

ANNUAL REPORT

2021

SAMHÄLLSBYGGNADSBOLAGET I NORDEN AB (PUBL)

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“ Our unique investment platform continues to deliver, building Europe’s largest property company focusing on secure assets.

“SBB’s income comprises secure cash flows from property management of social infrastructure”

SEK 149.3 BN

Property value
31 December 2021

SBB's rental income is tied to the Consumer Price Index (CPI) and is thus protected from inflation.

p.6



SBB has, from the outset, applied clear and ambitious targets to deliver shareholder value over time.

p.12



The company's property portfolio is characterized by a high occupancy rate and long lease contracts.

p.18

99%

rental income from social infrastructure

SEK 5,930 M

Rental income
Jan-Dec 2021

SEK 2,415 M

Cash flow from operating activities
Jan-Dec 2021

This is SBB

Samhällsbyggnadsbolaget i Norden AB (publ), referred to in this report as "SBB" or "the company" was founded by Ilija Batljan in March 2016 with the vision of building the best European property company for social infrastructure¹⁾. The company's strategy is to own, manage and develop community service properties and rent-regulated residentials over the long term. The company also aims to actively conduct project and property development to develop new social infrastructure.

Active property management

SBB has its own property management organization. Beyond ongoing maintenance, SBB focuses on working actively with value-creating development of the existing portfolio. A high surplus ratio is one of the company's priorities, and the property management operations are governed focusing on net operating income. This is partly achieved through energy-saving investments.

Besides working with traditional property management, SBB also works with additional value-creating activities in the form of three income-generating value-add strategies: Building rights development and new production, investments in existing portfolios and value-adding transactions.

Building rights development and new production

SBB works actively with project development of social infrastructure.

As of 31 December 2021, the project portfolio comprised 73,181 apartments, of which 4,471 apartments were under construction and 18,465 apartments were in project develop-

ment. At the end of the year, the community service properties in the project portfolio under production amounted to a lettable area of 95,869 m².

SBB also generates value through its extensive development of building rights. Establishing new building rights ensures a project portfolio that is sustainable over the long term and a high production rate. As of 31 December 2021, SBB's portfolio of building rights amounted to approximately 3,259,808 m² GFA, corresponding to about 50,245 apartments.

Building rights development and new production have a profit target of SEK 2,000 – 2,500m annually.

Investments in existing portfolio

Investments in the existing portfolio involve renovations that increase the net operating income of residential apartments (with a target of 600 renovated apartments annually) and investments in the company's community service properties. During 2021, SBB completed renovations improving the net operating income from 635 apartments. In addition to apartment renovations, SBB is

continuously upgrading the standard of the community service property portfolio. As of 31 December 2021, the total volume of these projects was approximately SEK 2,948m. A profit target of SEK 1,000m annually has been set for investments in existing portfolio.

Value-adding transactions

SBB generates significant shareholder value by recovering capital when fully developed properties and/or non-core properties are divested. SBB continuously assesses the portfolio to identify and focus resources on the properties offering the greatest potential. Selling properties considered fully developed and/or non-core properties entails resources being freed up to facilitate additional attractive acquisitions whereby the quality of the portfolio is gradually raised. Given our strong local presence, SBB can be an efficient buyer and seller of both individual properties and portfolios. No transaction is too small or too big for SBB.

Value-adding transactions have a profit target of SEK 400m annually and the transaction volume in 2021 was SEK 73.3m.

1) SBB defines social infrastructure as community service properties and rent-regulated residentials

By using capital efficiently and applying good risk and cost control, profitability and long-term values are achieved.



The year in brief

SEK **149.3** BN

Property value
31 December 2021

SEK **5.9** BN

Rental income
Jan-Dec 2021

SEK **25.6** BN

Profit for the period
Jan-Dec 2021

SEK **2,415** M

Cash flow from operating activities
Jan-Dec 2021

SEK **17.17** /SHARE

Earnings per share
31 December 2021

1.11%

Average interest rate
31 December 2021

Select events during the year

- In January, SBB announced a mandatory offer to the shareholders of Offentliga Hus.
- In March, SBB and Kåpan Government Employees Pension Fund (each with a 50-percent holding) formed SBB Kåpan Bostad AB to accelerate housing construction in Mälardalen and to continue fostering sustainable housing development.
- In June, SBB acquired 13,975,000 shares in JM AB (publ). The transaction corresponded to 20.08 percent of the shares and votes in JM, which thus became an associated company to SBB. Over the year, SBB increased its holding in JM, which amounted to 28.1 percent at the end of the year.
- In June, 70 percent of the shares were acquired in Riksbyggen's rent-regulated residential company Unobo. At that time, Unobo owned 5,368 apartments in metropolitan regions and university locations. In addition to SBB, 30 percent of the company is owned by Riksbyggen.
- In the second quarter, SBB issued a social perpetual hybrid bond of EUR 500m. The bond has a term of 5.6 years until initial redemption and bears a fixed coupon rate of 2.875 percent. During the quarter, unsecured social bonds were also issued for EUR 750m, with a maturity of 8.5 years and a fixed coupon of 1.125 percent.
- In September, SBB's Board of Directors adopted updated targets. The target scale of the SBB property portfolio has been adjusted to SEK 300bn by 2026. The target for earnings from building rights development and new production has been raised to an average of SEK 2.0-2.5bn annually over a five-year period. The Board also announced its ambition to propose to the 2022 Annual General Meeting that a dividend of SEK 1.32 per ordinary Class A and B share be paid, divided between 12 monthly dividends.
- In September, an updated Vision 2030 was presented, clearly sharpening the requirements in terms of SBB's own sustainability objectives. By 2030, SBB shall be climate-positive throughout the value chain, while 90 percent of the property portfolio shall comprise social assets and shall be adapted to meet climate risks.
- In September, SBB and El av Sol agreed to construct a 10 MW solar park in Hallstahammar. The facility is scheduled for completion in the second half of 2022. The expected annual production during a normal year corresponds to 5 percent of SBB's electricity consumption. SBB Group companies will sign long-term Power Purchase Agreements (PPAs) for the electricity produced by the solar park.
- In November, SBB sold government infrastructure properties for an agreed property value of SEK 10bn to Svenska Myndighetsbygg-nader Holding AB a company owned jointly (50/50) with Kåpan Government Employees Pension Fund.
- In November, Scope Ratings GmbH announced that SBB would be given a BBB rating with a stable outlook. According to Scope, the BBB rating is based on SBB's business model, with low-risk, high-quality assets and very robust tenants, providing stable and predictable cash flows.
- In December, SBB acquired a larger portfolio of preschools from Trygge Barnehager in Norway for an agreed property value of NOK 4,580m.

CEO Ilija Batljan

SBB's income comprises secure cash flows from property management of social infrastructure, in which residentials, including LSS, 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 facilities management with three revenue-generating and value-add strategies: building rights development and new production, investments in existing portfolios and value-adding transactions. The value-add strategies strengthen SBB's earnings, helping generate value over the long term. These contributed to earnings per Class A and B ordinary share of SEK 17.17 and produced strong cash flow over the year. In 2021, our target of generating growth in profit from property management per Class A and B ordinary share averaging at least 15 percent annually over a five-year period, was exceeded by a wide margin, reaching 115 percent. Our return on equity over the past 12 months was 38 percent. Adjusted for profit and equity attributable to Class D preference shares, hybrid bonds and minority interests, the return on equity in 2021, attributable to Class A and B ordinary shares, was a strong 54 percent.

Inflation-hedged rental income and a strong increase in net operating income

SBB's rental income is tied to the Consumer Price Index (CPI) and is thus hedged for inflation. The relatively high level of inflation in Sweden and Norway entails stronger growth in the company's rental income for 2022. Given SBB's active property management and property refinement work, our internal target is for our average annual increases in rental income in comparable portfolios to exceed the CPI by 100 basis points. We have exceeded the target every year since the company's inception and the aver-

age outcome on a 12-month rolling basis for the past three years is about 120 basis points above the CPI. Here too, 2021 was a record year, with rental income for comparable portfolios rising 1.8 percent on the year-earlier period, which is 145 basis points above last October's weighted CPI, on which the 2021 increase in rental income is based. The 2021 increase in net operating income for comparable portfolios (like-for-like) was even stronger, ending up at 4.7 percent. Accordingly, we experienced the strongest net operating income trend for comparable portfolios of all major property companies – and far stronger than our closest competitors.

The key ratios needed for a BBB+ rating continue to be strengthened

Our focus is on generating the greatest-possible risk-adjusted return for our shareholders, who currently number slightly more than 200,000. We are well on our way to delivering on our target for SBB's property portfolio to amount to SEK 300bn in 2026, and for our entire operations to be climate positive by 2030. At the end of the year, our investment properties amounted to SEK 149.3bn, an increase of SEK 59bn on the preceding year. The increase is even more impressive if, in addition to this, we also take into account that our share of the value of joint ventures/associated companies corresponds to about SEK 35bn. This is all achieved with strict financial discipline and our key ratios are stronger than what is required for a BBB rating. SBB's loan-to-value ratio was 40 percent. At the end of the year, our joint ventures/associated companies had an average loan-to-value ratio of 37 percent.

At the end of the period, our adjusted net debt (pro forma for 12 months ahead and divided by total capital, in line with S&P's loan-to-value definition) was 47 percent. This is the level we will maintain for the next three years. We continue to raise our interest coverage ratio, which was a multiple of 5.5 at the end of the period. We have SEK 151bn in non-pledged assets and non-current capital and fixed interest maturities. SBB had an average interest rate of 1.11 percent at the end of the year.

Earnings capacity increased by 85 percent to SEK 5.65 per Class A and B ordinary share

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 Class A and B ordinary share was SEK 5.65 (3.05), an increase of 85 percent over the past year. Profit after tax was SEK 25,601bn. Adjusted for costs affecting comparability, for the repayment of expensive loans, for example, as well as deductions for earnings attributable to Class D preference shares, hybrid bonds and minority interests, earnings per share for the period amounted to SEK 17.26 (6.20) per Class A and B ordinary share, an increase of 178 percent. For the 2022 full year, we forecast earnings of SEK 8.10 per Class A and B ordinary share. This is based on SBB's continuous earning capacity, results from projects and transactions in progress, as well as the assessed rent development for the year.

Profit from property management increased by SEK 3,256m to SEK 5,690m ...

Profit from property management, adjusted for changes in value and tax from joint ventures/associated companies and costs affecting comparability, increased by 31 percent to SEK 3,370m (2,567). In addition to loan redemption costs (SEK 155m), costs affecting comparability also include restructuring costs (SEK 86m) and unrealized FX effects (SEK 118m).

... and continued strong profit growth from our value-add strategies

Our value-add strategies continue to deliver on all levels. By itself, profit from our two value-add strategies (building rights development and new production, as well as investments in existing portfolios) reached SEK 7.2bn in 2021, corresponding to earnings of SEK 5.20 per Class A and B ordinary share, equivalent to nearly a third of the profit for the year. 1) In 2021, profit from building rights development and new production amounted to SEK 6,612m, compared with the target of

SBB's Vision
2030 targets
being climate
positive throughout the value
chain by 2030."



SEK 2.0-2.5bn on an annual basis. At the end of December, SBB's building rights and production portfolio, including joint ventures, amounted to about 73,000 apartments. Adding the 36,000 apartments in the JM portfolio, SBB would, with a total exposure of 110,000 apartments, be the European company with the potential to benefit most from future housing production. 2) The year's Profit from investments in existing portfolios amounted to SEK 564m, compared with the target of SEK 1,000m on an annual basis. During 2021, SBB completed renovations improving the net operating income from 635 apartments. In addition to apartment renovations, SBB continuously upgrades its portfolio of community service properties. The total volume of these projects amounts to about SEK 2,948m and, when these have been completed, they will contribute to an increase in net operating income of SEK 159m on an annual basis. At the same time, the yield (yield on cost) for these value-generating projects is 5.4 percent, paving the way for strong value growth. 3) The transaction team continues to deliver, with property transactions for a total SEK 73bn in 2021.

An important part of the company's social sustainability initiative is to contribute new elderly care units and LSS housing. The number of apartments for elderly care units managed in-house is set to increase sharply, with the target of doubling the total rental income from elderly care units and LSS housing between 2020 and 2025, from the level of slightly more than SEK 800m to SEK 1.6bn annually. At the end of the fourth quarter of 2021, our income from elderly care units and LSS housing had increased to SEK 1,227m. It is gratifying to note that our goal-oriented efforts regarding Project and Property Development are again delivering. At the end of the year, we had 4,471 apartments and 95,869 m² of community service properties currently in production and 18,465 apartments currently in project development. Combined with our progress with our building rights portfolio, this has generated a quarterly profit of SEK 3,898m. At the same time, we sold properties with building rights for SEK 2.6bn in the fourth quarter, demonstrating our capacity to derive considerable cash flow from our building rights portfolio year after year, and to reinvest in cash flow properties, further emphasizing that profit from project and property development can be equated with profit from property management in our business model.

Sustainability is the core of our business model

SBB's Vision 2030 climate target is to be climate positive throughout the value chain by 2030. We also have a concrete road map in place, clearly detailing and illustrating how this target will be achieved. SBB's course to climate positivity by 2030 rests on three pillars: efficient consumption of renewable energy, generating renewable energy and life cycle investments focused on constructing with wood and green concrete with major elements of recycling. SBB's climate targets have been approved by "Science Based Target" following a due diligence process and have been published on their website.

The most sustainable properties are those that have already been built. This is why SBB conducts unique initiatives and makes

major investments in streamlining its existing portfolios. In December, SBB began working with the Sweden Green Building Council (SGBC) to certify 1,000 existing properties. At the same time, SBB continues to invest in energy efficiency improvements. Four new energy-saving projects have been launched in Södertälje, where the buildings' attics will be fitted with supplementary insulation, the substations will be replaced and waste water heat exchangers will be installed. Completely passively, without pumps, control equipment or moving parts, the waste water heat exchangers will recover all heat from the drain and use that energy to preheat incoming tap water. Following the completion of the project, SBB expects to reduce the properties' energy consumption by approximately 18 percent.

Several projects involving solar cells, heat pumps, additional insulation, and connecting properties are underway in all of SBB's markets. In December, for example, SBB's pilot project with Watts2You was inaugurated, with the installation of 600 solar panels with integrated battery storage at one of SBB's residential properties. The batteries and associated control equipment allow solar electricity to be saved, while also allowing mains electricity to be bought and stored when prices are low, for that electricity to then be consumed from the batteries at the time of day when electricity is expensive. SBB is one of Europe's largest investors with regard to construction using wood. At the same time, we continue to make efforts to reduce CO₂ emissions from concrete. Our subsidiary Sveafastigheter, which is constructing 367 apartments and a preschool in Haninge, has invested its efforts into developing an optimized, slimmed-down skeleton, a high degree of recycled rebar and green concrete in the foundation plate, site cast basement walls and underpinning. These three measures reduce CO₂ emissions by at least 40 percent compared with traditional construction. The properties will also have roof-top solar cells and will be certified in accordance with the Miljöbyggnad Silver environmental building standard, with climate calculations being made for all component materials used in construction. Climate-focused investments will also be combined with efforts to increase biodiversity in our newly built residential areas.

SBB's renovations focus strongly on energy efficiency enhancements, but also on the decontamination of old materials. In the fourth quarter, 216 renovated apartments were completed.

SBB holds ISS ESG's highest rating for its work on social sustainability. The broad palette of initiatives, including major initiatives regarding summer jobs, is supplemented regularly with a variety of initiatives. Together with the Municipality of Haninge and selected property owners in Handen, SBB invested in a project that will contribute to local engagement by making citizens actively involved in the process, increasing security and facilitating increased interaction between people of different ages and with different backgrounds. SBB continues to support the UNHCR and its "roof over their heads" project. Gifts were collected using SBB's housing app, in which SBB has also launched a new and unique product, a fallback insurance

” Our platform, comprising our employees, their skills and the associated infrastructure, represents our most important asset.”

plan. The insurance covers the tenant's housing costs in the event of illness or unemployment. All tenants who have just moved in are automatically covered by the plan for three months after moving in. Social sustainability is not a charity – it is a win win.

Prospects

For the 2022 full year, we forecast earnings of SEK 8.10 per Class A and B ordinary share. Today we are a large family with about 200,000 shareholders and slightly more than 400 employees at many locations in several countries. Our team is our platform. We deliver shareholder and societal value throughout the value chain, from property development to property management. We are also the buyer to whom municipalities and other long-term players choose to sell. At the same time, our employees increasingly have to compete with players with owners located in tax havens. It is important to highlight such objectionable practices. Combining a long-term perspective and sustainability with owners from tax havens can be a conundrum. SBB's principal owners pay their taxes in the Nordics and consider long-term planning important. Paying taxes in accordance with Swedish (Norwegian, Danish or Finnish) laws and regulations is also an important sustainability issue. Accordingly, we want to be extra clear to our shareholders that we will not compromise on sustainability. Instead, our competition continues to spur us on to further hone our approach. Our unique investment platform continues to deliver, building Europe's largest property company focusing on secure assets. Today, we are already leaders in social and ecological sustainability and we will continue to challenge ourselves, building long-term value for all stakeholders. Naturally, this also includes shareholder value in the form of annually increased dividends and our ambition is to be able to increase the dividend over the next 100 years. For the 2022 Annual General Meeting, the Board proposes a dividend of SEK 1.32 per ordinary A and B share, split between 12 monthly dividends. Switching to monthly dividends is another means of creating a long-term perspective and reflects our secure cash flows from Europe's safest assets.

Ilija Batljan
CEO and Founder

SBB as an investment

As a shareholder in SBB...

... you are an owner of the largest social infrastructure property company in the Nordics

In a short amount of time, SBB has established itself as one of the largest listed property companies and the largest in social infrastructure in the Nordics. The property portfolio has a clear focus on low-risk assets with exposure to Nordic welfare states with long leases, high letting ratios and a diversified base of tenants. Read more on page 18.

...you have exposure to a unique business model with recurring income streams from three value-add strategies

The business model builds on managing the world's most secure assets with exposure to value-adding potential to generate value through

building rights development and new production, investments in existing portfolios and value-generating transactions. Through its business model, SBB generates long-term, sustainable shareholder value through a high risk-adjusted annual return. Read more on page 25.

...you become part of the journey towards the world's most sustainable property company

Sustainability is a natural part of our business model and SBB strives to be the world's most sustainable property company. SBB has set up a sustainability vision for 2030 with the overall objective of being climate-positive throughout the value chain. We also strive for 100-percent sustainable financing and at least 90 percent social assets. Read more on page 37.

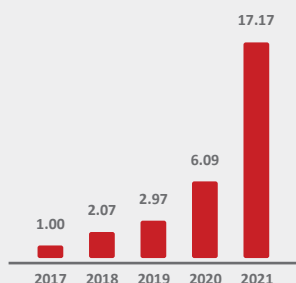
...you are a prioritized stakeholder and can expect increasing dividends every year

Our shareholders are one of our most important stakeholders and the operations aim to deliver shareholder value, good profitability and strong cash flows. SBB endeavours to be transparent and readily available. We prioritize meetings with shareholders, are visible in the media and participate in presentations and seminars to the greatest extent that time allows. Most important of all, however, is that our shareholders are to be able to participate in our value creation. For us, a key target is, thus, to deliver a stable increasing annual dividend per ordinary Class A and B share.

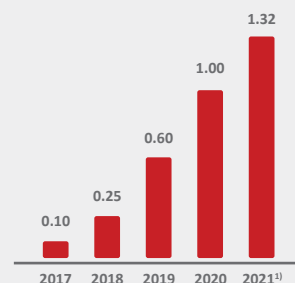
Focus on delivery

- Earnings per Class A and B ordinary share have risen by 1 617 percent since 2017
- The dividend per Class A and B ordinary share has risen by 1 220 percent since 2017
- Strong balance sheet: BBB from Scope (stable outlook) and BBB- from S&P and Fitch (positive outlook)

Earnings per Class A and B ordinary share, SEK



Dividend per Class A and B ordinary share, SEK



1) The Board's proposal to the 2021 Annual General Meeting

Frequently asked questions from investors in 2021

How has SBB been able to grow so quickly?

SBB has a platform of employees, expertise and infrastructure that creates the conditions for growth and execution of our value-add strategies. Our foremost strength is our team, which works continuously to generate the greatest value possible, although growth is also supported by the strong demographic development in the Nordics.

Why do municipalities sell their properties to SBB?

Increasingly, municipalities are realizing that they can strengthen their financial position and gain a property owner that does the job just as well, or better, than the municipality itself. SBB can also add value for municipalities by investing in and developing building rights to create more rental apartments and community service properties.

Why does it take so long to achieve a better rating?

In 2021, SBB received a BBB rating (stable outlook) from Scope, and meets the requirements for a BBB rating, as well as the most important key ratios for a BBB+ rating from S&P and Fitch. SBB is actively working for the rating to reflect the company's actual financial position and earnings capacity. The rating institutes work with a horizon of 12-18 months and revisions are not always made as soon as the criteria have been met.

How will SBB achieve its target of for a property portfolio worth SEK 300bn by 2026?

We perceive highly favourable opportunities to continue growing the portfolio. One of the foremost drivers of growth will be using the company's extensive portfolio of building rights to construct rent-regulated residentials. Over the next five years, there will be opportunities to construct 15,000 new apartments. There will also be opportunities for further acquisitions and possible market expansion.

How will SBB become climate positive in 2030?

SBB has a clear road map that, combined, entails all of SBB's electricity needs being covered through solar and wind power, sharply reduced CO₂ emissions from the construction process and an electrified vehicle fleet. Remaining CO₂ emissions are to be offset through renewable energy and new technologies exceeding total emissions.

What is the difference between SBB's Class B and D shares?

The Class B share is directly exposed to SBB's value creation, with the goal of annually increasing the dividend. The Board has proposed that the 2022 Annual General Meeting raise the dividend to SEK 1.32 per share. The Class D share is reminiscent of a fixed-interest investment with a high and predictable yield. The dividend on the Class D share has a fixed ceiling of SEK 2 per share.

The share

Samhällsbyggnadsbolaget's Class B share (ticker SBB B) and Class D share (ticker SBB D) are traded on Nasdaq Stockholm, Large Cap. Over the year, the total return on the Class B share was 135 percent.

As of 31 December 2021, the number of Class B ordinary shares totalled 1,241,164,407 and the number of Class D ordinary shares totalled 193,865,905. There are also 209,977,491 Class A ordinary shares in the company. On 31 December 2021, Class B ordinary shares were trading at SEK 66.42 and Class D ordinary shares at SEK 32.14. The market capitalization of the Class B ordinary shares (including the value of unlisted Class A ordinary shares at the same price) was SEK 96,385m, and for the Class D ordinary shares, it was SEK 6,231m.

