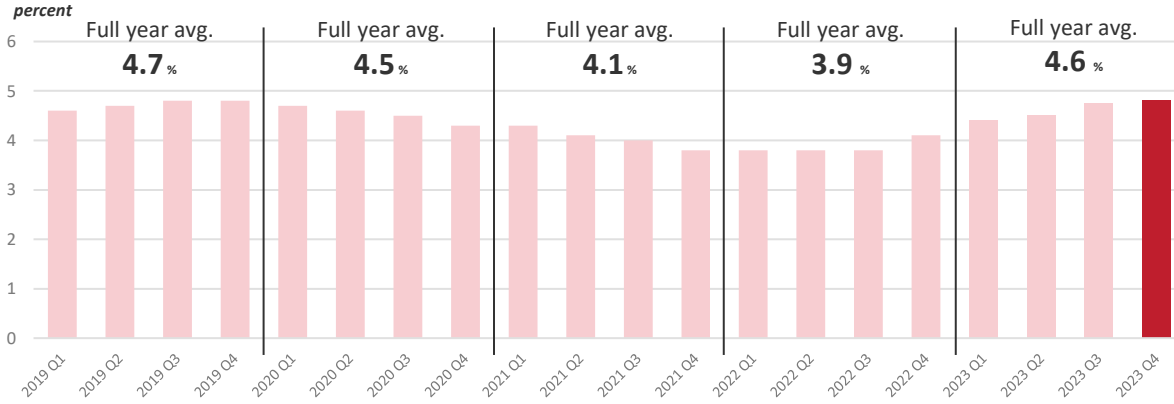
Rental income increase  
like for like FY

# 10.9%

Net operating income  
increase like for like FY

# INCREASED YIELD AND STABLE OCCUPANCY

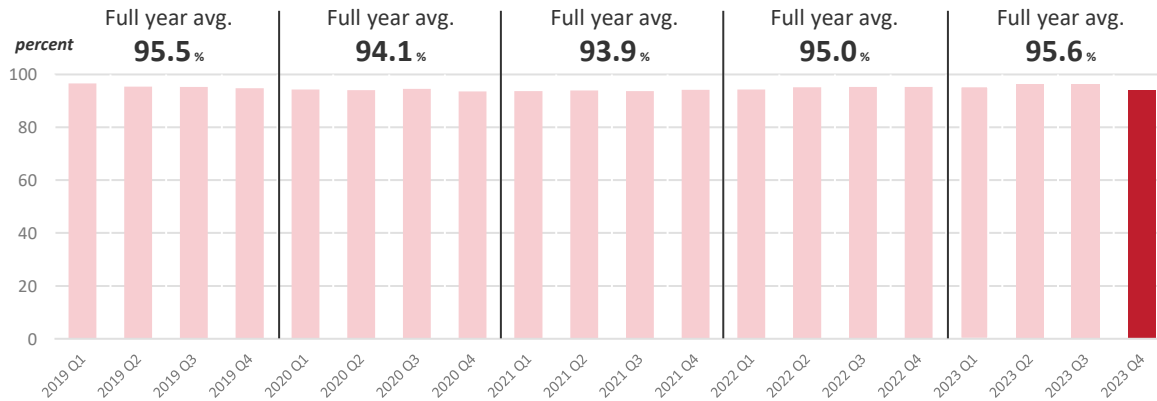
## Yield



**4.8%**

Yield Q4 2023

## Rental Occupancy Rate



**94.2%**

Rental Occupancy Rate Q4 2023

## KEY TAKE AWAY'S – CONSOLIDATED INCOME STATEMENT FOR THE PERIOD

SEK m	2023-01-01 2023-12-31	2022-01-01 2022-12-31	Difference	Like-for-like change	Comments
<b>Net operating income</b>	<b>3,209</b>	<b>3,615</b>	<b>-406</b>	<b>+10.9%</b>	<ul style="list-style-type: none"> <li>NOI was protected and improved like-for-like despite less income due to divestment.</li> <li>Property value decrease following higher yield.</li> <li>Goodwill impairment is attributed to Community driven by divestments and softening real estate market.</li> </ul>
Admin & Restructuring expenses	-878	-809	-69		
<b>Profit before financial items, value changes in properties and goodwill</b>	<b>2,241</b>	<b>2,686</b>	<b>-445</b>		
Changes in value, property	-13,277	-3,681	-9,596		
Goodwill	-1,150	-395	-755		
Other	-244	-3,606	+3,362		
<b>Operating profit</b>	<b>-12,430</b>	<b>-4,997</b>	<b>-7,433</b>		<ul style="list-style-type: none"> <li>Rising interest rates on the back of increased inflation which we are now seeing tendency of decreasing.</li> </ul>
Results from associated companies/joint ventures	-6,017	-1,866	-4,151		
Net interest	-986	-816	-170		
Other financial items	-2,852	-3,146	+294		
Tax	1,797	464	+1,333		
<b>Profit for the period, Continued operations</b>	<b>-20,488</b>	<b>-10,361</b>	<b>-10,127</b>		<ul style="list-style-type: none"> <li>Nordiqs prior to the 22<sup>nd</sup> of November is listed as Discontinued operations as of the transaction with Brookfield.</li> </ul>
Profit for the period, Discontinued operations	-2,251	550	-2,801		
<b>Profit for the period</b>	<b>-22,740</b>	<b>-9,811</b>	<b>-12,929</b>		

## FINANCING IN NEW MARKET CONDITIONS

- Main focus to reduce debt level and decrease the dependence on individual sources of financing
- Continue strengthening the company's financial position
- Long-term ambition of returning to investment grade rating
- Historic fluctuation in LTV is attributed to changing market conditions