The closing price for Class B shares of SEK 66.42 represents an increase of 132 percent compared with 31 December 2020. Over the year, the total return on SBB's shares (including dividends) was 135 percent.

Both the liquidity of SBB's share and the number of shareholders in SBB has increased over the year. Over the year, an average of

approximately 4.6m Class B shares were traded per day for an average daily value of approximately SEK 195m. At the end of 2021, SBB had 165,321 known shareholders - an increase of 141 percent over the year.

SBB works actively with its investor base by participating in roadshows, presentations and events for private and institutional investors.

Redemption of preference shares

The Extraordinary General Meeting on 23 February 2021 resolved to redeem all preference shares in SBB supported by the redemption provision in the Articles of Association. The redemption price amounted to SEK 650 per preference share, with the redemption settlement totalling SEK 19,963,450. The record date for the redemption was set for 23 April 2021, and the final trading on Nasdaq First North Premier Growth Market was 21 April 2021.

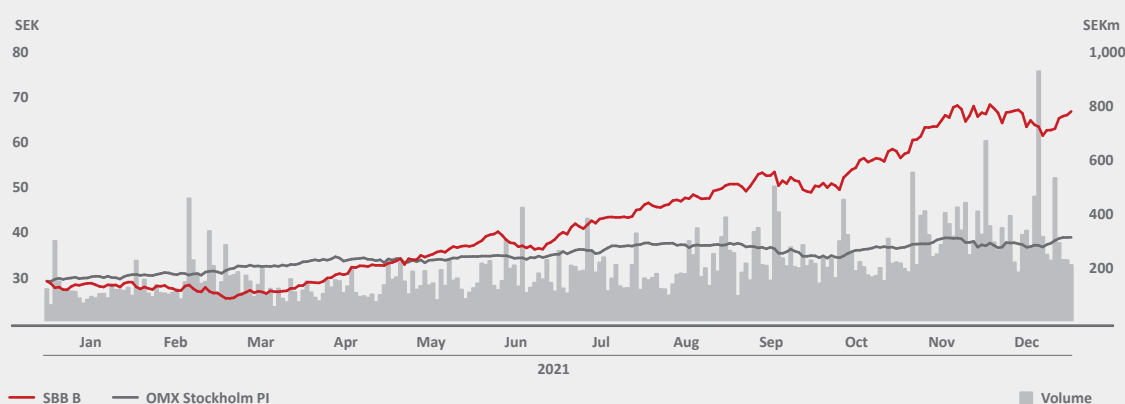
Share price, SEK

	31-12-2021	31-12-2020
Class B shares	66.42	28.66
Class D shares	32.14	30.10
Preference shares	-	710.00

Average trading volume per trading day, SEKm

	Jan-Dec 2021	Jan-Dec 2020
Class B shares	194.5	176.0
Class D shares	21.7	18.6
Preference shares	-	0.1

Class B share trend, past 12 months



Shareholders

On 31 December 2021, share capital amounted to SEK 164,500,780 at a quotient value of SEK 0.1 per share. At the Annual General Meeting, holders are entitled to one vote per Class A ordinary share and to 0.1 votes per Class B and

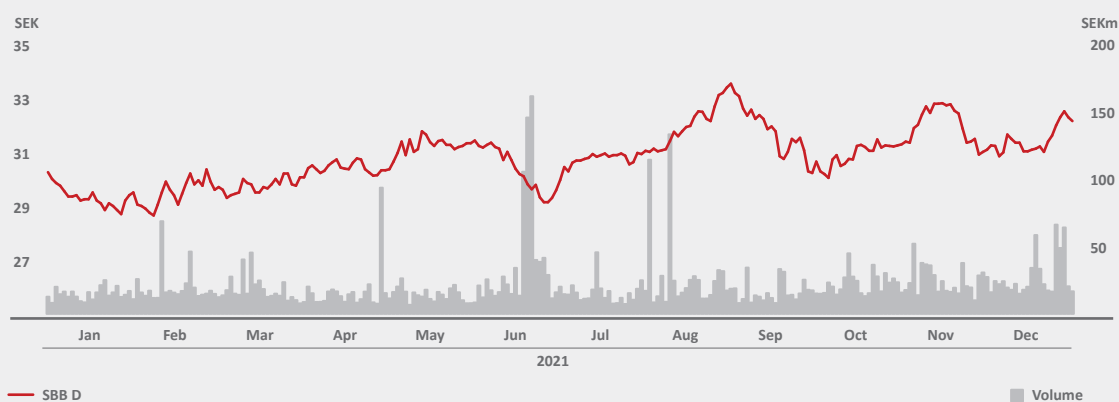
D ordinary share. Holders of Class D ordinary shares are entitled to five times the total dividend on Class A and B ordinary shares, although not to more than SEK 2 per share and year.

Shareholder structure as of 31 December 2021

Shareholders	Class A shares	Class B shares	Class D shares	Share capital, %	Votes, %
Ilija Batljan (private and through company)	109,053,868	22,213,171	530,000	8.01	31.49
Arvid Svensson Invest	42,444,700	23,144,429	-	3.99	12.66
Dragfast AB	36,163,467	67,550,000	-	6.31	12.14
Sven-Olof Johansson	22,315,456	31,081,315	-	3.25	7.19
Länsförsäkringar	-	64,713,256	-	3.93	1.83
Handelsbanken Fonder	-	48,633,357	694,549	3.00	1.40
Läringsverkstedet Gruppen AS	-	-	44,197,779	2.69	1.25
Vanguard	-	38,811,889	3,464,621	2.56	1.20
BlackRock	-	40,405,949	1,353,174	2.54	1.18
Avanza Pension	-	25,526,815	11,013,128	2.22	1.03
Marjan Dragicevic	-	30,900,000	-	1.88	0.87
Futur Pension	-	23,052,214	2,127,819	1.53	0.71
Norges Bank	-	23,929,747	-	1.45	0.68
Gösta Welandson with companies	-	23,146,364	224,000	1.42	0.66
Lennart Schuss	-	20,074,872	190,000	1.23	0.57
Other	-	757,897,818	130,070,835	54.0	25.1
Total	209,977,491	1,241,164,407	193,865,905	100%	100%

In accordance with a resolution by the 2021 Annual General Meeting, the shareholders have appointed the following individuals: Mia Batljan (chairman), Rikard Svensson, Sven-Olof Johansson and Lennart Schuss to form the Nomination Committee in preparation for the 2022 Annual General Meeting.

Class D share trend, past 12 months



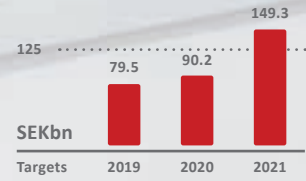
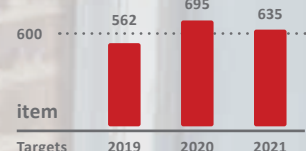
Target follow-up

SBB has, from the outset, applied clear and ambitious targets to deliver shareholder value over time. Updated financial and operational targets were presented in connection with SBB's capital markets day in September 2021.

Financial targets


Targets	Comment	Outcome in 2021										
Generate growth in profit from property management for ordinary Class A and B shares (EPRA Earnings) averaging at least 15 percent annually over a period of five years	<p>Growth in profit from property management is a measure reflecting SBB's management of secure cash flow properties.</p> <p>The outcome for 2021 amounted to 11 percent.</p>	 <table><tr><th>Year</th><th>Value</th></tr><tr><td>Targets</td><td>15</td></tr><tr><td>2019</td><td>50</td></tr><tr><td>2020</td><td>345</td></tr><tr><td>2021</td><td>11</td></tr></table>	Year	Value	Targets	15	2019	50	2020	345	2021	11
Year	Value											
Targets	15											
2019	50											
2020	345											
2021	11											
Generate earnings from property development of an average SEK 2,000-2,500m annually over a five-year period	<p>Based on municipalities' needs, SBB focuses on using its building rights portfolio to build green rent regulated residentials .</p> <p>The outcome in 2021 amounted to SEK 6,612m.</p>	 <p>SEK 6,612m 2021</p>										
Loan-to-value ratio lower than 50 percent , defined as net debt in relation to total assets.	<p>SBB's strategy is to keep its financial risk low and, for that reason, set targets for loan-to-value ratio, secured loan-to-value ratio and interest coverage ratio. The loan-to-value ratio is used to illustrate SBB's financial risk.</p> <p>The outcome for 2021 amounted to 40 percent.</p>	 <table><tr><th>Year</th><th>Value (%)</th></tr><tr><td>Targets</td><td>50</td></tr><tr><td>2019</td><td>41</td></tr><tr><td>2020</td><td>35</td></tr><tr><td>2021</td><td>40</td></tr></table>	Year	Value (%)	Targets	50	2019	41	2020	35	2021	40
Year	Value (%)											
Targets	50											
2019	41											
2020	35											
2021	40											
Secured loan-to-value ratio lower than 30 percent	<p>The secured loan-to-value ratio is used to illustrate SBB's financial stability.</p> <p>The outcome for 2021 amounted to 12 percent.</p>	 <table><tr><th>Year</th><th>Value (%)</th></tr><tr><td>Targets</td><td>30</td></tr><tr><td>2019</td><td>26</td></tr><tr><td>2020</td><td>10</td></tr><tr><td>2021</td><td>12</td></tr></table>	Year	Value (%)	Targets	30	2019	26	2020	10	2021	12
Year	Value (%)											
Targets	30											
2019	26											
2020	10											
2021	12											
Interest coverage ratio corresponding to a multiple of at least 3.0.	<p>The interest coverage ratio is used to illustrate SBB's financial risk.</p> <p>The outcome in 2021 was a multiple of 5.5.</p>	 <table><tr><th>Year</th><th>Value (multiple)</th></tr><tr><td>Targets</td><td>3.0</td></tr><tr><td>2019</td><td>3.0</td></tr><tr><td>2020</td><td>4.1</td></tr><tr><td>2021</td><td>5.5</td></tr></table>	Year	Value (multiple)	Targets	3.0	2019	3.0	2020	4.1	2021	5.5
Year	Value (multiple)											
Targets	3.0											
2019	3.0											
2020	4.1											
2021	5.5											
Achieve a BBB+ rating in the short term , and A- in the long term	<p>SBB received a BBB rating (stable outlook) from Scope in November 2021, and has a BBB rating (positive outlook) from S&P and Fitch.</p>	 <p>BBB- 2019 BBB- 2020 BBB- 2021</p>										

Operational targets

Targets	Comment	Outcome in 2021								
A property portfolio of SEK 300bn by 2026 , with maintained BBB+ rating	<p>The target is based on SBB's ambition of becoming Europe's largest social infrastructure property company. The company perceives considerable potential in also scaling up its platform outside the Nordics.</p> <p>Property value totalled SEK 149.3bn in 2021.</p>	 <table><tr><th>Year</th><th>Value (SEKbn)</th></tr><tr><td>2019</td><td>79.5</td></tr><tr><td>2020</td><td>90.2</td></tr><tr><td>2021</td><td>149.3</td></tr></table>	Year	Value (SEKbn)	2019	79.5	2020	90.2	2021	149.3
Year	Value (SEKbn)									
2019	79.5									
2020	90.2									
2021	149.3									
Climate positive by 2030	<p>SBB seeks to act vigorously on climate change with the objective of being climate positive throughout value chain by 2030. The interim target is to reduce energy consumption and climate impact by 5 percent annually, and for at least 50 percent of new production is to be built of wood from certified forestry.</p> <p>In 2021, energy consumption decreased by 3.4 percent and the climate impact by 20.3 percent per m².</p>	<div><div>36%</div><div>Proportion of new construction projects in 2021 with wooden framework</div></div>								
Renovation of at least 600 apartments annually .	<p>There is scope for renovating more than 75 percent of SBB's residential portfolio.</p> <p>In 2021, 635 apartments were renovated.</p>	 <table><tr><th>Year</th><th>Value (item)</th></tr><tr><td>2019</td><td>562</td></tr><tr><td>2020</td><td>695</td></tr><tr><td>2021</td><td>635</td></tr></table>	Year	Value (item)	2019	562	2020	695	2021	635
Year	Value (item)									
2019	562									
2020	695									
2021	635									

Dividend Policy

Targets	Comment	Outcome in 2021
Generate a steadily increasing annual dividend per ordinary Class A and B share	SBB's ambition is for the company's profits to benefit shareholders through dividends.	0.60 2019
	The Board has proposed to the 2022 Annual General Meeting that a dividend of SEK 1.32 per ordinary Class A and B share be paid, divided between 12 monthly dividends.	1.00 2020



Year	Value
2019	0.60
2020	1.00
2021	1.32

Finance and property market¹

Economic development worldwide has been strong during the year, and the Nordic property markets have shown strength with record-breaking transaction volumes.

The global economy

Following weaker development in the world economy in 2020, 2021 was instead a year of recovery and overheating. Economic development was strong worldwide over the year. For full year 2021, the world economy is expected to have grown by 5.9 percent, while Europe's GDP is expected to have grown by about 5 percent over the full year. This is slightly lower than the growth in the US, which is expected to end up at 6 percent for full year 2021, making the US the major western economy to have coped best with the crisis. Growth of 3.7 percent is expected in the Nordic economies in 2021, with Sweden expected to have the strongest growth at 4 percent. Cumulative growth for the Nordics in 2020 and 2021 was among the strongest in the world, due to the Nordics' resilience in 2020.

The coronavirus continued to characterize the year, with restrictions having come and gone depending on the current level of contagion. These have had some impact on the recovery and resulted in a less linear macroeconomic recovery curve. Rising inflation was also been much debated during the year. In Europe, the inflation rate has been noted at 5 percent (on an annual basis), in the US the figure was 6.2 percent - the highest level since 1990. Among other causes, the sharp increase in inflation worldwide can be attributed to rising energy prices, bottlenecks in supply chains, and large-scale stimuli. In addition to inflation, more long-term threats, such as climate change, were high on the agenda over the year. The COP 26 meeting in Glasgow resulted in several new targets, with a long-term target, for example, involving the transition to renewable energy.

The Swedish property market - record year with sizable margin

The Swedish property market was very strong in 2021, with a new transaction record being set during the year. The total transaction volume for 2021 ended up at SEK 402bn, which was almost twice as strong as the previous record year 2019, when the transaction volume was SEK 218bn. Each individual quarter in 2021 was noted for having the strongest transaction volume to date for that particular quarter. The volumes summed up to SEK 52bn in the first quarter, SEK 108bn in the second quarter, SEK 85bn in the third quarter and SEK 154bn in the fourth quarter. The volumes noted in the fourth quarter of 2021 alone was in line with the full-year volumes noted between 2017 and 2018 (SEK 150bn and SEK 157bn, respectively). In 2021, volumes were driven by, among other

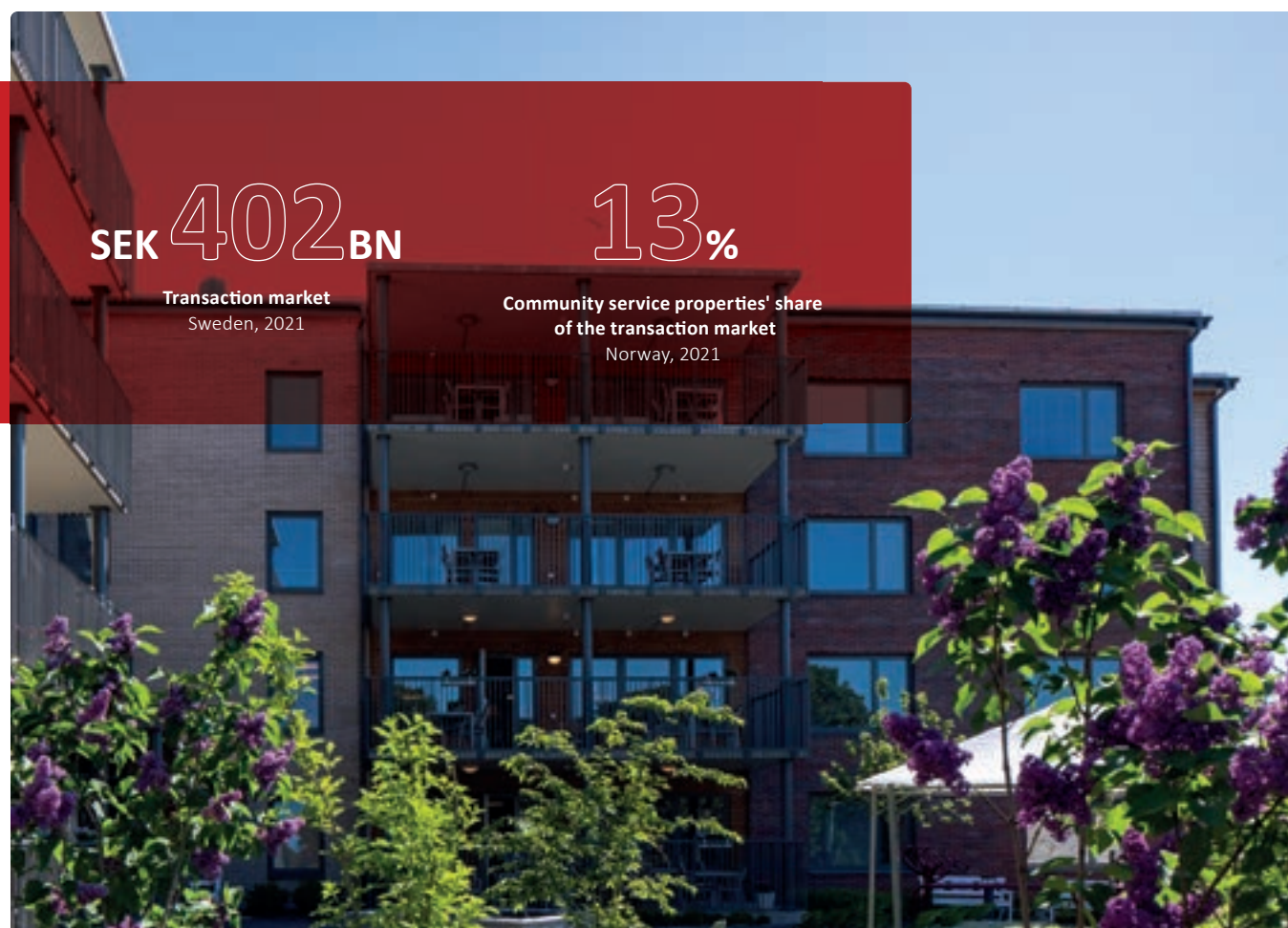
1) Source: Newsec

SEK 402BN

Transaction market
Sweden, 2021

13%

Community service properties' share
of the transaction market
Norway, 2021



things, a large number of structural transactions, which accounted for 39 percent of the total volume and was the largest such share to date. The transaction intensity in the market was also very high, with 799 transactions being completed - also a record. The market was, accordingly, driven by both structural transactions, but also by strong demand for individual properties and property portfolios.

Unemployment in Sweden fell during the year. This is because the year was generally characterized by slightly fewer restrictions and recommendations than the preceding year. On 29 September, all restrictions and recommendations were, in principle, removed, allowing a strong recovery in the Swedish economy during the autumn, with the trend in working from the office also rising sharply. The office market recovered strongly in 2021, with rent increases having been noted in some areas. The vacancy rate did not increase significantly and remained at historically low levels, and yield requirements fell during the year. Yield requirements also fell in virtually all other segments. Community service properties, logistics/industry and residential are seen as the safest investments in the market and this is also where the yield requirement compression has been greatest. The segment experiencing greatest difficulty over the year was still the retail segment, with certain parts of that segment remaining very exposed. On the other hand, major discrepancies were noted within the retail segment, with strong demand for grocery stores, out-of-town retail and shopping centres in residential areas.

International investors accounted for about 17 percent of the total transaction volume, which is slightly lower than in previous years. At the same time, in terms of total invested volume, international investors have invested almost SEK 66bn, which was the strongest invested volume since 2007.

The Stockholm area was the largest geographical segment, accounting for approximately 47 percent of the total transaction volume, which was slightly higher than in 2020 when Stockholm accounted for 37 percent. The second-largest segment was the regional centres, which accounted for 22 percent of the volume, and the third-largest segment was the rest of Sweden, which accounted for 11 percent. Malmö and Gothenburg accounted for 11 percent and 9 percent, respectively, of the year's total

investments in commercial properties.

For the fourth consecutive year, residential remained the most attractive property segment in the Swedish transaction market. Over the year, residential accounted for 35 percent of the total transaction volume in Sweden. The second most-traded property segment was offices, which accounted for 21 percent of the total transaction volume. Logistics/Industry was the third-most traded segment at 15 percent. Commercial properties were the fourth-strongest segment, amounting to 12 percent of the total transaction volume.

The strongest year to date for the Norwegian property market

The commercial property market in Norway showed very strong development in 2021. Full year 2021 was the strongest year to date for the property market, with the total transaction volume amounting to approximately NOK 165bn, divided between 398 transactions. The previous record year was 2015, when the volume amounted to approximately NOK 120bn. During the year, the Norwegian central bank raised its key interest rate twice, where the latter increase in December 2021 brought the rate up to 0.50 percent. This has not affected the property market yet, however, although strong demand drove the yield requirements down over the year for most property segments. Vacancy levels fell or remained unchanged for most property segments, while rent increases were noted in particularly strong locations.

International investors continue to show strong interest in Norway and in 2021 accounted for 18 percent of the total transaction volume. It was the first time that the proportion of international investors in Norway was higher than in Sweden and also stronger than in many earlier years. Accordingly, international investors continued to be net buyers over the year, which was a result of continued relatively low hedging costs and a weak Norwegian krone. Entering the Norwegian market is generally challenging for international investors, precisely because of hedging expenses, as well as strong demand and purchasing power among Norwegian investors.

The office segment remains the most invested segment in Norway, with a share of 30 percent of the year's total transaction volume.

“Evident trends were observed over the year demonstrating the attractiveness of the community property segment in the property market.”

The second-strongest segment during the year was logistics/Industry, which accounted for 23 percent of the total transaction volume. Community service properties also had a strong year and accounted for 13 percent of the volume.

Oslo also fell back somewhat over the year, with many investors looking instead at regional cities such as Bergen and Stavanger. Oslo remains the strongest market in Norway, however, with the capital accounting for 37 percent of the total transaction volume in 2021. This can be compared with 53 percent in 2020 and 35 percent in 2019. Eastern Norway (excluding Oslo) was the second-largest geographical segment in 2021 and accounted for 22 percent of the total transaction volume. At 12 percent, Bergen also accounted for a large share of the transaction volume in 2021. The large proportion of properties that have been purchased, primarily in the logistics segment, but also in community service properties and retail, contributed to strong volumes outside the major cities.