54%

LTV Q4 2023

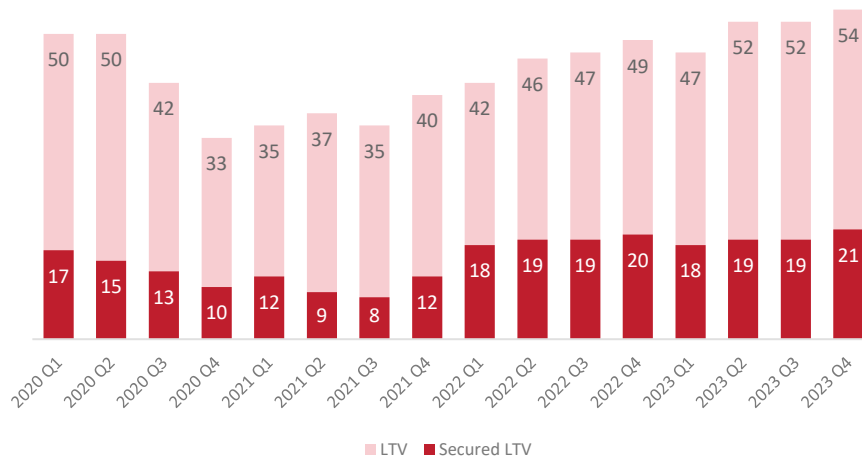
21%

Secured LTV Q4 2023

2.3x

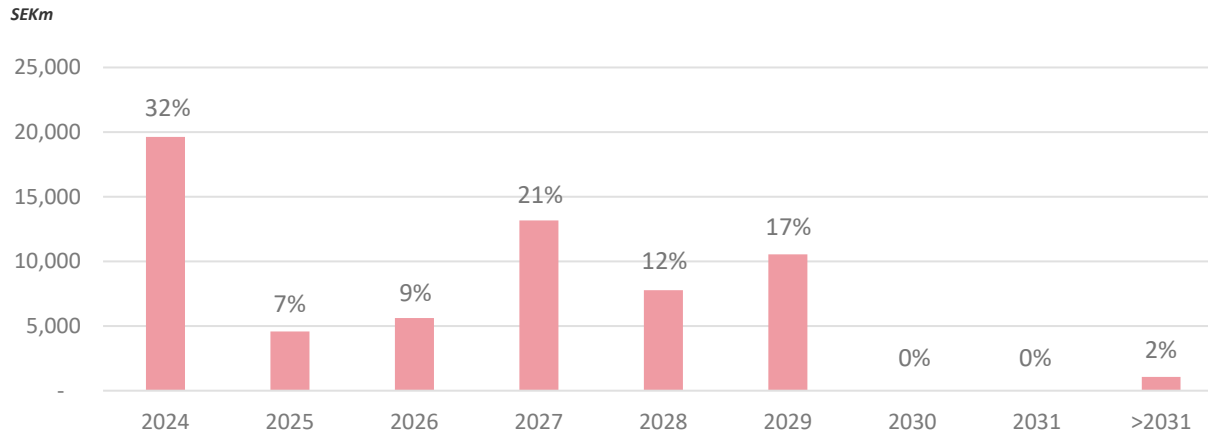
Interest coverage ratio FY 2023

Loan to value, %



# ATTRACTIVE LONG-TERM FUNDING

## Interest Rate Maturity



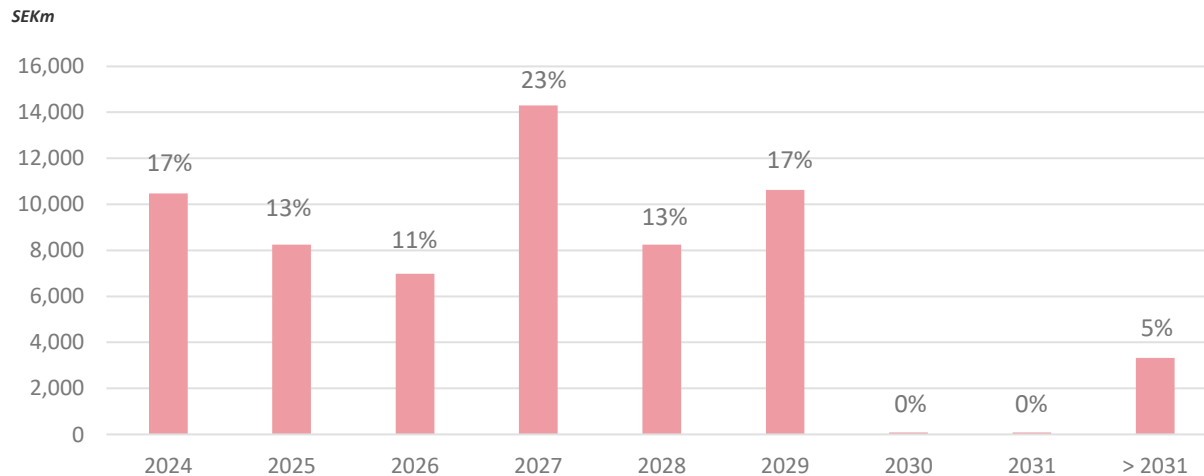
**3.4** years

Average interest maturity

**1.78%**

Average interest rate

## Debt Maturity



**3.6** years

Average debt maturity

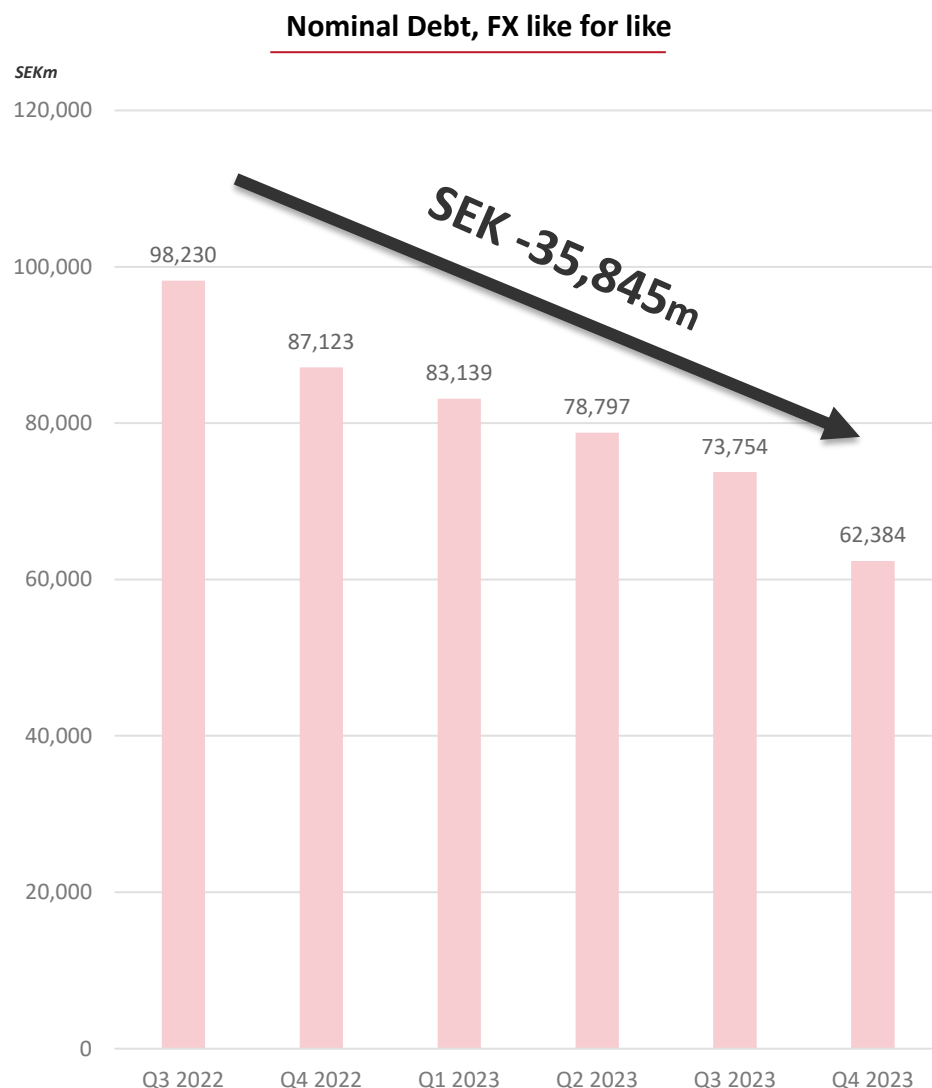