Finnish property market - no records, but the strongest year in a long time

The Finnish transaction market was relatively strong in 2021 and the total transaction volume in the Finnish property market amounted to EUR 7.0bn for the full year, which can be compared with EUR 6.0bn in 2020. Although this was weaker than the record year of 2017, when

1) Refers to areas outside metropolitan and regional centres
Source: Newsec

the transaction volume amounted to EUR 9.9bn, nonetheless making 2021 one of the strongest years for a long time in the transaction market. Interest among foreign investors in Finnish properties remained very high, and during the year foreign buyers accounted for 56 percent of the total transaction volume. The market continues to struggle with problems associated with a shortage of supply, as a result of relatively higher yield requirements vis-à-vis the rest of the Nordic region, meaning that there are more buyers than sellers. Although a number of portfolio transactions were completed during the year, major structural transactions were largely absent, which also continues to depress transaction volumes in Finland.

In 2021, the residential segment increased its share of the transaction volume to 37 percent. In 2021, residential were the most traded property segment for the second consecutive year. Offices were the second-most traded property segment and accounted for 29 percent of the total transaction volume. Logistics/industrial properties strengthened slightly during the year. The segment was the third-strongest property segment and accounted for 13 percent of the total volume, while retail continued to decline and ended up at only 9 percent. Community service properties had a relatively strong year and accounted for 11 percent.

During the year, interest in investing outside the major cities in Finland increased, strengthening a trend that began as early as in 2020. Helsinki declined, accounting for only 51 percent of the total transaction volume, the lowest share since 2016. Instead, Jyväskylä, among others, increased from 1 percent in 2020 to 9 percent in 2021.

Also a record year for the Danish property market

The Danish transaction market experienced a strong year in 2020 and the favourable trend continued in 2021. 2021 was the strongest year to date in the transaction market, with a full year transaction volume of approximately DKK 99bn. This was DK 15md stronger than the record year of 2017, when the volume was DK 84md. Foreign investors accounted for the largest share of the total transaction volume since the financial crisis and 59 percent of volumes during the year could be attributed to these investors.

Copenhagen accounted for 48 percent of the total transaction volume in 2021. This was stronger than in 2020, when the capital accounted for 42 percent of the volume, but weaker than in 2019, when Copenhagen accounted for 61 percent. Aarhus accounted for 9 percent, Odense for 6 percent, the Triangle area for 3 percent and Ålborg for 2 percent of the volume, while the rest of Denmark accounted for 33 percent. Outside Copenhagen, volumes were driven by, among other things, major portfolio transactions in the residential and logistics/industrial segments.

In 2021, residential accounted for the largest share of the total transaction volume in Denmark, with 55 percent of the total transaction volume, corresponding to DKK 54bn. Offices remained relatively weak in 2021 and

accounted for 16 percent of the total volume. Logistics/industry grew and accounted for 13 percent of the total volume, the strongest share that the segment accounted for to date. Retail accounted for 8 percent of the total volume. Commercial properties continued to account for a much smaller share of the market in Denmark than in the other Nordic countries, at about 1 percent of the total transaction volume.

The Nordic market for community service properties

Evident trends were observed over the year demonstrating the attractiveness of the community property segment in the property market. Increasing numbers of players are seeking out the segment, and it is primarily the supply shortage that is holding volumes down in many countries. Although the turnover rate for community service properties held by private players around the Nordic region has increased somewhat, it still remains relatively low. However, most of the properties bought and sold in the community property segment are already owned by private actors. The market's long-term growth, on the other hand, depends on additional divestments by municipalities.

Maintenance needs are extensive among many municipally owned properties around the Nordic region and continued to increase over the year. Continued strong population growth due to growing numbers of young people, immigration and an ageing population place many new demands on society. Among other things, it brings needs for new residential, healthcare and education, as well as investment in existing properties. In addition, many municipalities face major challenges with regard to infrastructure initiatives, for example. Combined, these factors mean that many municipalities have considerable capital needs, meaning that they often take a positive view regarding investments in, and new construction of, community service properties by private actors. To a certain extent, many municipalities also take a positive view on divesting existing portfolios, as this frees up new capital for making the necessary investments.

Among the Nordics, the Swedish community service properties market remains the most mature. In 2021, community service properties accounted for approximately 12 percent of the total transaction volume in Sweden. Although this was a slightly lower share than in 2020, turnover amounted to SEK 52bn, which was the highest volume to date. The previous record year was 2019, when properties for SEK 38bn were bought and sold. This can be compared with 2007, when the segment accounted for only 2 percent of the total transaction volume and turnover of approximately SEK 3bn. Accordingly, the segment has expanded strongly over time.

Commercial properties constitute a unique segment in the property market as they are not particularly sensitive to the economic cycle. Tenants often sign long-term leases and the credit risk is non-existent. It is consequently seen as a natural development that investors are increasingly becoming aware of the segment and that it is also starting to attract

non-Nordic investors. In many ways, Covid-19 reinforced an existing trend, with investors increasingly seeking secure cash flows. As a result of this strong interest, yield requirements on elderly care units, schools and hospitals, for example, fell sharply over the year. For the most attractive community service properties in Sweden, yield requirements are now lower than 3 percent. A similar trend can also be seen in Sweden's neighbouring countries, where yield requirements have also fallen sharply in many capitals as well as in smaller towns.

In Norway, community service properties accounted for 13 percent of the total transaction volume in 2021, compared with 8 percent in 2015. Although the share in 2021 was slightly lower than in 2020, the sales volume was stronger than in 2021. The central and local government authorities are still the principal owners of these types of properties, but the attitude towards divestments is changing. Interest among private players in acquiring community service properties increased over the year, but major sales are impeded by a shortage of supply. Although some portfolio transactions have taken place in various community service property segments, public sector offices account for most of the volumes in the segment.

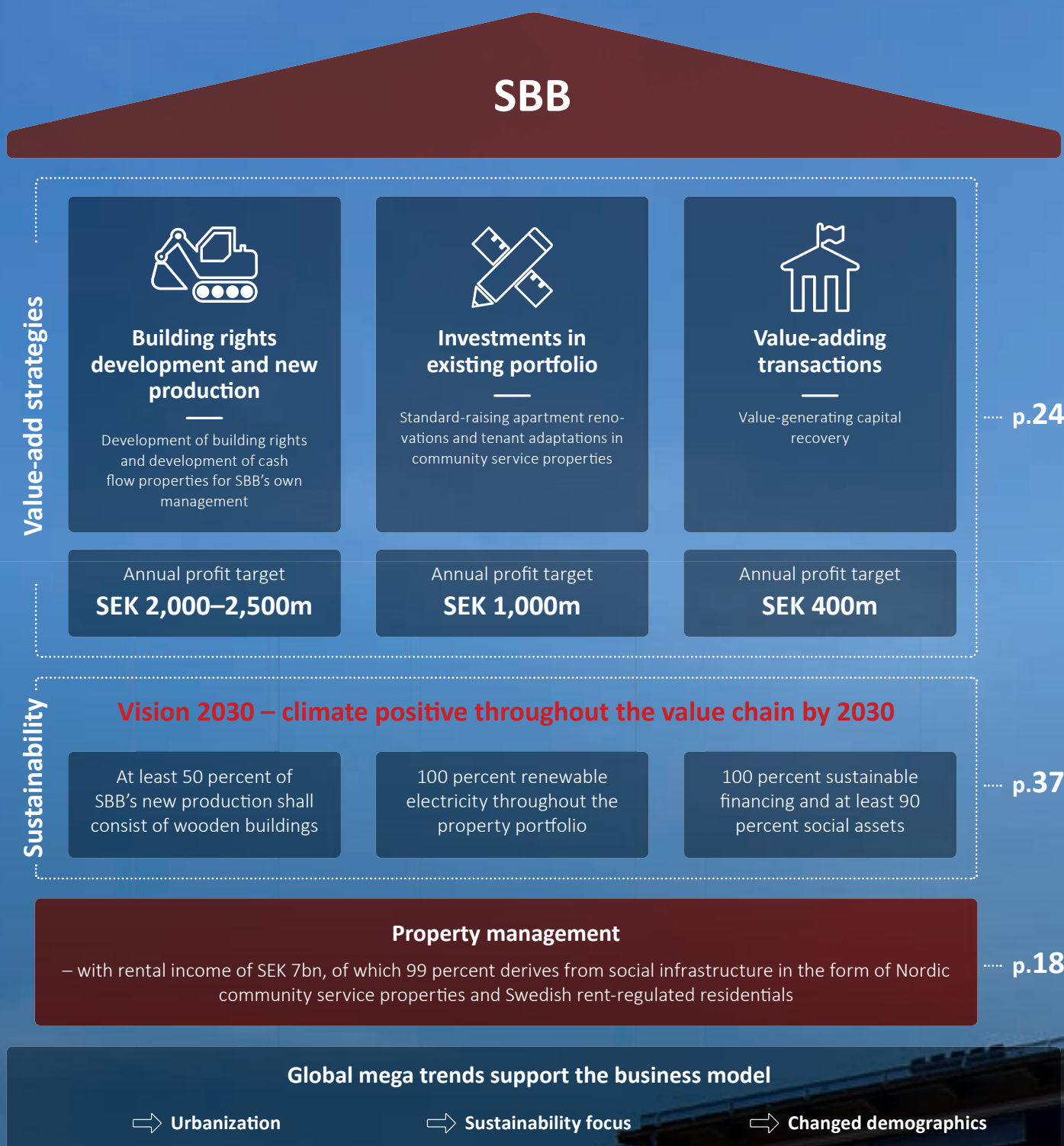
Interest in community service properties continues to increase strongly in Finland, with many Swedish investors in particular being curious about the market. The segment accounted for 11 percent of the total transaction volume in full year 2021, which was slightly weaker than 2020, but roughly in line with the volume traded during that year. Finland is a market with strong non-Nordic interest, and although many of these buyers have yet to successfully close, their strong interest in the market has been observed. Domestic and Swedish buyers also continue to be active in the community property segment. Over the year, primarily elderly care units, schools and public offices were sold in Finland.

For a long time, the Danish market for community service properties has been the least mature among the Nordics region, and although 2021 showed some signs of maturity, market remains relatively small compared with its Nordic neighbours. In 2021, community service properties accounted for only 1 percent of the total transaction volume. Central government actors continue to dominate on the ownership side and the willingness to sell is limited and often driven by political decisions. However, interest in the market is strong among domestic, Nordic and foreign players. Although public offices currently dominate the market, it is likely that other sub-segments within the community property segment will also emerge in the future.

The above factors mean that both investor interest in, and demand for, community service properties in the Nordics remain strong and will probably continue to do so for some time to come.

Business model

The business model is based on property management with secure cash flows deriving from social infrastructure, which are supplemented by three income-generating value-add strategies: Project and property development, renovation, conversion and extension, as well as property transactions. Through its business model, SBB generates long-term, sustainable shareholder value through a high risk-adjusted annual return.



p.24

p.37

p.18



Property management

In addition to ongoing maintenance, SBB has a focus on value-creating development of the existing portfolio. A high surplus ratio is one of the company's sustainability targets, and the property management operations are governed focusing on net operating income. This is partly achieved through energy-saving investments.

SBB operates in a market with stable and strong underlying driving forces (economic development and population growth). SBB's property portfolio is characterized by a high occupancy rate and long lease contracts. Rental income consists of secure, long-term flows, primarily from Nordic central governments/municipalities/county councils and from Swedish rent-regulated residentials. Of income, 99 percent derives from community service properties in the Nordics and Swedish rent-regulated residentials – social infrastructure. Cash flows are uniquely stable with three of the Nordic central governments being among only ten sovereigns around the world to hold an AAA rating from the three leading credit rating agencies. As a whole, the property portfolio provides exposure to the Nordics' strong demographic trend, with a sharp increase in population compared with the rest of the EU.

Property portfolio

Sensitivity analysis

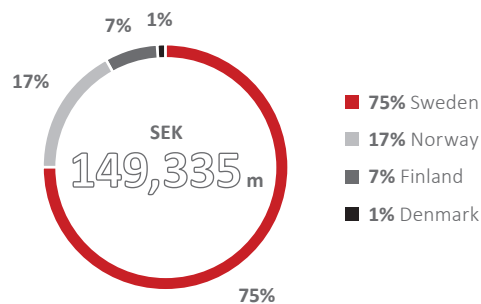
	Change	Value impact
Rental value	+/- 5%	SEK 6,925/-6,924m
Discount rate	+/- 0.25%	SEK -6,215/7,026m
Yield requirement	+/- 0.25%	-SEK 6,215/7,159m

The property valuations are made according to accepted principles based on certain assumptions. The table below presents how the value has been impacted by a change in certain parameters assumed for the valuation. The table provides a simplified illustration as a single parameter is unlikely to change in isolation.

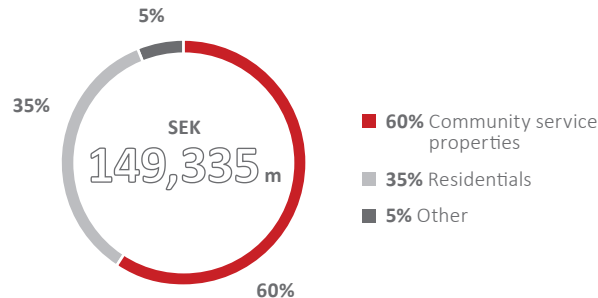
Property portfolio change

Opening fair value, 01-01-2021	90,185
Acquisition	52,474
Investments	3,910
Sales	-19,381
Translation differences	1,527
Unrealized value changes	20,620
Fair value at end of period	149,335

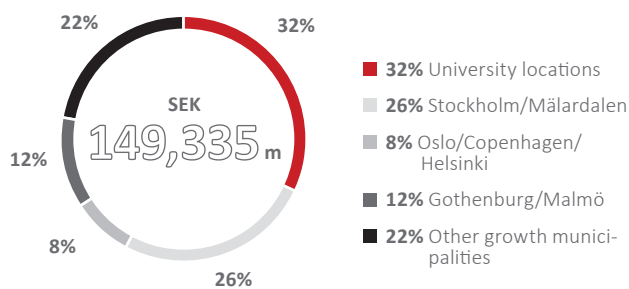
Property value, by country



Property value, per segment



Property value, per region



// Of income, 99 percent derives from community service properties in the Nordics and Swedish rent-regulated residentials.

Property value, by country

● = metropolitan region

78%

Located in metropolitan regions

99%

Social infrastructure

SEK 25.8bn

Property value
NORWAY

DKK 9.9bn

Property value
FINLAND

SEK 1.5bn

Property value
DENMARK

SEK 112.1bn

Property value
SWEDEN



Community service properties

SBB's community service properties include properties used by tenants who are tax-financed by the Nordic welfare states. These tenants conduct operations in areas including education, elderly care, LSS, as well as other healthcare operations and local and central government administration. For example, SBB owns several municipal buildings, ministry buildings, a large number of elderly care units, preschools and schools, and is the Nordic region's largest player in LSS properties.

These are assets with minimal risk due to a regulated market and a growing population, at the same time that the need for community service properties is very extensive for demographic reasons combined with tenants financed by the Nordic welfare states. SBB has among the longest average lease durations in the market for public sector properties, around

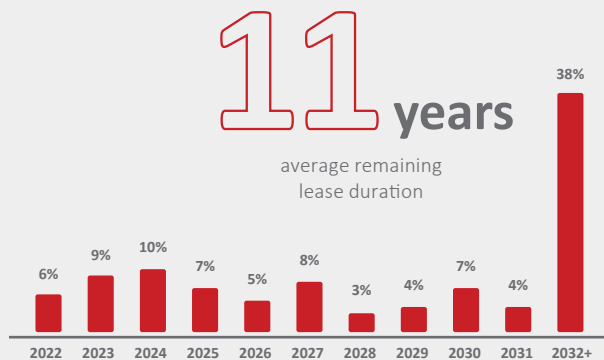
11 years, combined with a very low degree of relocation, meaning that the actual duration is clearly longer than 11 years. The property adviser Newsec recently conducted an analysis of the inclination among elderly care units and schools to relocate and noted that, of the properties in Newsec's database, the frequency at which tenants extended their leases at the end of the lease term had been 99 percent for elderly care units and 97 percent for schools since the mid-2000s.

Leasing potential

In the autumn of 2021, leading property adviser Newsec analyzed rent levels for newly produced community service properties in Sweden.

The graph below shows rent levels in the new production analysis in relation to average rent levels for SBB's portfolio.

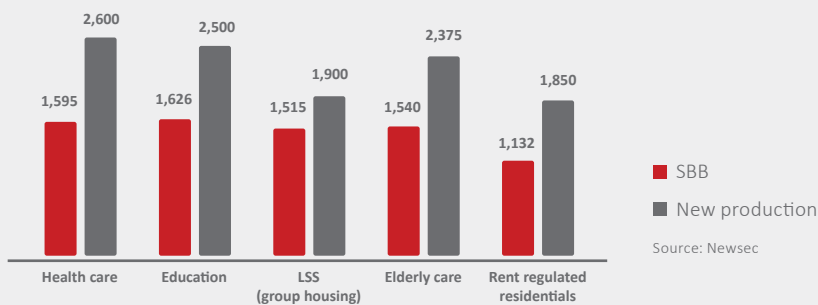
Lease duration



Largest tenants, community service properties

Tenant	Rental income	% of total
Swedish state	293	6.3
Læringsverkstedet AS	279	6.0
Trygge Barnehager AS	259	5.6
Norwegian state	218	4.7
Academia	153	3.3
Attendo	142	3.1
Norwegian National Association for Heart and Lung Diseases	133	2.9
Municipality of Härnösand	126	2.7
Finnish central government	119	2.6
Ambea	96	2.1
Total, 10 largest	1,818	39.3
Other	2,802	60.7
Total rental income	4,620	100.0

Rent per m² for new production, compared with SBB's existing portfolio of community service properties



Current project: Skellefteå

In 2021, Sara Kulturhus was inaugurated in Skellefteå, the result of a partnership between SBB and the Municipality of Skellefteå that commenced in 2018. The building is a unique landmark in Skellefteå and one of the world's tallest wooden buildings. In December, it was awarded first place when UK newspaper The Guardian listed the best architecture of the year. The property has the environmental certification as Miljöbyggnad Guld, has a lettable area of approximately 26,000 m² and is 20 storeys high.

Illustration: White Arkitekter/Arrangement@mir.no





Rent-regulated residentials

SBB manages and refines rent-regulated residentials in Swedish growth municipalities. The company's properties are located adjacent to the centre of the community with access to very good public transportation. The combination of Swedish rent-regulated residentials and community service properties is unique among listed companies in the Nordic Region. These are assets with minimal risk as the supply of rent regulated residentials in Sweden falls significantly below demand due to a regulated market and a growing population, at the same time that the need for community service properties is very extensive for demographic reasons combined with tenants financed by the Nordic welfare states.

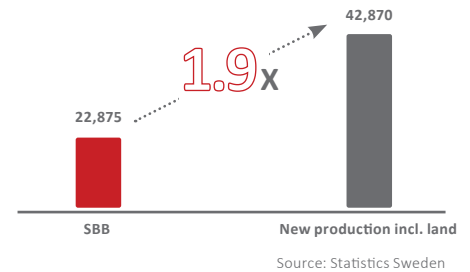
Within the rent-regulated residential segment, SBB's focus is on Sweden. The residential segment is characterized by high demand and low supply, and thereby has a high occupancy ratio, as well as low tenant dependence. The Swedish residential market is characterized by strict regulation, neglected

residentials construction and strong population growth, which has led to a shortage of homes in large parts of Sweden. Sweden is one of the countries with the highest expected population growth over the next few years, compared with the other Nordic countries and with Europe as a whole. At a regional level in Sweden, SBB is well positioned in communities with a positive population growth.

SBB's portfolio of around 25,300 rent-regulated residentials was appraised at SEK 52.4bn, or 35 percent of the market value of the Group's total property portfolio as of 31 December 2021.

The economic letting ratio for SBB's portfolio of Swedish rent-regulated residentials was nearly 100 percent as of 31 December 2021. The majority of the vacancies were attributable to ongoing renovations, in accordance with the Group's renovation strategy, which targets 600 apartments being renovated annually. The graph illustrates the low market values in the company's portfolio compared with the costs for producing new residentials.

Value per m² vs new production incl. land



SBB is a member of Public Housing Sweden

In 2019, SBB became the first associate member of Public Housing Sweden. SBB manages more than 10,000 rental apartments in Sweden and is one of the largest actors in elderly care units, LSS properties and schools within the social infrastructure framework in the Nordic region. This membership is in line with SBB's ambition to be the leading, long-term partner to the Nordic public sector.

Public Housing Sweden's decision to open up to private actors puts the actors' socially beneficial activities in focus, instead of the previous organisational format.



An aerial photograph of a modern residential development. The image shows several multi-story apartment buildings with flat roofs covered in solar panels. One building has a green facade. In the foreground, there's a large building with a light blue roof. To the left, a construction site with wooden scaffolding is visible. The overall scene is a mix of urban development and renewable energy infrastructure.