**58%**

With maturity later than 2026

**2.18%**

Average interest of debt with maturity later than 2026

## LIQUIDITY HAS FACILITATED NOMINAL DEBT REDUCTION

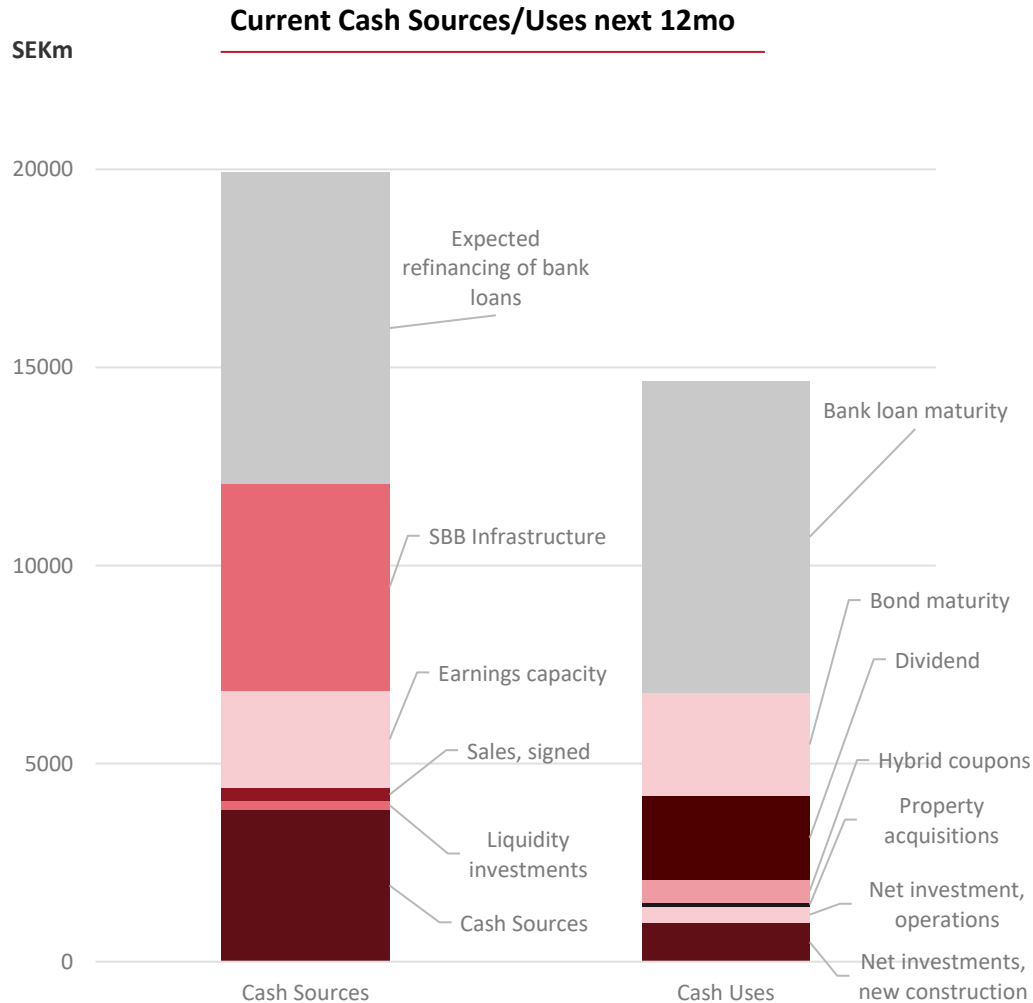


### Comments

- Actively managing debt portfolio has resulted in a substantial like for like decrease in debt
- Good progress, aim to continue to reduce debt through operating cash flow, divestments, and equity partners