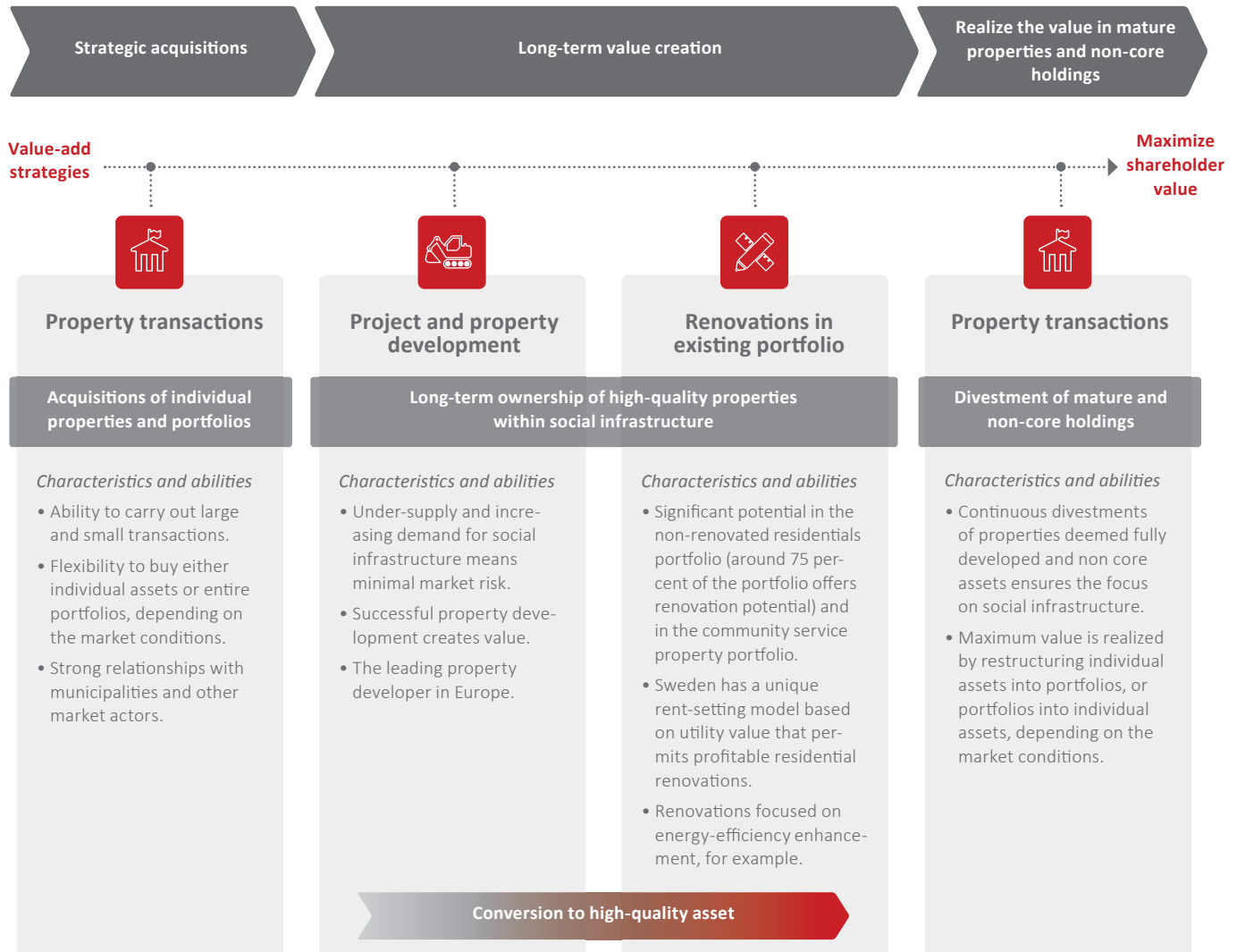
SBB invests in 100-percent renewable electricity

Samhällsbyggnadsbolaget i Norden AB intends to build a 17-hectare solar park in Hallstahammar. The expected annual production during a normal year is about 10 GWh, corresponding to 5 percent of SBB's electricity consumption. This will reduce CO₂ emissions by about 5,000 tons per year.

VALUE-ADD STRATEGIES



The business model's value-add strategies maximize shareholder value



Three value-add strategies deliver additional income and growth



1. Building rights development and new production

Profit target of SEK 2,000m – SEK 2,500m annually

Outcome 2021: SEK 6,612m



2. Investments in existing portfolio

Profit target of SEK 1,000m annually

Outcome 2021: SEK 564m



3. Value-adding transactions

Profit target of SEK 400m annually

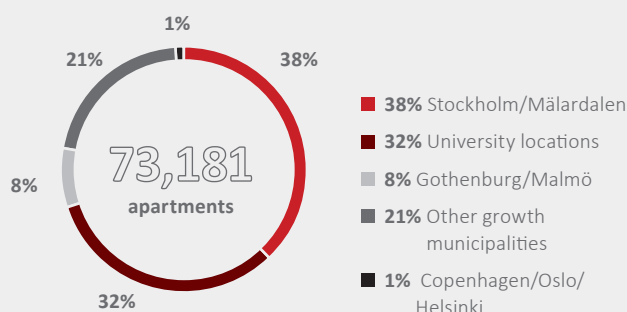
Outcome, transaction volume in 2021: SEK 73.3bn in transaction volume over the year

Europe's largest property developer



1. Building rights development and new production

Project portfolio by geography



Refers to building rights development, project portfolio and joint ventures. See detailed breakdown on pages 28 and 29.

Profit potential, building rights development

	SEKm
Value @ SEK 8,000/m ² GFA	26,078
Current value @ SEK 1,450/m ² GFA	4,725
Profit potential	21,353

Operational targets – Building rights development and new production

Building rights development and new production shall generate an average annual profit of SEK 2,000–2,500m

- The number of apartments in the building rights portfolio shall amount to at least 20,000
- The number of apartments under project development shall amount to at least 5,000

SBB generates value throughout the value chain



Value-creating activities in 2021

Building rights development	No. m ² GFA
New planning approval	237,973
Building rights having gained legal force	463,987

New production	Number of apartments
Construction starts	2,364
Completed	381
Land allocation	763
Option	450

Portfolio in brief (including joint ventures)²⁾

4,471 Apartments currently in production

95,869 m² community service properties in production

18,465 Apartments in project development

463,987 New zonings established during the year (m² GFA)

1) Profit from building rights development and new production is calculated as the sum of profit from new production (calculated as the change in market value of project properties less the period's investments) and profit from building rights development (the change in the value of the building rights portfolio adjusted for investments and sales of building rights)

2) Number of apartments and m² of community service properties in JV is shown on page 28

New production portfolio

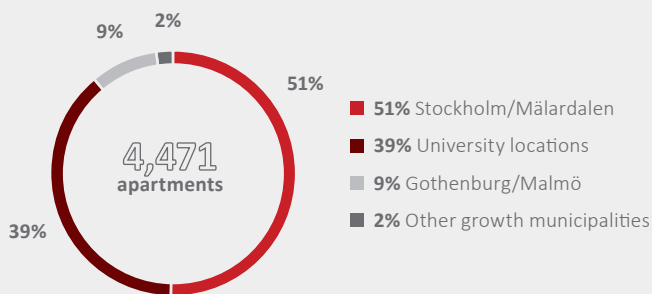
Production in progress

New construction projects for which a building permit has been granted and a contracting agreement has been signed.

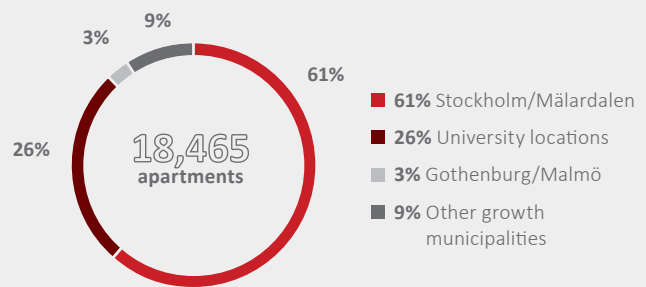
Currently in project development

Projects for which land and/or building permits have yet to be granted but for which a municipal decision on land allocation has been made, or an acquisition agreement has been signed regarding land not owned by SBB, and projects on land that is owned by SBB for which the design and planning process has been initiated

Geographical distribution of projects in progress



Geographical distribution in project development



Production in progress

	SBB's share ¹⁾	Apt	m ²	DN (SEKm)	Share HR ²⁾ (%)	Share CS ²⁾ (%)	Yield on cost ³⁾ (%)
Projects developed by SBB	100%	1,743	121,485	187	68%	32%	5.2%
Acquired projects ³⁾	100%	800	80,952	146	46%	54%	4.6%
Joint venture projects (HR/CS)	49%	1,807	110,572	199	96%	4%	4.9%
Joint venture projects (BR)	29%	121	7,246	-	-	-	-
Total	80%	4,471	320,255	532	72%	28%	4.9%
SBB's share of total	100%	3,458	258,516	431	66%	34%	4.9%

Currently in project development

	SBB's share ¹⁾	Apt	m ²	Share HR ²⁾ (%)	Share CS ²⁾ (%)
Projects developed by SBB	100%	9,160	539,495	86%	14%
Acquired projects ³⁾	100%	200	8,542	100%	0%
Joint venture projects (HR/CS)	49%	7,404	470,787	82%	18%
Joint venture projects (BR)	49%	1,701	102,026	-	-
Total	73%	18,465	1,120,850	84%	16%
SBB's share of total	100%	13,724	823,073	85%	15%

1) SBB's share is calculated based on the estimated investment

2) The share of rental apartments and share of community service properties is calculated based on the estimated investment

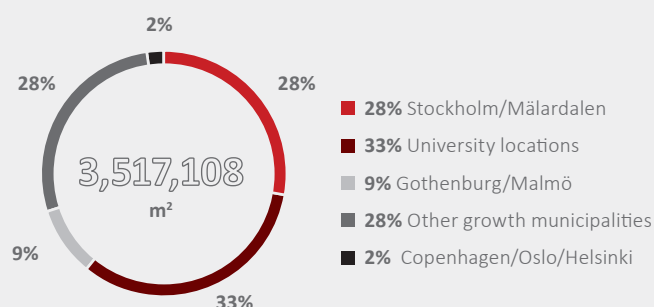
3) Refers to projects where SBB is not responsible for project implementation

Building rights development

SBB divides the building rights development process into four phases.

- Project concepts (phase 1)
- Ahead of planning approval (phase 2)
- With planning approval (phase 3)
- Zoning having gained legal force (phase 4)

Geographical distribution of the building rights portfolio



Planning phase	Shareholding (%)	Application for planning notice	Planning approval	Adoption	Legal force	Number BTA	Book value (SEKm)	per m² (SEK)
Phase 1 – Project concepts	100					956,114	818	856
Phase 2 – Ahead of planning approval	100	✓				151,845	218	1,435
Phase 3 – With planning approval	100	✓	✓			1,053,426	1,897	1,800
Phase 4 – Zoning having gained legal force	100	✓	✓	✓	✓	830,621	1,018	1,225
Total	100					2,992,006	3,951	1,320
Building rights in joint venture	51					525,102	1,519	2,892
Total	93					3,517,108	5,469	1,555
SBB's share of total	100					3,259,808	4,725	1,450

Information on the project portfolio is based on assessments of the size, focus and scope of the projects. The information also builds on assessments of future project costs and rental value. Such assessments and assumptions should not be seen as a forecast. Assessments and assumptions involve uncertainties regarding the implementation, design and size, schedules, project costs and future rental value of the projects. Data on the project portfolio are reviewed regularly and assessments and assumptions are adjusted as a result of projects being completed, of new projects being added, and of conditions changing.



Examples of construction projects started in 2021



Sågklingan, Västerås – Elderly care units

Lease agreement: 25 years
Number m²: 7,530

An elderly care unit with room for 80 residents located in Ängsgärdet, a central industrial site now being transformed into a new residential area. In the same neighbourhood, SBB is also building 174 apartments. The buildings meet the requirements for the Miljöbyggnad Silver environmental building standard and are geothermally heated.



Näckrosen Stage 1, Haninge – Residential

No. of apts. 206
Number m²: 11,880

In central Jordbro, new retail premises and attractive residentials are brought together, with a focus on social sustainability and innovative climate solutions that reduce CO₂ emissions by at least 40 percent compared with traditional solutions. The buildings meet the requirements for the Miljöbyggnad Silver environmental building standard.



Dubbelkrut, Skellefteå – Residential

No. of apts. 161
Number m²: 7,360

In Västra Erikslid, a new residential area about one km north of central Skellefteå, four buildings are under construction, with wooden frame and innovative technical solutions providing energy use equal to about half the BBR requirement.

Examples of projects completed in 2021



Vejbystrand, Ängelholm – Elderly care units

Lease agreement: 15 years
Number m²: 4,630

An elderly care unit for 60 residents located in Vejbystrand and only a few hundred meters from beautiful sandy beaches and the sea. This superior-quality property located in beautiful surroundings, offers high-comfort accommodation and a very tangible sense of home for seniors.



Celsius, Ystad – School

Lease agreement: 16 years
Number m²: 2,500

A school located in the expansive residential area Västra Sjösten, just west of Ystad town centre. The school conducts education for pre-school to 6th grade, in accordance with the Montessori educational system. The building is certified in accordance with the Miljöbyggnad Silver environmental building standard and has solar cells on the roof.



Drabanten, Uppsala Väsby – Residential

No. of apts. 75
Number m²: 6,300

Gold shimmering buildings woven together by green areas and social spaces. The accommodation offers a shared roof terrace on the 17th floor, restaurant, reception and gym. Drabanten is built for community, movement and the finer things in life. The building meets the requirements for the Miljöbyggnad Silver environmental building standard.



2. Investments in existing portfolio

Investments in the existing portfolio involve renovations that increase the net operating income of residential apartments (with a target of 600 renovated apartments annually) and investments in the company's community service properties. In 2021, a total of 635

apartments were renovated. In addition to apartment renovations, SBB is continuously upgrading the standard of the community service property portfolio. The total investment volume of these projects is approximately SEK 2,948m, as detailed in the table below.

Profit for the year was SEK 564m, calculated as the difference between changes in value for current projects less investments during the year.

	WAULT (years)	Investment (SEKm)	Lettable area (m ²)	Net operating income (SEKm)	Yield on cost (%)
Investments in existing portfolio in progress	15	2,948	202,530	159	5.4



Remodelling of the police station in western Helsinki



3. Value-adding transactions

SBB's principal focus is always generating value from the existing portfolio while also building significant shareholder value by recovering capital when fully developed properties and/or non-core properties are divested. SBB continuously assesses the portfolio to identify potential and focus resources on the properties offering the greatest potential. SBB continuously works to divest properties assessed as fully developed or not assessed to be core assets. Divesting such properties entails capital being recovered and resources being freed up to fac-

ilitate additional attractive acquisitions whereby the quality of the portfolio gradually increases. Given our strong local presence, SBB can be an efficient buyer and seller of both individual properties and portfolios. No transaction is too small or too big for SBB.

The company's history of property transactions has made it a market leader in the Nordics and the preferred buyer among both public and private sector vendors, primarily because of SBB's superior professionalism, capacity to execute transactions quickly and high degree

of credibility and integrity in the business relationship. The company has a history of acquiring properties with strong cash flows and untapped potential value. Combined with a continuous pipeline of acquisitions and sales, this allows the company to constantly recover capital to generate benefit for shareholders. In 2021, the company conducted property transactions for a total of SEK 73,3bn.

Transactions in 2021



Earnings capacity

Current earnings capacity from property management

The current earning capacity for the Group for 12 months is presented below and takes into account the Group's property portfolio at 31 December 2021. The current earning capacity is not a forecast, but only to be viewed as a hypothetical snapshot and is presented only to illustrate income and expenses on an annual basis, given the property portfolio, financial costs, capital structure and organization at a set point in time. The Group's earning capacity does not include the impact on earnings of unrealized and realized changes in the value of the properties being consolidated.

The following information forms the basis for the calculation of the earning capacity:

- Contracted rental income on an annual basis (including supplements and rental discounts) and other property-related revenues on the basis of current lease contracts as of 31 December 2021.
- Operating and maintenance costs are based on budget.
- The property tax is calculated from the properties current tax assessment value as of 31 December 2021.
- Cost for central administration is based on the current organization.
- Financial expenses and income are based on contracted interest rates and include interest on external loans.
- The earnings that joint ventures/associated companies contribute to earnings capacity is based on published information, including reports, prospectuses etc.

Group's earning capacity

Amount in SEKm	Social infrastructure properties	Residentials	Other	Total
Rental income	4,462	2,225	330	7,017
Operating costs	-541	-543	-83	-1,168
Maintenance	-160	-147	-20	-327
Property administration	-143	-96	-19	-258
Property tax	-66	-46	-22	-134
Net operating income	3,551	1,393	187	5,130
Central administration				-200
Profit from joint ventures/associated companies ¹⁾				1,100
Financial income				129
Financial costs				-946
Profit from property management before dividend				5,213
per Class A and B ordinary share				3.59
Profit from synergies with Amasten				50
Dividend hybrid bonds				-487
Dividend Class D shares				-388
Profit attributable to minority interests				-93
Profit from property management attributable to ordinary shareholders				4,295
per Class A and B ordinary share				2.96

1) See table below.

Contribution to earnings capacity by joint ventures and associated companies

	Joint ventures				Associated companies						Financial investments
	SBB Kåpan Bostad AB	Svenska Myndighets-byggnader Holding AB	Public Property Invest AS	Other joint ventures	Solon Eiendom Holding AS	Origa Care AB	One Publicus Fastighetsaktiebolag	JM AB	Arlanda-stad Group AB	Preservium Property AB	Other
Shareholding, SBB	50.0%	50.0%	48.4%	50.0%	49.5%	34.7%	31.9%	28.1%	20.1%	35.4%	-
Profit from property management	75	206	232	16	293	25	19	2,158	12	30	-
Profit from property management attributable to SBB's shareholding	37	163	112	8	145	9	6	607	2	11	-

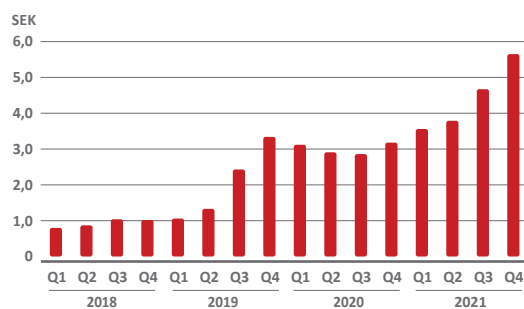
Over the 2022 full year, SBB's share of profit before changes in value from joint ventures and associated companies is estimated at SEK 1,229m. Cash dividends of these profits are estimated to amount to SEK 481m.

Current earnings capacity, including value-add strategies

The Group's earnings capacity, including value-add strategies

Amount in SEKm	Total
Profit from property management attributable to ordinary shareholders	4,295
per Class A and B ordinary share	2.96
Profit from building rights development and new production	2,500
Profit from value-generating transactions	400
Profit from investments in existing portfolio	1,000
Adjusted profit from property management to holders of ordinary shares, including value-add strategies	8,195
per Class A and B ordinary share	5.65

Adjusted profit from property management per ordinary A and B share – rolling 12-month



See additional information on our value-add strategies on page 25.



Strategic holdings in joint ventures and associated companies

As part of the company's active portfolio management, SBB invests in joint ventures and associated companies to acquire attractive properties and assets that are not otherwise available on the regular transaction market, to establish additional contact points in the property market and to benefit from strong organizational platforms outside SBB to maintain continued growth in cash flow.

Svenska Myndighetsbyggnader Holding AB

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



Property value: SEK 10.4bn
Net operating income: SEK 393m
Shareholding: 50%

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

SBB Kåpan Bostad AB

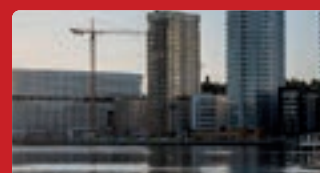
SBB Kåpan Bostad AB owns and manages properties in Stockholm and the Mälardalen region. SBB Kåpan has the stated ambition of continuing to expand in Mälardalen. As of 31 December 2021, the company had a property portfolio of 2,692 apartments, of which 1,567 apartments were in production. The remainder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



Property value: SEK 5.7bn
Property value on completion (estimated): SEK 8.2bn
Net operating income: SEK 117m
Net operating income on completion (estimated): SEK 244m
Shareholding: 50%

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 in production.



Company value¹⁾: SEK 37.1bn
Profit before tax 2021: SEK 2,158m
Shareholding: 28.1 %
Anticipated dividend SBB 2022: SEK 260m

1) Market cap + debt

Heba Fastighets AB

Heba is a long-term and experienced property owner that develops, owns and manages residential and community service properties in the Stockholm region, Uppsala and Mälardalen. Not classified as an associated company as SBB does not control a sufficient number of votes. SBB does, however, control 22 percent of the capital.



Property value: SEK 13.5bn
Net operating income: SEK 274m
Participation: 22%
Anticipated dividend SBB 2022: SEK 29m

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%

Solon Eiendom Holding AS

Solon is one of the 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 in production. The remainder of the company is owned by OBOS.



Company value¹⁾: SEK 8.6bn
Profit before tax 2021: SEK 293m
Shareholding: 49.5%

1) Market cap + debt

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

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 711m
Net operating income: SEK 24m
Shareholding: 31.9%
Anticipated dividend SBB 2022: SEK 5m

Origa Care AB

Origa Care owns 13 care properties in growth regions, primarily in southern Finland. The properties are fully let with an average remaining lease duration of 8.4 years.



Property value: SEK 571m
Net operating income: SEK 31m
Shareholding: 34.7%
Anticipated dividend SBB 2022: SEK 7m

Other joint ventures and associated companies

In addition to the aforementioned major joint ventures and associated companies, SBB also has a number of smaller collaborations, primarily in the Mälardalen region.



Property value: SEK 1.0bn
Net operating income: SEK 19m
Shareholding: 50%

Property development collaborations with listed companies

Genoa – development of residentials in Nacka and Lidingö.
No. m² GFA – 70,000 m². SBB's ownership – 50%

KlaraBo – a number of jointly owned projects for the development of rental apartments in growth locations.
No. m² GFA – 67,000 m². SBB's ownership – 40%

K2A (Västerås) – development of a new police station in Västerås with a 15-year lease.
No. m² GFA – 40,000 m². SBB's ownership – 50%

K2A (Uppsala) – development of residentials in Uppsala.
No. m² GFA – 25,000 m². SBB's ownership – 50%

Titania – development of residentials in Haninge and Botkyrka.
No. m² GFA – 25,000 m². SBB's ownership – 50%

Oscar Properties – development of residentials in Karlskrona.
No. m² GFA – 17,000 m². SBB's ownership – 50%

Property development collaborations with non-listed companies

Magnolia – a number of jointly owned projects for the development of properties for social infrastructure with a focus on the Stockholm region.
No. m² GFA – 145,000 m². SBB's ownership – 50%

Nyköping Stenbäret – Development of a centrally located development property in Nyköping.
No. m² GFA – 100,000 m². SBB's ownership – 50%

P&E – development of residentials in Kalmar and Växjö.
No. m² GFA – 63,000 m². SBB's ownership – 37.5%

Odalen – a number of jointly owned projects for the development of properties for social infrastructure in Sweden.
No. m² GFA – 53,250 m². SBB's ownership – 50% (Odalen was acquired by SBB after 31 December 2021)

Sveaviken – development of residentials in Mälardalen.
No. m² GFA – 48,000 m². SBB's ownership – 50%

Falkenberg Bacchus – Development in prime location by Skrea Strand in Falkenberg.
No. m² GFA – 40,000 m². SBB's ownership – 50% (the project was acquired 100% by SBB after 31 December 2021)

Bokoop – Development of cooperative rent-regulated residentials throughout Sweden.
No. m² GFA – 36,000 m². SBB's ownership – 50%

Kålltorp Project Development – development of residentials and community service properties in the Gothenburg region.
No. m² GFA – 33,000 m². SBB's ownership – 50%

Aspelin Ramm (Gardermoen) – development of property adjacent to Gardermoen Airport and Gardermoen Hospital (owned by SBB).
No. m² GFA – 30,000 m². SBB's ownership – 65% (under the terms of the shareholders' agreement, SBB does not have a controlling influence)

Aspelin Ramm (Gothenburg) – development of SKF's former head office in central Gothenburg.
No. m² GFA – 25,000 m². SBB's ownership – 50%

Bolivo – projects for the development of safe housing throughout Sweden.
No. m² GFA – 17,000 m². SBB's ownership – 50%

Idun – Development of residentials and community service properties in the Mälardalen region.
No. m² GFA – 16,000 m². SBB's ownership – 50%

Centria – Development of residentials in Täby.
No. m² GFA – 10,000 m². SBB's ownership – 50%



SUSTAINABILITY REPORT

Samhällsbyggnadsbolaget i Norden AB (SBB) creates sustainable environments in which people want to live, work and spend time well into the future. Being the largest Nordic player in social infrastructure, SBB's local efforts contribute to general societal development that is socially, environmentally and economically sustainable. SBB's locally based property management provides close and direct customer contacts, while SBB's size provides opportunities for making the necessary investments in the properties.

SBB's business model is to own and manage rent regulated residentials in Sweden and community service properties in the Nordic region in the long term and that are developed in collaboration with municipalities in the Nordics. The long-term dividend target is to generate a steadily increasing annual dividend. The loan-to-value ratio shall not exceed 50 percent.

SBB manages the company's operations in line with the UN's global goals for sustainable development. SBB has chosen to focus on goals (1), (3), (4), (5), (7), (8), (9), (10), (11), (13), (15) and (16). Through the company's sustainable financial framework, SBB secures financing, focus and follow-up in the work of contributing to these goals.

SBB stands behind the Paris Agreement's climate goals and is a member of the UN Global Compact, a worldwide initiative for sustainable business. In dialogue with its stakeholders, the company has identified energy efficiency, reduced climate impact, development of sustainable cities and communities, economically sustainable development, business ethics and being an attractive employer as areas of focus for its operations. To be in line with the Paris Agreement and Sweden's national goal of climate neutrality, SBB has raised its targets for reducing its energy consumption. To achieve this target, SBB invests in its properties long-term, cutting emissions and costs for both SBB and its tenants.

Sustainability strategy and targets for 2030

Sustainability is a natural part of SBB's business model and SBB strives to be the world's most sustainable property company. At the UN summit in September 2015, the world's national leaders adopted 17 global sustainable development goals.

For the period until 2030, the countries of the world have undertaken to lead the world towards a sustainable and fair future. The agenda covers the three dimensions of sustainability: social, environmental and economic. SBB has established a long-term strategy and vision for the year 2030 and a Sustainability Policy for the concrete implementation of the goals and vision describing the work in the short and medium term. The action plan to get there, with concrete targets and risk assessments within the various focus areas, has been formulated and described in detail under "Targets, results and follow-up". SBB's sustainability vision, targets and policy are

adopted by the Board of Directors and followed up on an ongoing basis by the CEO together with the Sustainability Manager. In September 2021, SBB's Board of Directors updated Vision 2030, clearly sharpening the requirements in terms of the company's own sustainability objectives.

- Govern the company's operations in line with the UN's global sustainability goals: (1), (3), (4), (5), (7), (8), (9), (10), (11), (13), (15), (16) and (17).
- 100 percent climate positive by 2030 (refers to the entire value chain).
- At least 90 percent social assets in the property portfolio.
- Climate-adapted property portfolio capable of standing up to climate risks (such as regulatory and physical risks).
- Regularly improve, follow up and report on the company's sustainability work.
- The company's Code of Conduct must of course be understood and followed by all employees and partners.



Focus areas 2022

- Increase the proportion of sustainable financing.
- Sustainable cities and communities.
- Sustainability assessment of existing portfolio.
- Reduced environmental impact: electricity, consumption of water and heating, waste management, environmentally hazardous substances, energy efficiency, climate impact with CO₂ emissions and environmental improvements in property renovations.
- Attractive employer: developing work environment for employees.

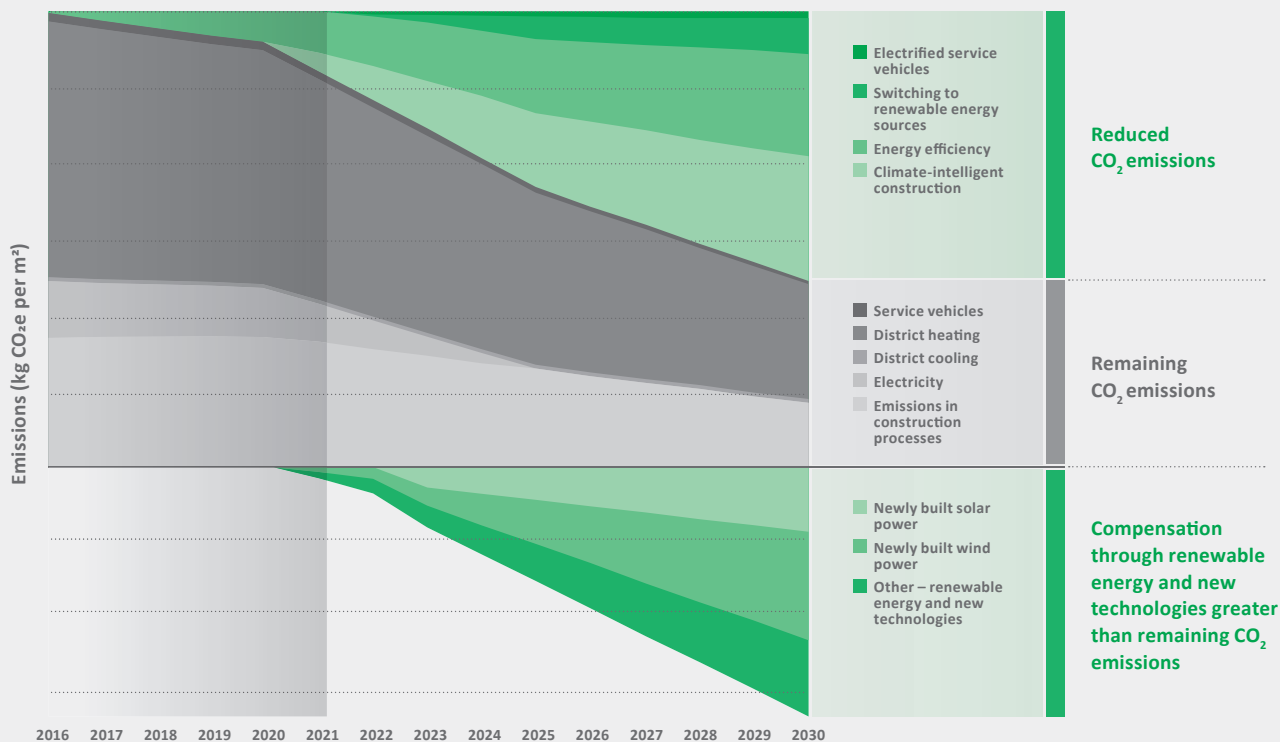
About the Sustainability Report

This constitutes SBB's statutory Sustainability Report and covers all of the Group's companies. SBB reports sustainability per financial year running from January to December. The report describes SBB's sustainability work and follow-up in 2021. The Sustainability Report includes SBB's property development and management, as well as wholly owned subsidiaries. Joint ventures and associated companies are responsible for their own sustainability reports and are not included in the Group's Sustainability Report. The most recent report was published on 7 April 2021 and referred to the financial year 2020. The

report has been reviewed by EY. The statutory Sustainability Report, which covers the areas in SBB's Annual Report whose contents are stated on page 34, has been approved for publication by the Board of Directors. The report has been designed in accordance with GRI's basic standard, Level Core. The contact person for the Sustainability Report is Marika Dimming, IR & Sustainability Manager, marika@sbbnorden.se. The contact person for the Annual Report is Ilija Batljan, CEO, ilija@sbbnorden.se and Marika Dimming, IR & Sustainability Manager, marika@sbbnorden.se. [GRI 102–45, 46] [GRI 102–48, 49, 50, 51, 52, 53, 54]

Climate road-map

SBB's Vision 2030 was updated in 2021. The goal of climate neutrality was upgraded to climate positivity and a concrete road map was drawn up. The picture below schematically illustrates SBB's path to climate sensitivity.



Internal routines and regulations

SBB works on issues of sustainability in a structured manner. The Board has established a Sustainability Committee, which reviews continuity, management and progress in the sustainability work. The management team has, in turn, established a Sustainability Council comprising key individuals from different parts of the company.

Governance and responsibility [GRI 102–18] [GRI 103–2] [TCFD-GOVERNANCE]

SBB's Board of Directors has an overall responsibility for the governance of sustainability issues. SBB's management team is responsible for preparing proposals on policies, targets and strategies within sustainability, which the Board approves.

Sustainability Committee

The Sustainability Committee is tasked with preparing and following-up matters to be addressed by the company's sustainability agenda. The sustainability agenda includes setting targets and objectives, managing sustainability risks and compliance with the Sustainability Policy and Code of Conduct. Follow-up includes reviewing the continuity, management and progress of the work with the sustainability agenda, as well ensuring transparency and reliability in the sustainability reporting. The CEO is ultimately responsible for following up the continuous sustainability work, including the fulfilment of sustainability targets.

Sustainability Council

For the operational work on the implementation of Vision 2030, the management team has

appointed an internal Sustainability Council with key individuals from various parts of the company including representatives from the management team. The Sustainability Council holds minuted meetings every two months and works in a focused way with preparing and following up on interim targets and strategies for achieving these.

Environmental and quality management system

To ensure that sustainability work is conducted in a structured and uniform manner, SBB applies an environmental and quality management system. The management system describes the division of roles and responsibilities, among other aspects. SBB has a well-functioning property management organization with technical property management experts who are assigned an important role in the implementation of the ambitious energy target. Their role includes monitoring energy performance throughout the property portfolio and studying the measures best suited to each individual property, such as: heat pumps, supplemental insulation, LED lighting and improvements to ventilation systems. SBB's agreements with operations providers regulate the follow-up

of several quality and sustainability aspects, such as energy consumption, ventilation, indoor climate, occurrence of Legionella, etc. Our technical property management experts regularly follow up on compliance with these agreements.

Risk management

Sustainability-related risks are a central part of SBB's sustainability work and are integrated into the ordinary risk management, which is handled by the management team, with the CEO being ultimately responsible. Sustainability risks include: environmental risks, health risks, safety risks, regulatory risks, ethical risks, etc. The Board of Directors is responsible, through the Sustainability Committee, for the company's management and continuity in the management of these risks. Properties embody large values, which are at risk of being lost if the risks are not managed in a structured manner. Such as damage due to physical risks or transition risks caused by climate changes. During 2021, a thorough risk analysis was completed with regard to climate-related risks at the property level, with both physical and regulatory risks being assessed. The risk analysis is described in detail in the Climate and environment section.



In 2021, an independent report on climate-related risks and opportunities was also produced in accordance with the TCFD recommendations. The report will be revised annually and the most current version is available on SBB's website.

Sustainability Appendix

In new production, SBB's Sustainability Appendix is applied, which ensures structured work with economic, environmental and social sustainability in all major projects. The Sustainability Appendix serves both as a working method for the projects and as a contractually binding document. The Sustainability Appendix includes documentation that is to be discussed in the early project development phases before project planning and contracts are completed. This includes compulsory requirements on SBB's part, such as compliance with the Code of Conduct and the Sustainability Policy, project planning for low energy consumption, requirements for inventory-taking and assessment of building materials and waste management

during construction. There are also voluntary commitments for projects that want to go further in their sustainability work.

Sustainability assessment of existing portfolio

Considerable focus is placed on minimizing risks and maximizing the performance of the existing portfolio. Climate-related risks are assessed annually, procedures are in place to ensure legal and regulatory compliance, energy measures are followed up and reported on quarterly. New for this year is that SBB has developed an assessment tool for identifying the status of a number of sustainability dimensions to gain an overview and prioritize appropriate measures. Testing of the tool will commence in 2022, with the tool including the assessment of, among other things: energy consumption, power needs, climate impact, water use, waste, ecosystem services and biodiversity, user interaction, meeting places, security, cultural environment, indoor environment and other risks. SBB has also signed an agreement with

SGBC on the certification of a larger part of the existing portfolio, initially 500 buildings, to be certified in accordance with Miljöbyggnad iDrift (environmental building in operation) with an option for another 500 certifications.

Social bonds

Social sustainability is becoming an increasingly important issue for financiers who want to ensure that their money contributes to socially beneficial activities. The considerable social values to which SBB's properties contribute permit sustainable financing. In 2021, more than 63 percent of SBB's newly issued bonds were sustainable, a majority of which were social bonds. The societal benefits of SBB's assets are described in a framework that is aligned with Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and Green Loan Principles and reviewed by an independent rating institute focusing on sustainability.

Stakeholder analysis

- 1 Energy consumption in properties
- 2 Renewable energy use
- 3 Research and innovation for sustainable properties
- 4 Healthy and safe premises and residences
- 5 Sustainable building materials
- 6 Sustainable urban development
- 7 Water management
- 8 Waste and recycling in premises
- 9 Waste and recycling in construction projects
- 10 Impact on biodiversity
- 11 Direct and indirect greenhouse gas emissions
- 12 Jobs for young people (summer jobs)
- 13 Accessibility
- 14 Diversity and equal opportunities in the workplace
- 15 Safe and healthy workplace
- 16 Fair working conditions under favourable terms for earning a living for employees and suppliers
- 17 Investments in social infrastructure
- 18 Sustainable supply chain
- 19 Human rights
- 20 Anti-corruption, and business ethics
- 21 Product selection in own operations



Stakeholder dialogue

SBB continuously engages stakeholders and local communities in its operations. Interest groups include tenants, investors, employees, local communities, suppliers and financiers [GRI 102–40]. SBB treats all stakeholder groups with respect and dignity; particular focus is placed on the collaboration with the stakeholders who share SBB's vision of a long-term and sustainable social infrastructure in the Nordic region [GRI 102–42]. Dialogues are conducted through multiple forums, including open consultations in the detailed planning process, continuous contacts between customers and management, finance market days, employee interviews and questionnaires [GRI 102–43]. In 2020, efforts were undertaken to identify areas of sustainability of significance for SBB's stakeholders. The analysis was updated in 2021 to take new stakeholder groups into account. Stakeholder groups have been involved through, among other things, questionnaires and in-depth interviews, which have then been analyzed and related to an internal analysis of the company's capacity for influence within each area of sustainability. The results are summarized below [GRI 102–47, 103–1] [TCFD-Risk Management] and indicate a number of sustainability areas that are particularly important to follow up and report on: direct and indirect greenhouse gas emissions, sustainable urban development, renewable energy use, energy consumption in buildings, water management, research and innovation for sustainable properties and sustainable building materials [102–44].

In 2021, SBB expanded its focus areas with three new categories: fair working conditions under favourable terms for earning a living for employees and suppliers, investments in social infrastructure and a sustainable supply chain. The choice of new focus areas is based on the 2021 materiality analysis and places even greater emphasis on SBB's stakeholders' priority areas.

The principles and values that are fundamental to SBB's operations and sustainability work are described in the policies that are adopted by the Board of Directors [GRI 102–16, 103–2 & 205–2]. All of the policies below are publicly available on SBB's website.

- Fair Employment Practices Policy
- Human Rights Policy
- Anti-Corruption Policy
- Data Protection Policy
- Code of Conduct
- Supplier Code of Conduct
- Sustainability Policy
- Sustainability Policy for Suppliers
- Whistle-Blower Policy

SBB promises to always:

- Act ethically, openly and transparently
- Foster human rights
- Foster employees' right to organize (ILO C87) and to bargain collectively (ILO C98)
- Respect and protect employee representatives (ILO C135) and actively combat discrimination

against employee representatives

- Guarantee trade unions' right to conduct their work effectively at SBB's workplaces
- Strive for zero injuries and incidents at workplaces and to prevent sickness absences. Follow-up of outcomes will be reported annually in the Annual Report.
- Always actively oppose and never engage in any form of corruption, fraud, money laundering, tax evasion, extortion, bribery or illegal financing of political organizations and to always actively oppose these
- Apply the precautionary approach when there is uncertainty regarding the business' ethical aspects or effects on people and the environment [102–11]

Business ethics and anti-corruption

The Code of Conduct, Sustainability Policy, Anti-corruption Policy and Policy Against Tax Evasion are to guide responsible and ethical behaviour among employees. Among other sources, the Code of Conduct builds on the ten principles of the UN Global Compact, including human rights and anti-corruption. Guidelines are also included regarding gifts, entertainment, appropriate and inappropriate benefits, as well as examples of what are viewed as bribes and the penalties applied when these regulations are violated. All employees and suppliers are obliged to understand, sign and comply with these regulations. In 2021, training was provided in the Code of Conduct, Sustainability Policy, Anti-Corruption and Whistle-Blower Policy, with all employees being required to take a test and sign that they had read and understood the contents of these policies. In addition, all central suppliers have participated in a follow-up of sustainability at the supplier level. Comprehension of the Code of Conduct and Sustainability Policy has also been tested in this follow-up. A briefing on SBB's regulations is mandatory on commencement of all projects valued at more than SEK 10m. Since 2017, an external whistle-blower service is provided to which deviations can be reported anonymously. SBB's vulnerability regarding risks of deviations from these undertakings and internal regulations is assessed and handled by the management team in routine work with risk management headed by the CEO. The extensive dialogue with stakeholder groups provides valuable perspectives on management's work with risk management.

SBB partners with a security company to counteract undeclared work and labour-related crime among contractors and subcontractors in SBB's construction projects. The work will begin in 2022 with an inventory and current situation analysis in which attendance ledgers are inventoried and unannounced visits are made to verify legal and regulatory compliance. Procedures and verification plans are then developed to counteract labour-related crime and undeclared work in a structured and long-term manner.

SBB applies a policy of always offering vacant apartments through the Group's digital rental platform, where existing tenants have priority access to vacancies throughout the portfolio. Illegal trade in rental contracts is commonplace

in Sweden, particularly around Stockholm where queueing times are long. SBB applies procedures to counteract this trade in contracts. In leasing, the applicant's identity, for example, is verified via Bank-ID. SBB informs all tenants of their rights and obligations in connection with lease signings. During the contract period, SBB maintains an ongoing dialogue with tenants, in which complaints, comments, suggestions for improvement, etc. are handled to contribute to increased security and customer satisfaction. Reporting of faults and other communications are easily achieved through the housing app, which is available to all residential tenants.

External partnerships and frameworks [GRI 102–12] [GRI 102–13]

To safeguard transparent, accessible and consistent reporting in accordance with the ESG criteria, SBB has resolved to adhere to a number of local and global frameworks and to apply recognized standards. It is in SBB's interests to provide stakeholders with sustainability data meeting the best standards available. Examples of external partnerships and frameworks that SBB has joined and/or supported are listed below:

- UN Global Compact
- OECD guidelines for basic social protection measures
- UN Guiding Principles on Business and Human Rights
- ILO core conventions on rights in working life
- UNHCR
- Mentor, Lärhjälpen, Swedish Childhood Cancer Fund, and others
- The Paris Agreement
- The Global Goals
- GRI
- EPRA's guidelines on sustainability reporting
- CDP
- TCFD recommendations
- Sweden Green Building Council
- Green Building Council Finland
- Byggarbetsdömmingen (construction product assessment)
- LFM30 – Climate-neutral construction and civil engineering sector in Malmö 2030
- HS30 – Sustainable Stockholm 2030
- Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles

Biodiversity in property development

Biodiversity is one of the most acutely threatened planetary frontiers. There are great opportunities to contribute improved biodiversity in the areas that SBB develops. All places are unique and require different types of efforts. What they all share, however, is that a breadth of different plants with different lifespans is needed to attract insects. When developing property, the local conditions and needs of the site are always taken into account, as well as the local community's prioritization of focus areas. The well-being of the place can often increase, resilience to climate risks such as extreme rain and heat waves is improved at the same

time as biodiversity is strengthened. Some examples of SBB's work with biodiversity are given below.

SBB's wholly owned subsidiary Sveafastigheter has built a pond on the Focken property in Västerås and built insect logs to catch surface and drainage water from roofs and hard surfaces. Water is pumped up to the dam where the water can slowly infiltrate into the ground and thus dispose of any contaminants on site. In close proximity to the dam, a fence has been built comprising logs that can become a home to insects. Insect hotels have also been installed on the fence. The property is adjacent to a steep slope on which meadow

flowers are sown in the spring. This is to bind the soil and contribute to biodiversity.

Another way to increase biodiversity is through permaculture. Permacultivation is about mimicking natural ecosystems, such as having plant oases rather than lawns. In November 2021, when Sveafastigheter broke ground for 103 rental apartments in Enköping, this was done with a promise to increase the biological diversity on the site with the help of permaculture. This was manifested by planting an apple tree, a walnut tree and a chestnut tree.



Targets, results and follow-up

SBB has established a sustainability vision for 2020–2030 and a Sustainability Policy for the concrete implementation of its targets and vision. SBB's sustainability vision, targets and policy are adopted by the Board of Directors and followed up on an ongoing basis by the CEO together with the Sustainability Manager.



Climate and environment

[TCFD-RISK MANAGEMENT] [TCFD-METRICS AND TARGETS]



The climate issue is one of humanity's great challenges and SBB bears a responsibility towards future generations to contribute solutions and to mitigate its own climate impact. Properties account for nearly 40 percent of total energy needs in Sweden. Accordingly, reducing energy consumption in the properties is a high-priority environmental issue. SBB seeks to act vigorously on climate change and has therefore adopted a target of climate positivity throughout the value chain by 2030, with this being an important element in SBB's promise to build a better society. And SBB seeks to achieve this together with its tenants, customers, suppliers and other stakeholders. The action plan for achieving these climate and environment goals includes concrete targets to be achieved in the near future. These include reducing climate impact by 5 percent annually, encompassing the entire value chain, from production of materials to management. In the management phase, a target of reducing energy consumption by 5 percent annually is applied, resulting in reduced climate emissions. In the production phase,

wooden construction is an important part of the strategy for reducing climate emissions. As a building material, wood has low climate impact and also binds carbon when built-in. The target of at least 50 percent wooden construction is followed up annually. In addition to its long-term visions and goals, SBB also sets minimum climate and environment requirements for all new construction through a Sustainability Appendix. The targets are described in detail in the table "Progress and initiatives in Climate and Environment in 2021".