# STABLE LIQUIDITY REMAIN A PRIORITY

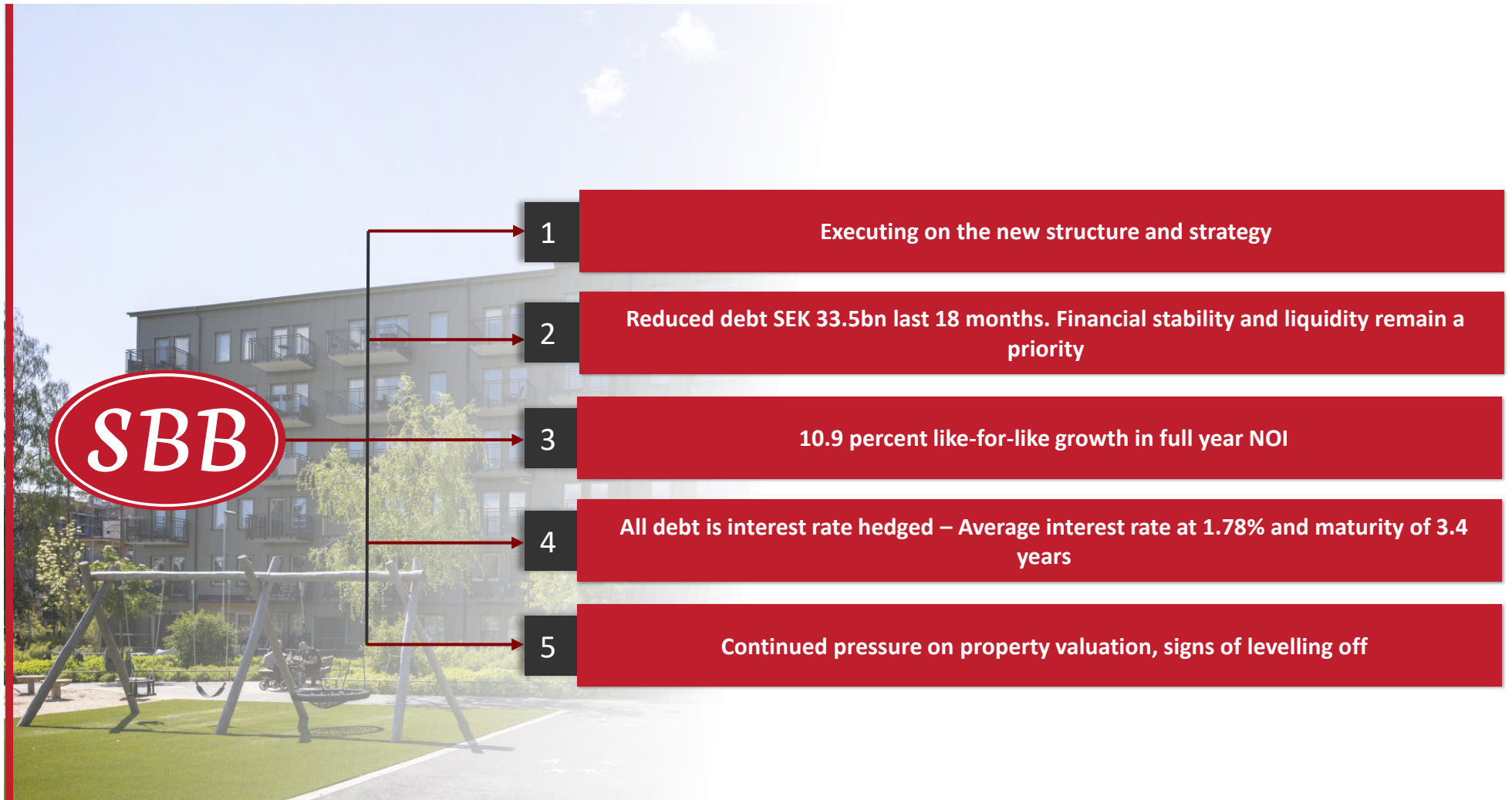


## Comments

- Long-term target of min SEK 3bn in liquidity
- Aim to keep cash sources/cash uses above 1.0
- Proceeds from Residential IPO/partnership not included
- Selective sale of individual properties if needed

## TO SUMMARIZE

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# Q&A

THANK YOU!

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**Samhällsbyggnadsbolaget**

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