SBB has signed an agreement with SGBC on the certification of 500 properties in accordance with Miljöbyggnad iDrift with an option for a further 500. The work has commenced and a plan has been drawn up for the certification of the first 210 properties. These correspond to 15 percent of SBB's portfolio in terms of property value.

Climate change and climate adaptation entail risks for societies and for properties. Physical risks include rising sea levels, more extreme weather events and more heat waves, causing

risks for particularly vulnerable groups. Risks in adaptation include amended regulations, shifting demand for premises and residential, as well as changing modes of transport and travel habits. A negligible part of the property portfolio is located in areas with a higher risk profile, but, apart from this, no significant climate risks have been identified. More information about the risk inventory conducted during the year is given in the table "progress and goals in climate and environment". Other environmental risks, such as radon, asbestos, PCBs, legionella, etc. are handled through sampling and studies in connection with property acquisitions and through regular inspections in the property management process. Demolition and decontamination are always performed in line with legal requirements and in partnership with certified decontamination contractors. In renovation and new production, SBB strives never to use environmentally risky materials, with materials being assessed and documented in accordance with approved assessment systems, such as Byggsvarubedomningen. As a long-term property

owner, it is important that we plan our property development processes and the portfolio to minimize all of these risks. Ultimately, the CEO is responsible for identifying and addressing these risks, which is part of Management's ordinary risk management. SBB has, for several years, performed general inventories of climate-related risks in the property portfolio. In 2021, additional commitments were initiated to analyze sustainability risks thoroughly for each property in collaboration with experts in the area from MSCI. The extensive dialogue with stakeholder groups provides valuable perspectives on management's work with risk management. More in-depth climate-related data in accordance with the TCFD recommendations are detailed in a separate report that is available on SBB's website and annually through CDP.

In 2021 a total of about SEK 400 million was invested in 110 energy-related projects contributing to energy savings and energy production of about 29 GWh annually and with an average ROI of 6.6 percent. Some examples of upgrades completed or initiated in 2021:

- Borehole thermal energy storage and heat pump adjacent to a property in Stockholm, estimated energy savings of 5.6 GWh annually.
- Recycling of exhaust air and waste water using heat exchangers, plus upgrading of control and regulation technology at a property in Sundsvall, resulting in estimated energy savings of about 2 GWh annually.
- Installation of exhaust air heat pumps at a property in Borlänge, with estimated energy savings of about 1 GWh annually.
- Installation of solar cells when replacing waterproofing layers at a property in Uddevalla, with an estimated energy production 300 MWh annually.
- Window replacement, LED lighting, additional insulation, upgrading of ventilation systems and installation of control and regulation technology in about 60 properties. Estimated savings of about 7.8 GWh annually.

Quarterly follow-up and reporting of energy projects commenced in 2021. A compilation of all energy projects in progress at the start of the year, as well as projects completed during the year, shows an estimated reduction in SBB's total energy consumption of approximately 5.6 percent.

SBB's largest source of greenhouse gas emissions is from energy consumption in the properties. Thereafter are emissions occurring in the construction process: from the raw material extraction, manufacture of construction products, transport, energy consumption, waste and spillage at the construction site. Emissions also derive from, for example, travel with company cars, landscaping and waste management during operation. SBB conducts

structured efforts to reduce CO₂ emissions in all of these areas.

Energy consumption and its climate impact for all properties are monitored and analyzed centrally in an energy-monitoring system that makes it easier to detect deviations and potential improvements in the portfolio. All emissions from construction are inventoried through life cycle analyses. The work with life cycle analyses is regulated in SBB's Sustainability Appendix, which is used in all new construction and redevelopment projects valued at more than SEK 10 million. The sustainability targets in Vision 2030 cover the entire value chain and three key components of the strategy to reduce emissions from construction are 1: investing in improvements to existing properties rather than demolishing them and building new ones, 2: working with wooden construction in new production. SBB targets 50 percent of new production having a wooden frame. 3: Efforts to climate optimize building frame through, for example, slimmed-down designs and materials with lower climate impact, such as green concrete.

SBB also uses local suppliers, coordinated transport and reused building materials in its own construction operations to reduce CO₂ emissions and the environmental impact of new construction and redevelopment.

SBB's direct emissions from travel with service vehicles, company cars and pool cars correspond to about 1 percent of the emissions from the operation of the properties. At the same time, these emissions can be directly influenced by the company's behaviour and SBB is working to reduce these emissions, among other things, through its Car Policy.

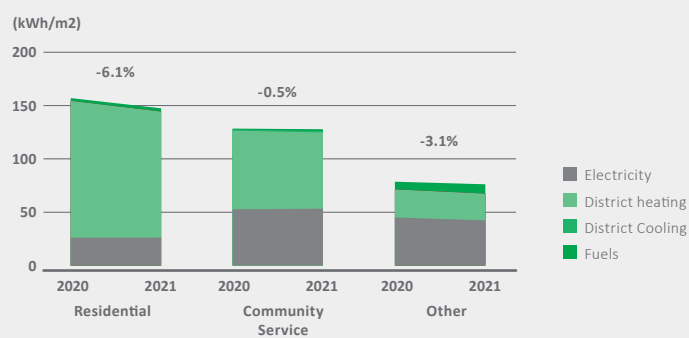
SBB targets reducing CO₂ emissions by 5 percent annually between 2018 and 2023.

Water consumption is measured and monitored in the same system used to monitor energy consumption. In this way, a good understanding of the property's environmental impact is derived from several perspectives. Water consumption derives primarily from SBB's tenants' use of water. Extraction occurs through municipal drinking water systems, water is returned through municipal sewage systems where it is thoroughly purified before being returned to the natural cycle. Waste water is thoroughly purified of particles, drugs, harmful chemicals and other substances, such as phosphorus, that should be kept separate from the natural cycle. Different municipalities apply different methods for waste water treatment and sewage sludge treatment, but all follow the water authorities' strict requirements. SBB does not manage any sewage treatment plants of its own – all waste water is handled through municipal sewage systems.

All SBB properties are located in countries with an average low load on water reserves in accordance with WRI. Small parts of the portfolio are located in areas with an up-to-low average load on the water reserves in accordance with WRI (Gotland, Skåne, Sörmland, Östergötland and Denmark).

Low-flush toilets, showers and mixer taps are installed in connection with renovations. SBB's target is to reduce water consumption by 1 percent annually. In residential unable to achieve limits on primary energy performance, 180 kWh/m² and 200 kWh/m², respectively, depending on the region, individual metering and debiting of domestic hot water will be introduced.

Energy consumption per business area, degree day corrected, Like-for-Like (kWh/m²)



Summary of SBB's work in Climate and Environment in 2021

Zero-net climate emissions and reduced environmental impact	
Energy consumption	<p>100-percent renewable electricity from hydroelectric, wind and solar power through an agreement with Skellefteå Kraft. SBB monitors energy consumption for the entire property portfolio. Energy consumption in new properties is calculated based on templates. SBB targets reducing energy consumption by 5 percent annually throughout the property portfolio. The target refers to kWh per m², as well as absolute figures in comparable portfolios. Measures in properties with high energy consumption per m² and in absolute numbers are prioritized. SBB's green bonds finance many initiatives for energy efficiency in SBB's properties, including: additional insulation, energy-efficient heaters, geothermal heat pumps, energy-efficient lighting.</p> <p>Outcome 2021: -3.3 percent energy consumption (Like-for-Like and degree day corrected)</p>
Renewable energy	<p>As of the second quarter of 2021, SBB reports ongoing and completed projects contributing newly developed renewable energy, with both the number of projects and the number of kWh annually being reported. In 2021, SBB initiated work on a solar park that is expected to contribute 10 GWh of renewable electricity annually, the park is scheduled for completion in the second half of 2022.</p> <p>Outcome 2021: Ongoing and completed energy projects (savings + new production) corresponding to 29 GWh or approximately 5.6 percent of total energy consumption</p> <p>Outcome 2021: 78 percent renewable energy (share of total energy consumption)</p>
Carbon dioxide emissions	<p>SBB targets reducing its carbon dioxide (CO₂) emissions by 5 percent annually. As of 2020, the monitoring and reporting of CO₂ emissions was expanded to include the entire portfolio. The climate impact for newly acquired properties is calculated based on templates. Numerous initiatives have been implemented to reduce emissions. SBB considers the climate impact of its properties from a life cycle perspective. All new construction projects commenced in 2022 and onwards will calculate and declare their climate impact applying a life cycle analysis.</p>
Sustainable property management	<p>SBB invests in further development of existing properties rather than demolishing them and building new ones. Adequate spaces for waste management and sorting at source must be located in, or adjacent to, the properties. The operation and maintenance agreements that are signed are adapted to meet requirements in accordance with certification systems, such as Miljöbyggnad, even for the properties that are not certified. In 2021, SBB signed an agreement for the certification of 500 existing buildings in accordance with the Miljöbyggnad iDrift (environmental building in operation) certification, with the agreement including an option for the certification of a further 500 properties. The certification of the first properties covered by the initiative began in December 2021.</p>
Certified buildings [Cert-Tot]	<p>In 2021, SBB initiated Sweden's largest process of certification in accordance with Miljöbyggnad iDrift. In an initial stage, a total of 500 properties will be certified, after which there is an option for another 500 certifications. Of these, about 20 certifications had begun in 2021, with another 210 planned for certification. Including these initiated and planned certifications, the equivalent of 23 percent of SBB's total portfolio, in terms of market value, will have been certified. Excluding certifications yet to commence, 12.1 percent of the property portfolio has been certified. A more detailed account of all certifications can be found on page 60 of the Sustainability Report.</p>
Number of green leases	<p>Several new "green leases" were signed in 2021, these follow the template for green leases provided by Fastighetsägarna (Swedish association of property owners). A formal system for monitoring the number of green leases is being developed.</p>
Environmental and climate risks	<p>In 2021, SBB conducted a thorough review of the property portfolio, assessing climate-related risks, including energy efficiency, floods, extreme weather, natural disasters and regulatory risks at the property level. The analysis provides a basis for management's risk management work. The analysis shows that less than 1 percent of the property portfolio has a high or very high physical risk and that only 1 percent has a high or very high regulatory risk. A total of seven properties are in the risk zone for coastal flooding. Eighteen properties have a high energy consumption and/or high CO₂ emissions. In total, 94 percent of the portfolio is classified as very low risk or better in terms of physical risks, and 97 percent is classified as low risk or better in terms of regulatory risks. The analysis is conducted by MSCI and builds on established and scientifically founded scenarios, such as IAM, GCAM4, SSPs and ECMWF.</p> <p>The risks in the operations are mainly managed by SBB's management team supported by the Board of Directors, with SBB's CEO being responsible for leading this work. All of SBB's properties are fully insured.</p>
Environmental inventory and decontamination	<p>Healthy indoor environments are of the utmost importance for SBB. All new properties are environmentally inventoried and these inventories are updated at intervals of at most ten years. Among other aspects, the inventory includes any asbestos, radon or PCBs, as well as energy consumption, decontamination of substances hazardous to health and the environment (including asbestos). In new construction projects, all construction products are inventoried and registered using Byggsvarubedomningen, an online service for the assessment of construction products in terms of environmental and health risks, among other aspects. This reduces risks by aiding favourable choices of materials and improving knowledge of how and where risky materials have been used if they need to be replaced in the future. In connection with the extensive certification process in accordance with miljöbyggnad iDrift currently in progress, existing buildings will be inventoried by experts to detect the presence of hazardous substances such as mercury, lead, cadmium, PCBs, asbestos and radioactive substances.</p>
Biological diversity	<p>SBB focuses on the continued development of previously developed sites and, at the same time, increasing the biological diversity of these sites in dialogue with local communities. All new development projects include a dialogue in which the conditions and needs of the site are taken into account and integrated into the development process. Where it is uncertain what the effects on biodiversity could be, an environmental impact assessment is performed. The damage mitigation hierarchy (avoid, minimize, recreate and compensate) and the precautionary principle are applied in connection with activities close to specially protected areas, such as cultural heritage sites (for example World Heritage and IUCN I-IV sites), key biotopes, nature reserves, green areas, arable land, etc. All wood construction projects initiated by SBB use wood from certified forestry (FSC and PEFC), ensuring a high richness of species and biological diversity. By using internationally recognized certification systems in markets with well-developed control systems, it is easy to verify and monitor the use of certified forest products in your own projects.</p> <p>Outcome 2021: 100 percent of all projects initiated by SBB use wood from certified forestry.</p>
Water consumption [Water-Abs] [Water-Int]	<p>Targets: reduce water consumption by 1 percent annually</p> <p>Outcome 2021: 392,000 m³, approximately 0,07 m³/m²</p>
Sustainable building materials [102-9]	<p>Of SBB's projects in progress during 2022, 36 percent, measured as the share of the completed gross area, had a wooden frame. The target is 50 percent. SBB is a pioneer in the area and has built one of the world's tallest wood buildings in Skellefteå. SBB assesses and registers building materials regarding environmental and climate risks to achieve a sustainable supply chain. As part of that work, SBB is a member of Byggsvarubedomningen, a non-profit economic association of actors in the public construction sector seeking to foster development towards a non-toxic and favourable built environment.</p>
Waste	<p>SBB strives to minimize waste, both in property management and the construction process. In property management, SBB partners with tenants, making space available for sorting at source. In the construction process, SBB sets requirements for waste minimization and sorting through its Sustainability Appendix. SBB also conducts environmental rounds, through which compliance is monitored and documented by a third party. All materials left over after our apartment renovation projects are kept for use in the next project, and this also applies to smaller items such as opened paint cans. In 2021, SBB commenced efforts to inventory waste at the property level.</p>

Engage tenants in sustainability work	<p>A guide has been produced for tenants, making it easier for them to contribute to the sustainability work. For example, advice is given on what tenants can do to reduce energy consumption. Information is also provided on possible areas of collaboration, where the tenant can make a big difference in collaboration with SBB.</p> <p>A good way to achieve progress in sustainability work is through collaboration between tenant and landlord. The green leases that are signed contain contractual sustainability requirements for both SBB, as the landlord, and for the tenant.</p> <p>SBB has negotiated a favourable electricity trading agreement with 100 percent renewable electricity, which is offered to all of SBB's residential tenants, simply through the housing app.</p>
Proximity to public transport	<p>SBB seeks to foster opportunities for a sustainable lifestyle and therefore invests in properties close to public transport hubs, and the proportion of properties close to public transport locations is monitored on an ongoing basis.</p> <p>> 98 percent of SBB's properties are less than a ten-minute walk from public transport.</p>
Innovations in environmental technology	<p>SBB is a partner in several innovative start-up companies that work for a more sustainable construction and property sector. These companies develop technologies in areas including solar cells with integrated battery storage (Watts2U), flexible and modular construction with solid wood (Sizes), IoT connection of properties (Netmore), recycling and storage of thermal energy (Ecoclimate) and automated monitoring of ESG data at the property level (Mestro).</p>

SBB's investments in innovation and technology development for a sustainable property sector

Part of SBB's sustainability vision is to be a pioneer in innovation and technology development that can help the industry become more sustainable. As Europe's leading player in social infrastructure, SBB has great opportunities to invest in technological development and test new solutions that have the potential to contribute to the core business and a sustainable society. SBB has therefore invested in a number of start-up companies. For example, SBB has early invested in companies such as Amido, Avy, Ecoclimate, Mestro, Netmore and Watts2U. Below is a brief introduction of the companies:

Netmore

IoT player that develops sensors and technologies for connecting properties. By connecting properties and thereby gaining

access to real time data, managers and property technicians can optimize operations and quickly detect and correct errors. There is great potential for reduced energy and resource use.

Ecoclimate

Systems for recovery, charging, storage, extraction and distribution of recycled and renewable thermal energy. There are large amounts of energy in, among other things, waste water, this energy can be recovered with the help of intelligent technology.

Mestro

Develops and sells a cloud-based platform that helps property owners keep track of their energy consumption. By making energy data available in real time, property owners can,

among other things, detect and correct errors while also analyzing their entire property portfolio and discovering potential for improvement.

Avy

A tool that facilitates, among other things, rent notifications, supplementary options, neighbourhood cooperation and communications for both property owners and residents.

Amido

Handling of digital keys regardless of which accessory brand is used.

Watts2U

Innovative technology to solve solar energy's problems with energy generation and demand through integrated energy storage solutions.





Social sustainability



Social sustainability is an important part of SBB's promise to build a better society. The increasing differences in health and living conditions between different social groups and residential areas is one of the major challenges currently facing Sweden. The property sector has a great impact and thus considerable potential to contribute solutions for increased cohesion, confidence in the future, health and trust.

SBB manages, acquires and develops properties for important societal functions in

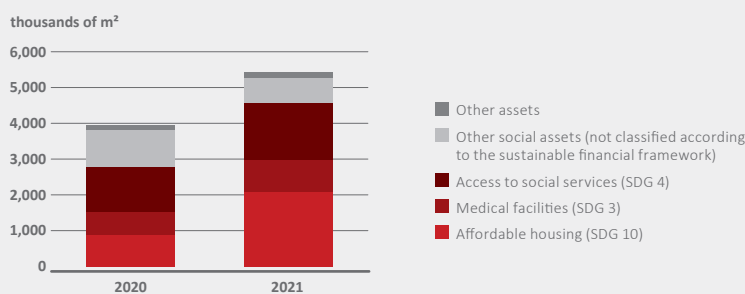
areas offering long-term development potential. Major investments are being made to upgrade and develop the portfolio by renovating apartments, premises, common areas and facades. Outdoor environments, such as playgrounds and green spaces, are also being refurbished and new outdoor lighting is being installed to do away with dark and unsafe places and to help increase biodiversity. People's homes and local environments are made more pleasant and security is improved throughout the area.

In some areas with SBB properties, security is a priority focus. For this reason, an important part of the business model is to invest in improving these areas' social conditions, thereby contributing to favourable and socially sustainable development. Among other things, this is achieved by creating meaningful activities, such as summertime jobs, for young residents and by collaborating with local organizations on projects to improve the social environment in various ways.

A basic objective of the operations is to continuously develop the properties and the residential environment, bringing well-being and security, as well as a positive local identity. As a long-term property manager, working with social sustainability and counteracting marginalization in the areas in which SBB operates is a matter of course.

Risks and opportunities related to social sustainability, such as working conditions in the supply chain, security in the local community, etc., are handled by the management team. Ultimately, the CEO is responsible for identifying and addressing these risks, which is part of Management's ordinary risk management. The extensive dialogue with stakeholder groups provides valuable perspectives on management's work with risk management.

Compilation of social infrastructure, thousands of m²



Summary of SBB's work in social sustainability in 2021

Leading in social infrastructure	
Social values at the core of our business	The inventory taking of social values in SBB's product portfolio is fully integrated into SBB's financial reporting, with data being reported quarterly. Social infrastructure generates 98 percent of SBB's rental income. SBB's operations build on an understanding of, and development in line with, the long-term demographic trends. SBB's CEO and founder Ilija Batljan is an expert in the field with a doctorate in demography and planning for elderly care.
Social bonds	The societal benefits of SBB's business model have been demonstrated through steadily increasing social financing. Since the launch of SBB's updated sustainable financing framework in the fourth quarter of 2020, social financing has increased significantly, the target is 100 percent sustainable financing by 2030. Green and social financing has been reported on a quarterly basis since the second quarter of 2021. At the end of the year, social financing accounted for 21.8 percent of SBB's total loan financing, and 63,6 percent of all new bond financing during the year took the form of social bonds.
Responsible enterprise	
Health and safety in SBB's assets [H&S-Asset] [H&S-Comp] [GRI-416-1]	<p>SBB's responsibility for health and safety extends to all of SBB's assets and workplaces, including construction sites. Safety inspections are organized regularly by the employer at the company's own workplaces and those of its subcontractors, in connection with which risks are listed, assessed and addressed. Employees, contractors and safety representatives appointed by the union are invited to participate in these safety rounds.</p> <p>SBB wants to provide optimum conditions for its tenants and aims for all tenants to enjoy good physical, social and mental health. To examine how SBB can best contribute to tenants' health, annual tenant surveys are conducted. The results provide the basis for SBB's work for tenants' health. Among other things, regular ventilation inspections are conducted to assure good air quality, inspections of lifts, doors and alarms are also conducted regularly to safeguard a favourable working environment. Some young residents are offered summertime jobs in SBB residential neighbourhoods. This has a positive effect on the living environment and increases inclusion and security for tenants.</p>
Dialogue with, and development of, local communities [Comty-Eng]	SBB develops local communities, applying a holistic perspective with regard to social, environmental and economic sustainability. SBB maintains a locally-based property management organization with close contact with customers. Risks and opportunities are analyzed. Dialogues with municipalities and residents are a mandatory part of SBB's detailed planning processes. Project-specific conditions and requirements, including local objectives, ecosystems, sound environment, etc. are noted and integrated into the continued project development.
Indoor environment and accessibility	Healthy indoor environments are of the utmost importance for SBB. All new properties are environmentally inventoried and these inventories are updated at intervals of at most ten years. In connection with apartment renovations, the presence of any asbestos, radon or PCBs, is inventoried, as well as energy consumption and decontamination of substances hazardous to health and the environment (including asbestos). SBB places high demands on accessibility in all of its newly built properties and implements initiatives for increased accessibility in the buildings it renovates. SBB owns and manages apartments that even those with limited financial resources can rent. Customer satisfaction is measured annually through a tenant survey.
Number of summer workers in SBB's residential areas	<p>SBB provides jobs for young people each summer. By providing summer jobs, young people gain an initial experience of the labour market, while their commitment to their neighbourhood is enhanced when they are personally involved in caring for it. In this way, SBB improves over time the attractiveness and social inclusion of its residential areas and young people gain a positive start to adult life.</p> <p>Targets 2021: 150 summer workers Outcome 2021: 175 summer workers Targets 2022: 200 summer workers</p>
Support for refugees	<p>According to the UNHCR, almost 80 million people in the world are in flight. SBB's core business is to provide high-quality social infrastructure and housing. For this reason, SBB contributes every year to UNHCR to improve the housing situation for people in flight.</p> <p>Targets 2021: Contribute at least 110 homes for refugees. Outcome 2021: SBB has provided the UNHCR with 10 Better Shelter refugee shelters and 130 family tents. In total, this has provided shelter, security, integrity and comfort for 980 people.</p>
Supporting Lärhjälpen and Mentor Sverige	SBB sponsors Lärhjälpen (which provides free help with homework) for 15 pupils in grades 7–9 at the Guldhedsskolan school in Gothenburg. SBB is also a member of Mentor Sverige (which provides mentors four young people entering the labour market). SBB sponsors "Noll Tolerans mot Mobbing" (zero tolerance of bullying) in its work to counteract bullying and grooming at Sweden's primary and secondary schools.





Employee [GRI 102–8]



In recent years, SBB has grown through a number of acquisitions. As the organization grows, coordination needs also increase and the demands imposed on communications and leadership are raised. It is important to attract and retain competent employees.

SBB guarantees all personnel a workplace characterized by equal opportunities, dignity, respect and justice, free from discrimination and harassment. The principles that form the basis for working conditions at SBB are described in an HR Policy adopted by the Board of Directors. All employees have the opportunity to participate in a long-term incentive programme based on warrants, enabling employees to share in the value they generate in the long term without needing to adventure their personal finances. In addition, all employees are covered by a short-term incentive programme that is designed on equal terms for all. SBB does its utmost to retain skills and expertise and allows employees to develop in their roles or to further develop in other ways within the company. SBB has identified development paths for employees within residential and community service properties, with HR being able to provide support and training initiatives for further development. At the same time, each employee's situation is unique, and every

year an individual development plan is therefore formulated for each employee in consultation with their immediate manager.

Recruitment decisions shall always be based on clearly defined criteria and all applicants must be treated and assessed on these grounds, without discrimination. Based on their individual capacity, all employees shall be afforded opportunities for optimal professional and personal development to enhance the success of the organization and the employee. This is also our starting point when we consider concepts of equality, diversity and equal treatment, which for us means that all people have the same value and must be treated with respect and dignity. SBB does not tolerate any form of bullying, harassment or discrimination. The notion of discrimination includes, but is not limited to, the grounds against which Swedish law provides protection: gender, transgender identity or expression, ethnicity, religion or other belief system, disability, sexual orientation and age. This is regulated by SBB's Sustainability Policy and Code of Conduct, which all employees must read, understand, sign and adhere to. SBB also contributes to work against discrimination and for equal treatment by having signed up to support the ten principles of the UN Global Compact. All new employees must participate in

SBB's introductory programme, which includes policies including the Code of Conduct and the Sustainability Policy. In 2021, training was provided in the Code of Conduct, Sustainability Policy, Anti-Corruption and Whistle-Blower Policy, with all employees being required to take a test and, at the same time, sign that they had read and understood the content of these policies. In addition, all central suppliers have participated in a follow-up of sustainability at the supplier level. Comprehension of the Code of Conduct and Sustainability Policy has also been tested in this follow-up.

SBB's organization is structured to be able to manage, develop and maintain the company's properties. The company's comprehensive management organization is considered to be strategically important in guaranteeing a good living and working environment. It is also important that employees have local roots. For this reason, the company employs young people who spend their summer break working in the residential areas where they live. A personal commitment like this brings continued development of the residential environment while also providing favourable social side effects.

A long and deeply-rooted tradition of respect for agreements between the social partners, trade unions and employers' organi-

zations pervades SBB's markets. SBB values this model and also safeguards respect for human rights, the freedom of association and the ILO Declaration on Fundamental Principles and Rights at Work. SBB is also a member of the UN Global Compact.

Health and safety are key issues for SBB and the company conducts regular safety rounds at its offices, at its properties and at its construction sites. SBB's responsibilities include employees, contracted personnel, operating staff, tenants and contractors. This is a self-evident part of SBB's promise to be the world's most sustainable property company, but also a consequence of the well-developed legal requirements applicable in the company's markets. Without a correct risk analysis and preparatory work, many of the tasks performed at SBB's workplaces and those of its contractors could be risky. SBB always takes responsibility for safety and assesses in an appropriate way the risks associated with all tasks at its own facilities and those of its contractors. SBB also conducts regular safety rounds. All of this is regulated

in SBB's internal regulations and procedures, mainly in SBB's Management System for Health and Safety at Work and in the Environmental and Quality Management System.

All staff are covered by a training plan. This training plan includes education in quality, ethics, anti-corruption, behaviour, environment, work environment and skills development. Each professional group within SBB is offered a training package tailored for that particular group. Planning and status for staff training is coordinated by a training council with representatives from the management team, the training councils hold regular minuted meetings led by the HR Manager.

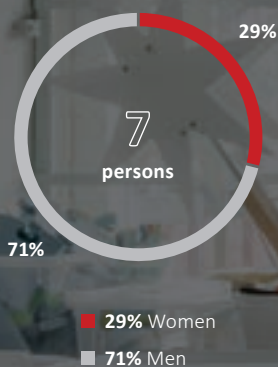
Annual wage surveys are conducted to identify and eliminate any unfair structural differences between groups. SBB's fundamental view is that wage differences attributable to, for example, gender should not occur.

Remuneration of senior executives is determined by the Board of Directors' Remuneration Committee. All employees are offered an opportunity for co-ownership in the form of

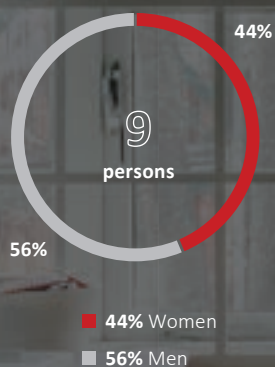
an options programme, which is a long-term incentive programme that fosters commitment to the company. All employees are also offered a wellness allowance of SEK 2,500 annually, which may be used for activities that promote the employee's health. In 2022, the wellness allowance will increase to SEK 5,000 annually.

SBB wants to adapt the workplace to the conditions of its employees, the scheduling of working hours and location of workplace must, as far as possible, be adapted to the individual's circumstances. For example, SBB wants to make it possible to adapt meeting and conference locations and the like to meet the needs of parents. SBB also maps sick leave and the mental and physical health of the entire workforce and specific groups to avoid any group being disadvantaged by the design of the workplace or work formats.

**Gender distribution
Board of Directors**



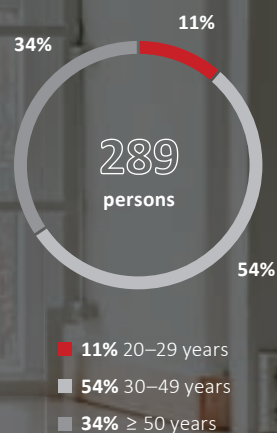
**Gender distribution
management team**



**Gender distribution all
personnel**



**Age distribution,
all personnel**



Area	Summary of SBB's work on HR issues in 2021
The best employees	
Attracting and retaining talent	<p>Market-based terms of employment</p> <p>Collective agreements</p> <p>Skills development</p> <p>Beneficial working environment</p> <p>Flexible working hours and geographical postings adapted to our employees' circumstances</p> <p>Parental leave and parental benefit</p> <p>SBB maintains a short-term incentive programme covering all employees on equal terms: SBB's target fulfilment and the individual employee's performance</p> <p>Long-term incentive programme in which all employees are offered co-ownership by subscribing for options with a term of three years.</p> <p>Annual development interviews, personal development and skills enhancement</p> <p>Employees enjoy health insurance and occupational pension benefits</p> <p>Membership in MERC Talent Network, which aims to expand the members' network and offer talented young people insight into potential career paths ahead.</p>
Long-term incentive programme	100 percent of SBB's employees, regardless of role, have the opportunity to participate in a long-term incentive programme in the form of warrants allowing employees to share in the long-term (three years) development in the value of SBB's shares without having to adventure their personal finances.
Short-term incentive programme	100 percent of SBB's employees are covered by a short-term incentive programme that is designed on equal terms for all, including the management team and the CEO. The bonus target has three components, an individual target adapted to the employee's capacity to contribute to SBB's goals and two shared targets for the entire company.
Proportion of employees covered by collective agreements [GRI 102–41]	70 percent of all employees are covered by collective agreements, employees are covered by collective agreements whether they are union members or not.
Employee benefits	Wellness allowance, eyeglasses, paid vacation, company car, parental leave, occupational pension and health insurance.
Flexibility and balancing work and life	Flexible working hours and geographical postings adapted to SBB's employees' circumstances.
Encouraging diversity and equality	Initiatives to increase diversity and equality awareness in connection with personnel meetings and training.
Gender pay ratio [Diversity-Pay]	Salary surveys are conducted annually to detect any differences in salary and ensure that the company's salaries are equal. Provisions and practices for salaries and terms of employment are documented in SBB's HR Policy and Salary Policy. This states that salaries shall reflect employees' skills, productivity, responsibilities and development. SBB's CEO leads the work with salary mapping and immediately adjusts any differences that are discovered between women and men who perform equal work.
Improving well-being at work and fostering a balance between work and leisure [H&S-Emp] [GRI 403–2]	<p>Opportunities for teleworking, flexible working hours and taking the employee's personal situation into account.</p> <p>All employees are offered a wellness allowance of SEK 2,500 annually, which may be used for activities that promote the employee's health. As of 2022, the wellness allowance will increase to SEK 5,000 annually per employee.</p>
Training and development [Emp-Training] [Emp-Dev]	<p>All employees undergo at least five days of training, education and development annually.</p> <p>A training plan is applied to ensure that all employees keep abreast of their specific areas of responsibility. Training includes role-specific topics, as well as mandatory elements on the environment, work environment, the Code of Conduct, climate risks and risks in the supply chain. The HR Manager is responsible for the planning and implementation of the training plan. All employees have been tested and approved regarding their understanding of the Code of Conduct, Sustainability Policy, anti-corruption and the Whistle-Blower service.</p>
Education in anti-corruption, anti-discrimination, the Code of Conduct, the Sustainability Policy and the Whistle-Blower function [GRI205–2]	<p>All employees (with the exception of those on parental leave, long-term sick leave, trainees and hourly employees) have undergone training in anti-corruption, anti-discrimination, the Code of Conduct, the Sustainability Policy and the Whistle-Blower function. The employees' command of the codes and policies was tested online, with employees also agreeing that they will comply with SBB's codes and policies.</p> <p>271 (out of 289) employees had completed the test and were approved as of 31 December 2021.</p>
Employee interviews and assessment	Employee interviews are conducted annually for all employees. The employee's immediate manager is responsible for employee interviews supported by the HR Manager. Employee interviews include a mutual assessment of the manager's and the employee's performance over the year, as well as strengths, weaknesses and development opportunities. Individual targets and an individual development plan are also set out at employee interviews. All employee interviews are documented and followed up one year later in connection with the next employee interview. Employee interviews include mutual assessment of the performance of both the manager and the employee.

Area	Summary of SBB's work on HR issues in 2021
Training managers in working environment and business acumen	All managers must be able to identify and address risks in the work environment, such as noisy environments, heavy lifting, work at height, ergonomic aspects, etc. SBB's work environment responsibility includes both SBB's own personnel, as well as contracted personnel and consultants. Training in working environment and business acumen is mandatory for all managers in the property management operations. Training is arranged on an ongoing basis to keep skills and awareness up to date.
Career paths within SBB	SBB is a fast-growing company with many opportunities for employees to develop within their roles or by changing roles. In property management there are opportunities to switch between areas of responsibility – by switching from property manager to area manager, or from area manager to regional manager, for example. There are also opportunities for specialization, for example by switching from being a technician to being a technical manager or by undergoing further development in other ways, by taking on a different portfolio as a manager, for example, or by changing business area. SBB also encourages employees seeking to grow through further training.
Leasing agents trained in tenancy law	All leasing agents are trained in tenancy law. New training opportunities will be arranged in 2022 to keep skills updated.
Internal recruitment	Number of employees who have been recruited to a new role internally in 2021: 9
Health and safety	
Health and safety and working conditions for employees, operational personnel and contractors	<p>SBB's responsibility for health and safety extends to all of SBB's assets and workplaces, including construction sites. Safety inspections are conducted regularly at the company's own workplaces and those of its subcontractors, in connection with which risks are listed, assessed and addressed.</p> <p>All of SBB's markets have the highest rating in Global Rights Index run by the International Trade Union Confederation.</p> <p>All managers are trained in health and safety. Health and safety are also included in the training plan for all employees with relevant content adapted to each role.</p> <p>Outcome 2021: short-term sick leave: 0.9 percent (2.7), long-term sick leave 1.9 percent (4.8).</p> <p>SBB supports the long tradition of respect for agreements between trade unions and employers' organizations that exist in all of SBB's markets. All of SBB's employees, except those at the head office, are covered by collective agreements (70 percent). Employees are covered by collective agreements regardless of whether they are union members or not. Union representatives are involved in negotiations in connection with reorganization meetings or in connection with risky tasks.</p>
Number of workplace accidents	<p>Targets: zero serious workplace accidents (in accordance with the Swedish Work Environment Authority's definition of a serious accident), refers to both employees and contractors.</p> <p>Number of serious workplace accidents and incidents reported in 2021: 0</p> <p>Serious accidents and incidents are reported to the Swedish Social Insurance Agency and the Swedish Work Environment Authority, as well as to AFA försäkring (insurance provider).</p>
Absence due to illness	<p>Targets: 0 percent sick leave caused by inadequate work environment or safety.</p> <p>In 2021, short-term sick leave amounted to 0.9 (2.7) percent and long-term sick leave to 1.9 (4.8) percent.</p>
Lost Time Injuries Frequency (LTIR)	<p>Number of injuries resulting in absence per million hours worked.</p> <p>SBB's employees: 0</p>
New employees and employee turnover	
New employees during the year [GRI 401–1]	<p>64 new employees in 2021</p> <p>About 60 percent of these are new employees in property management.</p>
Employee turnover [Emp-Turnover] [GRI 401–1]	<p>16.3 percent (20.3)</p> <p>SBB continued to grow strongly in 2021, with most employee turnover being linked to acquisitions.</p>



Governance and financial sustainability



SBB's objective is to achieve good economic growth which engenders conditions for investing in the climate and the social environment. Being profitable provides opportunities to drive and develop sustainable property management and construction. Through low financial and operational risk and robust management, SBB shall deliver strong, risk-adjusted value growth with increasing cash flows and an increasing dividend to shareholders. In terms of business ethics, all employees, partners and suppliers act in line with SBB's Code of Conduct. Being a financially stable landlord with robust management means professional property management and security for tenants.

Workers' rights

Only 11 countries have the highest rating in the Global Rights Index, which is run by the ITUC – International Trade Union Confederation and which monitors workers' rights worldwide. All of SBB's markets: Sweden, Norway, Finland and Denmark are among these 11 countries. The criteria assessed include the right to association, the right to collective bargaining, the right to strike, access to legal representation for workers, the prevalence of supervision and oppressive legislation. SBB's operations are physically tied to the domestic markets. This means that most of the work is conducted on site by local suppliers in the property management and construction operations. Only a small part of the supply chain is in other markets.

These are mainly specific material suppliers for construction projects, many of the basic products used in construction are produced in the domestic markets. One of SBB's main partners in construction, in which SBB also holds a 14 percent share, is based in Oskarshamn.

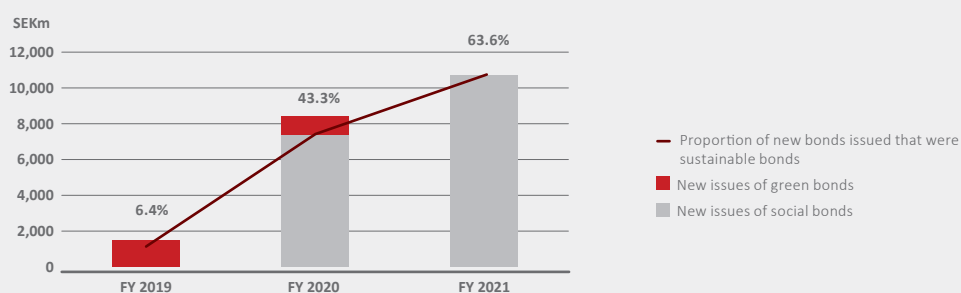
SBB partners with a security company to counteract undeclared work and labour-related crime among contractors and subcontractors in SBB's construction projects. The work will begin in 2022 with an inventory and current situation analysis in which attendance ledgers are inventoried and unannounced visits are made to verify legal and regulatory compliance. Procedures and verification plans are then developed to counteract labour-related crime and undeclared work in a structured and long-term manner.

Summary of SBB's work in Governance and financial sustainability in 2021

Industry leader in ESG	
Reducing CO₂ emissions caused by SBB's employees	Our company car policy offers opportunities for plug-in hybrids or fully electric models. Opportunities to work both locally and remotely reduces travel needs.
Involving all employees in sustainable development	Regional managers have been assigned with setting bonus targets linked to SBB's sustainability targets, e.g. reduced energy consumption and green leases. Initiatives in connection with personnel meetings and training to increase awareness of sustainability issues in general and of SBB's sustainability targets in particular.
Involving all employees in the company's targets and commitments	Involvement through exchanges of experience during training. Incentive programs also enable participation by all employees.
Effective governance	
Board of Directors with the sector's deepest skills and experience [GRI 103–2]	Skills-enhancing initiatives are included on the agenda of every second Board meeting, including further training in a particular area of the operations. The Board has a Sustainability Committee that holds minuted meetings in connection with all regular Board meetings, and has, as of this year, included an external member with special competence and experience within ESG. Annual assessment of the Board of Directors performed in connection with the audit.
Composition of the Board of Directors [Gov-Board] [GRI 102–22]	See the Corporate Governance Report and information on Board members on pages 76–79.
Process for nomination and election of the Board of Directors [Gov-Selec] [GRI 102–24]	The 2021 Annual General Meeting resolved that the Nomination Committee should comprise representatives of at most the three largest shareholders and the Chairman of the Board. The Chairman of the Board was tasked with contacting the three largest registered shareholders in terms of votes as of 30 September 2021, requesting that each appoint one member to the Nomination Committee. SBB applies the Swedish Code of Corporate Governance.
Process for managing conflicts of interest [Gov-Col] [GRI 102–25]	SBB applies the Swedish Code of Corporate Governance. The Board of Directors, Remuneration Committee and Audit Committee are elected in accordance with the Code – additional information is provided in the Corporate Governance Report.
Leading the sector in transparent reporting	We apply industry-leading standards and frameworks in our reporting: IFRS, Swedish Code of Corporate Governance, GRI, EPRA, CDP etc.
Management assessment [GRI 103–3]	The Board of Directors assesses the CEO annually.
Customer satisfaction	Tenant surveys are conducted annually. In 2021, 683 tenants of community service properties (CS) were invited to participate in the survey for community service properties and 8,102 tenants to participate in the survey for residential tenants (RE). 229 responses were obtained in the survey for community service properties, 2,144 responses were obtained in the survey for residential tenants. Some of the lessons that have been learned are that a majority of tenants would recommend SBB as a landlord and are satisfied with their homes as a whole and a majority are satisfied with the information that SBB provides (78 percent of tenants) and how easy it is to get hold of the landlord (69 percent of the tenants in community properties). One area for improvement was the tenants' knowledge of SBB's sustainability vision (32 percent of tenants in community service properties, 37 percent of residential tenants state that they are aware of the vision) while a majority state that sustainability is important (82 percent of tenants in community properties and 90 percent of residential tenants). The focus areas that have been identified are continued work with energy consumption, standard-raising apartment renovations and information and accessibility for tenants.
Sustainable supply chain [GRI 102–9] [GRI 308–1] [GRI 414–1]	All suppliers are required to comprehend, sign and comply with SBB's Code of Conduct and our Sustainability Code for Suppliers. 770 suppliers have signed the Codes digitally as of 31 December 2021. SBB does not tolerate any anomalies in the supply chain. SBB works in close contact with local actors with regard to operation, maintenance and contracting alike. The local knowledge and procurement of suppliers in the property management operations makes it easier to detect and remedy any irregularities compared with large-scale, centrally procured contracts where those placing the orders have no direct connection to the place of work or those doing the work. To enable an overview and facilitate follow-up, property managers are urged to limit the number of procured suppliers. All centrally procured suppliers have undergone an in-depth review and verification of their understanding of the Code of Conduct and Sustainability Policy, as well as a screening regarding significant sustainability parameters and focus areas. Targets: 100 percent of centrally procured suppliers must undergo an in-depth review at least every three years Outcome 2021: 93 percent of the centrally procured suppliers were reviewed
Human rights	SBB shall always respect human rights and the ILO Declaration on Fundamental Principles and Rights at Work. We support the UN Global Compact. More information can be found in SBB's Human Rights Policy. The biggest challenge in this area is to safeguard human rights and fair working conditions throughout the value chain when purchasing electronics for the properties. Raw material extraction and manufacture occur at many stages in many markets and are difficult to overview. SBB conducts a dialogue on these issues with SBB's major suppliers of electronics.
Remuneration of senior executives	Remuneration of senior executives is determined by the Board of Directors' Remuneration Committee
Ethics and anti-Corruption	
Disseminating awareness of ethics and fostering anti-corruption among all employees [GRI 205–2]	SBB's work for ethical and anti-corrupt behaviour is described in the Code of Conduct and in the Anti-Corruption Policy. Initiatives to increase awareness of ethics and anti-corruption, as well as the possibility of using the whistle-blower service in connection with personnel meetings and training events. These topics were addressed at 100 percent of training events in 2021.
Number of incidents reported to the whistle-blower function [GRI 205–3]	Number of cases reported: Discrimination: 0 Harassment: 0 Corruption: 0 Other: 1 The matter has been investigated and reported to the Board. The Board of Directors has decided to leave the matter with no action being taken.

Zero corruption	SBB does not tolerate any form of corruption, bribery, fraud, money laundering, tax evasion, extortion, or illegal financing of political organizations and acts vigorously to prevent and counteract these. The purpose of SBB's insider policy is to reduce the risk of insider trading and other prohibited acts. The insider rules affect different positions to varying degrees, but all employees must be aware of and comply with the provisions included in the insider policy. Anti-corruption is included in all training courses conducted for SBB employees. More information can be found in the Anti-Corruption Policy and the Code of Conduct. All of SBB's markets hold top-10 rankings from Transparency International's anti-corruption index CPI. No cases of corruption were detected in 2021.
High risk markets	SBB does not operate in any high-risk markets with regard to workers' rights (Global Rights Index, ITUC) or corruption (CPI, Transparency International). Labour crime does nonetheless occur in the community service property sector and SBB has therefore initiated a partnership with a security company to counteract undeclared work and labour-related crime among contractors and subcontractors in SBB's construction projects. See page 52 for more information.
Lobbying	SBB does not support any political parties, political campaigns or lobbying and only participates as members of established and recognized industry organizations such as Fastighetsägarna (Swedish property owners association), the Sweden Green Building Council and Public Housing Sweden. Total contributions to political parties, political campaigns and lobbying 2021: SEK 0
Number of suppliers who have digitally signed the Code of Conduct and Sustainability Policy	As of 31 December 2021, a total of 770 suppliers have digitally approved SBB's Sustainability Policy and Code of Conduct. Of these, 508 signed the Codes in 2021 while 262 signed in 2020.
Innovation and digitization	
Developing SBB's properties for a high level of connectivity and control	The energy usage in all of SBB's properties is registered online in SBB's energy monitoring system. A fully digitized leasing process for rental apartments. SBB has also initiated projects to connect water meters and invested in a company that develops sensors and technology for connecting properties.
Innovation and new technology – R&D	Part of SBB's Vision 2030 is to be a pioneer in new technology and set the standard for sustainability in the property sector. Part of that work is to invest in innovative solutions with potential for complementing the core business and contributing to a sustainable society. SBB has invested in a number of innovative start-up companies, including: Mestro, Netmore, Ecoclime, Watts2U, Amido and Avy.
IT security	SBB is a pioneer in digitalization. A robust system for IT security is thus necessary to minimize the risk of security incidents. SBB has a dedicated IT Security Manager, who reports to the individual responsible for IT security in the management team. The company has an IT council comprising the IT Manager and the CFO, who also has a responsibility for risk management. On the Board, Lennart Schuss is particularly responsible for reviewing the company's IT security efforts.
Economic sustainability	
Customer value	Targets: Contribute to more efficient management and free up capital for SBB's customers.
Rating	Achieve an investment grade rating of BBB+ in the short term and of A- in the longer term.
Sustainable financing	Continued growth and development of SBB's green and social portfolio with financing and target fulfilment in accordance with SBB's sustainable financial framework. Targets: 100-percent sustainable financing in the longer term Outcome 2020: 26.3 percent of all bond loans were sustainable, 43.3 percent of all new bond loans in 2020 were sustainable (green or social in accordance with our sustainable financing framework) Outcome 2021: 39.1 percent of all bond loans were sustainable, 63.6 percent of all new bond loans in 2021 were sustainable (green or social in accordance with our sustainable financing framework)
Green Share	Targets: SBB is to be classified as a green share on NASDAQ Stockholm in accordance with Vision 2030
Risks and opportunities	The risks and opportunities in the operations are mainly managed by SBB's management team supported by the Board of Directors, with SBB's CEO being responsible for leading this work. Risks and opportunities in areas such as technological development, competitors, demographic development, climate (physical, regulatory, transition risks) are managed. SBB's management team and board are composed to maximize breadth and depth with experts in a number of different areas, as well as leading industry experts.

Newly issued bonds



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Sustainability tables

Personnel – tables

Number of employees [Diversity-Emp] [GRI 405–1]

	Number (individuals)	Share, %	20 – 29 years	30 – 49 years	50 – years
All employees	289		33	157	99
Share, %			11	54	34
Women	113	39	19	68	26
Men	176	61	14	89	73
Managers	52		1	25	26
Share, %			2	48	50
Women	17	33	0	7	10
Men	35	67	1	19	16
Management team	9		0	5	4
Share, %				56	44
Women	4	44	0	2	2
Men	5	56	0	3	2
Board of Directors	7		0	0	7
Share, %			0	0	100
Women	2	29	0	0	2
Men	5	71	0	0	5

Personnel statistics, summary

	2020	2021	comment
No. of employees	227	289	
Number of consultants	38	31	
Number of fixed-term positions	11	6	
Probationary positions	10	7	
Summer workers	134	175	
Number of part-time employees	13	8	
Employee turnover [Emp-Turnover] [GRI 401–1]	20.3%	16.3%	Mainly attributable to departures in connection with company acquisitions
Short-term sick leave	2.7%	0.9%	
Long-term sick leave	4.8%	1.9%	

Employee turnover [Emp-Turnover] [GRI 401–1]

	Number of new employees (individuals)	Share of total (%)	Number who left during the year (individuals)	Share of total (%)
Total	64		47	
Men	46	72	30	64
Women	18	28	17	36
By region				
Sweden	59	92	42	89
Norway	4	6	5	11
Finland	1	2	0	0
By age category				
20 – 29 years	11	17	4	9
30 – 49 years	42	66	20	43
50 – years	11	17	23	49

Social sustainability – tables

Summary of social assets

Classification	Area, thousand m ²	Area, %	Rental income, SEK m	Rental income, %	Social classification in accordance with current framework
Rental apartments	1,966	36	2,225	32	Affordable housing (SDG 10)
Project properties, future rental residentials	111	2	81	1	Affordable housing (SDG 10)
Total residentials	2,077	38	2,306	33	
Elderly care units	572	11	822	12	Medical facilities (SDG 3)
LSS	276	5	405	6	Access to social services (SDG 4)
Building rights for future publicly funded housing	0	0	0	0	Affordable housing (SDG 10)
Total residentials	848	16	1,227	17	
Education	1,317	24	1,999	28	Access to social services (SDG 4)
<i>Preschool</i>	355	7	766	11	Access to social services (SDG 4)
<i>Primary school/upper-secondary school</i>	698	13	847	12	Access to social services (SDG 4)
<i>University</i>	264	5	386	6	Access to social services (SDG 4)
Hospitals and health centres	326	6	443	6	Medical facilities (SDG 3)
Central government infrastructure and town halls	306	6	456	6	Planned classification in accordance with SDG
Public offices	258	5	337	5	Planned classification in accordance with SDG
Other	0	0	0	0	Planned classification in accordance with SDG
Building rights for future community service properties	119	2	158	2	Planned classification in accordance with SDG
Total community service properties	2,326	43	3,392	48	
Total social infrastructure	5,251	97	6,926	99	
Other	174	3	91	1	Non-social assets
Total	5,425	100	7,017	100	

Social assets, development over time

	2020		2021	
	Area, thousand m ²	Area, %	Area, thousand m ²	Area, %
Affordable housing (SDG 10)	876	16	2,077	38.3
Medical facilities (SDG 3)	621	23	898	16.6
Access to social services (SDG 4)	1,275	28	1,593	29.4
Other social assets (not classified according to the sustainable financial framework)	1,047	31	683	12.6
Other assets	136	2	174	3.2
	3,955		5,425	

Created and distributed economic value (GRI 201–1)

SEK million	2021	2020
Financial value directly generated	5,930	5,121
Income	5,930	5,121
Distributed financial value	4,849	3,834
Operating costs excluding personnel costs	1,665	1,514
Dividends to shareholders	1,807	1,121
Salaries and remunerations to employees	392	226
Interest to financiers	737	807
Tax to the state	247	165
Contribution to the local community	1	1
Retained economic value	1,081	1,287

Climate and environment – tables

Energy – all amounts refer to MWh unless otherwise stated

EPRA Code	SBB Total			Sweden		Norway		Finland	
	2020	2021	% change	2020	2021	2020	2021	2020	2021
Like-for-Like energy use									
Total landlord obtained electricity [Elec-LfL]	60,643	62,383	2.9%	57,785	59,213	2,853	3,164	4	6
Disclosure coverage (number of properties)*	350	350		343	343	6	6	1	1
Total landlord obtained district heating [DH&C-LfL]	112,190	125,321	11.7%	110,489	123,020	1,036	1,431	665	870
Disclosure coverage (number of properties)*	198	198		194	194	2	2	2	2
Total landlord obtained district cooling [DH&C-LfL]	1,031	1,179	14.3%	1,031	1,179	-	-	-	-
Disclosure coverage (number of properties)*	6	6		6	6	-	-	-	-
Total landlord obtained fuels [Fuels-LfL]	3,521	4,730	34.3%	3,500	4,716	21	15	-	-
Disclosure coverage (number of properties)*	7	7		6	6	1	1	-	-
Total energy use [LfL]	177,385	193,613	9.1%	172,805	188,127	3,910	4,610	669	876
Energy intensity (kWh per lettable m ²) [Energy-Int-LfL]	117.4	128.2	9.1%	117.8	128.2	102.3	120.6	135.5	177.3
Total energy use – degree day corrected [LfL]	200,615	193,968	-3.3%	195,582	188,327	4,257	4,776	777	864
Energy intensity – degree day corrected (kWh per lettable m ²) [LfL]	132.8	128.4	-3.3%	133.3	128.3	111.4	125.0	157.4	175.1
Absolute energy use									
Total landlord obtained electricity [Elec-Abs]**	157,568	169,835	7.8%	144,977	151,818	2,853	4,787	9,738	13,230
Proportion of electricity from renewable sources	100%	100%		100%	100%	100%	100%	100%	100%
Total landlord obtained district heating [DH&C-Abs]**	292,681	338,749	15.7%	277,205	315,414	1,036	1,431	14,441	21,903
Proportion of DH&C from renewable sources***	68%	68%		70%	70%	31%	31%	42%	42%
Total landlord obtained district cooling [DH&C-Abs]**	2,695	3,202	18.8%	2,587	3,023	-	-	108	179
Proportion of DH&C from renewable sources***	69%	68%		70%	70%	31%	31%	42%	42%
Total landlord obtained fuels [Fuels-Abs]	6,118	7,561	23.6%	6,097	7,546	21	15	-	-
Proportion from fuels from renewable sources	46%	37%		46%	37%	100%	100%	0%	0%
Total energy use [Abs]	459,062	519,347	13.1%	430,866	477,801	3,910	6,233	24,287	35,313
Proportion from fuels from renewable sources	79%	78%		80%	79%	81%	84%	65%	64%
Total energy use – degree day corrected [Abs]	521,631	524,601	0.6%	490,693	482,858	4,257	6,399	26,682	35,345

*Properties owned two consecutive years, data coverage > 95 %, operational control boundary i.e. triple-net properties are excluded

** Many properties are newly accesses and therefore lack complete data for past years. Total scope 2 carbon emissions in Sweden are therefore calculated based on average energy use for properties owned at least two years with sufficient data coverage.

*** Share of renewable district heating and cooling is based on national averages

Greenhouse Gas Emissions – all amounts refer to tonnes of CO₂e unless otherwise stated

Carbon dioxide, methane and nitrous oxide are included in the reporting of CO₂ equivalents

EPRA Code	SBB Total			Sweden		Norway		Finland	
	2020	2021	% change	2020	2021	2020	2021	2020	2021
Scope 1, total [GHG-Dir-Abs]	1,462	1,427	-2.4%	1,298	1,402	89	14	74	10.56
Biofuels used for heating	80	97	20.3%	80	97	0.1	0.1	-	-
Fossil fuels used for heating	674	982	45.6%	674	982	-	-	-	-
Company vehicles	707	348	-50.8%	544	323	89***	14.4	74***	10.6
Scope 2 market based, total* [GHG-Indir-Abs]	14,366	16,911	17.7%	11,238	12,166	19	26	3,109	4,719
Electricity	797	834	4.7%	793	830	3.3	3.4	0.5	0.7
District heating	13,531	16,028	18.5%	10,414	11,300	15.5	22.1	3,100.9	4,706.0
District cooling	39	49	26.6%	31	36	-	-	7.7	12.7
Scope 2 location based, total* [GHG-Indir-Abs]	22,075	25,507	15.5%	17,259	18,471	41	51	4,775	6,985
Electricity	8,506	9,430	10.9%	6,814	7,135	25.7	28.5	1,666.3	2,266.1
District heating	13,531	16,028	18.5%	10,414	11,300	15.5	22.1	3,100.9	4,706.0
District cooling	39	49	26.6%	31	36	-	-	7.7	12.7
Scope 3, total [GHG-Indir-Abs]	12,097	12,283	1.5%	11,951	12,092	35	42	110	149
Water use	44	47	7.0%	38	40	3	3	3	4
Materials in construction projects	5,491	7,500	36.6%	5,491***	7,500	-	-	-	-
whereof integrated net carbon storage**	-24,746	-10,092	-59.2%	-24,746***	-10,092	-	-	-	-
Energy related activities not included in Scope 1 & 2****	1,093	1,178	7.7%	966***	1,011	26	28	102	138
Transportation in construction projects	3,079	2,294	-25.5%	3,079***	2,294	-	-	-	-
Waste in construction projects	2,318	1,169	-49.6%	2,318	1,169	-	-	-	-
Treatment of waste water	70	74	7.0%	60	63	5	5	5	6
Business trips (flight)	2	21	N/A	-	15	2	5	-	1
Business trips (rail)	-	-	N/A	-	-	-	-	-	-
Upstream leased assets	4	4	N/A	4	4	-	-	-	-

* Many properties are newly accesses and therefore lack complete data for past years. Total scope 2 carbon emissions in Sweden are therefore calculated based on average energy use for properties owned at least two years with sufficient data coverage.

**Net carbon storage integrated in owned and managed wooden structures built during the year

***Calculation methodology for 2020 figures differs from 2021

****Includes infrastructure and transmission related emissions from landlord obtained electricity, does not include tenant energy use

Like-for-like energy use (Lfl) by property type

	Residential			Community Service			Other		
	2020	2021	% change	2020	2021	% change	2020	2021	% change
Total landlord obtained electricity	14,901	15,430	3.5%	36,748	38,252	4.1%	8,993	8,700	-3.3%
Disclosure coverage (number of properties)*	188	188		154	154		8	8	
Total landlord obtained district heating	63,750	68,830	8.0%	43,763	51,180	16.9%	4,677	5,311	13.6%
Disclosure coverage (number of properties)*	125	125		65	65		8	8	
Total landlord obtained district cooling	-	-		1,031	1,179	14.3%	-	-	
Disclosure coverage (number of properties)*	-	-		6	6		-	-	
Total landlord obtained fuels	1,481	1,749	18.1%	586	1,195	103.8%	1,454	1,786	22.9%
Disclosure coverage (number of properties)*	2	2		4	4		1	1	
Total energy use	80,132	86,009	7.3%	82,129	91,806	11.8%	15,124	15,798	4.5%
Energy intensity (kWh per lettable m ²)	136.5	146.5		114.4	127.9		73.6	76.9	
Total energy use (degree day corrected)	92,205	86,543	-6.1%	92,275	91,785	-0.5%	16,135	15,640	-3.1%
Energy intensity degree day corrected (kWh per lettable m ²)	157.0	147.4		128.5	127.8		78.6	76.2	

*Properties owned two consecutive years, data coverage > 95 %, operational control boundary i.e. triple-net properties are excluded

Like-for-like emissions (Lfl) by property type

	Residential			Community Service			Other		
	2020	2021	% change	2020	2021	% change	2020	2021	% change
Scope 1, total	283	325	15%	40	55	38%	195	238	22%
Biofuels used for heating	20	25	27%	9	20	125%	14	19	36%
Fossil fuels used for heating	263	300	14%	31	35	13%	181	220	21%
Scope 2 market based, total	2,754	2,829	3%	1,692	1,928	14%	232	250	8%
Electricity	82	84	4%	189	195	4%	49	48	-3%
District heating	2,673	2,744	3%	1,491	1,719	15%	183	202	10%
District cooling	-	-	0	12	14	14%	-	-	0
Scope 2 location based, total	3,373	3,469	3%	3,123	3,411	9%	606	611	1%
Electricity	700	725	4%	1,619	1,678	4%	423	409	-3%
District heating	2,673	2,744	3%	1,491	1,719	15%	183	202	10%
District cooling	-	-	-	12	14	14%	-	-	-
Scope 1+2 (market based) (kg CO₂e per lettable m²) [GHG-Lfl]	5.2	5.4	4%	2.4	2.8	15%	2.1	2.4	14%

Water – all amounts refer to m³ unless otherwise stated

EPRA Code	SBB Total			Sweden		Norway		Finland	
	2020	2021	% change	2020	2021	2020	2021	2020	2021
Municipal water [Water-Lfl]	152,348	158,847	4.3%	125,228	129,163	24,068	26,625	3,052	3,059
Disclosure coverage (number of properties)*	72	72	0.0%	59	59	12	12	1	1
Building water intensity (m ³ per lettable m ²) [Watern-Int]	0.40	0.42	4.3%	0.42	0.44	0.29	0.32	0.71	0.71
Municipal water [Water-Abs]	366,060	391,805	7.0%	314,182	331,164	24,068	28,922	27,810	31,719

Eligible green assets [Cert-Tot]	Andel av total MV %	MV 31–12–2021	Number of properties
Planned Miljöbyggnad / Miljöbyggnad iDrift	10.9%	16,275	190
Environmental building in operation, in progress	3.9%	5,867	17
Green Housing Portfolio	3.0%	4,525	24
Environmental building	2.8%	4,195	9
Breeam In-Use	2.7%	4,070	3
Green Building	2.3%	3,478	8
Passive house	0.3%	520	9
Total	26.1%	38,930	260

Definitions – Sustainability Report

Sustainability indicators – definitions [EPRA Guidelines]	The reporting follows the guidelines from the Global Reporting Initiative (GRI), level core. Sustainability reporting is performed annually in connection with the Annual Report.
Organizational boundaries	SBB reports sustainability-related data for the indicators and the properties where SBB has operational control in accordance with the principles in the GHG protocol (operational control). This means that, for example, electricity, heating and water, where the tenant is a contractual party, are excluded from the report. These limits afford SBB optimum conditions for working with the indicators that SBB has the opportunity to influence.
Data coverage	SBB reports comparable indicators for two subsequent years. The properties must thus have been owned for two full years to be included in the accounts. Furthermore, the data coverage must be at least 95 percent in order for the indicator to be included in the accounts, to avoid incorrect underestimation of outcomes. The data coverage indicates how many measurement points have been filled with data. SBB has high data coverage for most properties and works continuously to increase the coverage for new properties.
Base year	The base year is 2020, when the first version of Vision 2030 was published. The 2020 data has been recalculated in conjunction with the 2021 Annual Report due to increased data quality.
Estimation of landlord-obtained utility consumption	Reported data is actual data when reporting Like-for-Like. Estimates occur for energy consumption and climate impact in newly acquired properties where measurement and follow-up have yet to be integrated.
Third party assurance	SBB's Sustainability Report is reviewed by EY. The Sustainability Report follows GRI Standards.
Boundaries – reporting on landlord and tenant consumption	Energy purchased by the landlord is reported. Energy purchased directly by the tenant is not reported. SBB does not have access to statistics for the tenant's energy purchases, nor does it have the same opportunity to influence this.
Normalization	Intensity figures for energy consumption, CO ₂ emissions and water use are reported. These are obtained by dividing the metric by the total area for applicable properties (triple-net properties, that is properties without energy consumption, are therefore excluded).
Segmental analysis (by property type, geography)	SBB reports total energy consumption, energy consumption per country and energy consumption per segment (residential, community service properties and other properties).
Disclosures regarding own offices	SBB owns most of its own offices and these are thus included in the reporting. A few offices are leased from other property owners, the climate impact of these is calculated on a standard basis based on rented area and average CO ₂ emissions per area.
Narrative on performance	Development during the year 2021 is described on pages 44, 48, 50 and 54, respectively, for the environment, social sustainability, personnel issues and governance, respectively.
Location of EPRA Sustainability Performance in companies' reports	The EPRA index is presented on page 64.
Reporting period	The reporting refers to the calendar year, that is, 1 January to 31 December.
Materiality	Materiality analysis is reported on page 41

EPRA index

Code	Performance Measure	GRI Index	Page
Environmental Sustainability Performance Measures			
Elec-Abs	Total electricity consumption	302-1	60
Elec-lfl	Like-for-like total electricity consumption	302-1	60
DH&C-Abs	Total district heating & cooling consumption	302-1	60
DH&C-LfL	Like-for-like total district heating & cooling consumption	302-1	60
Fuels-Abs	Total fuel consumption	302-1	60
Fuels-LfL	Like-for-like total fuel consumption	302-1	60
Energy-Int	Building energy intensity		60
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	305-1	61
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	305-2	61
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	305-4	61
Water-Abs	Total water consumption	303-1	62
Water-LfL	Like-for-like total water consumption	303-1	62
Water-int	Building water intensity		62
Waste-Abs	Total weight of waste by disposal route		-
Waste-LfL	Like-for-like total weight of waste by disposal route		-
Cert-Tot	Type and number of sustainably certified assets		62
Social Performance Measures			
Diversity-Emp	Employee gender diversity	405-1	58
Diversity-Pay	Gender pay ratio	405-2	52
Emp-Training	Training and development	404-1	52
Emp-Dev	Employee performance appraisals	404-3	52
Emp-Turnover	New hires and turnover	401-1	58
H&S-Emp	Employee health and safety	403-2	52
H&S-Asset	Asset health and safety assessments	416-1	49
H&S-Comp	Asset health and safety compliance	416-2	49
Comty-Eng	Community engagement, impact assessments and development programmes	413-1	49
Governance Performance Measures			
Gov-Board	Composition of the highest governance body	102-22	55
Gov-Select	Nominating and selecting the highest governance body	102-24	55
Gov-Col	Process for managing conflicts of interest	102-25	55

Declaration of delimitation and basis for calculation of emissions in accordance with the GHG protocol [GRI 305–1, 2, 3]

Scope	Activity	Data sources	Conversion factor
1	Business trips by company car	Data from reading of mileage through partner company for company cars. Emissions are calculated per vehicle in the property management based on the number of km driven for work and the average fuel consumption measured (data from partner company).	Statistics from partner company for company cars. Unique factor per vehicle type (Autoplan)
1	Consumption of fuels for heating of buildings	Review of invoices registered for wood pellets, oil and gas, respectively	Pellets: 18 kg CO ₂ e/MWh (Energy companies) Oil: 280 kg CO ₂ e/MWh (IPCC 5AR) gas: 203 kg CO ₂ e/MWh (IPCC 5AR) Biogas: 45 kg CO ₂ e/MWh (Swedish Energy Agency) bio-oil: 5 kg CO ₂ e/MWh (Energy companies)
2	Electricity consumption	Collection of statistics from energy monitoring systems. Refers to electricity consumption where SBB is the contracting party.	Market based – core process (Vattenfall EPD) Sweden: 5.47 g CO ₂ e/kWh (Hydropower, wind power, bioenergy) Norway: 0.05 g CO ₂ e/kWh (Hydropower) Finland: 0.05 g CO ₂ e/kWh (Hydropower) Location based (Moro & Lonza (2018) Electricity carbon intensity in European Member States. Transport and Environment) Sweden: 47 g CO ₂ e/kWh Norway: 9 g CO ₂ e/kWh Finland: 171 g CO ₂ e/kWh
2	Consumption of district heating	Collection of statistics from energy monitoring systems. Refers to district heating consumption where SBB is the contracting party.	Statistics from relevant suppliers of district heating (Mestro, Entro, Enerkey)
2	Consumption of district cooling	Collection of statistics from energy monitoring systems. Refers to district cooling consumption where SBB is the contracting party.	Specific emissions data for relevant suppliers (Mestro, Entro, Enerkey)
3	Purchased goods and services	Water	0.12 kg CO ₂ e/m ³ incl. distribution (Wallen (1999) Life cycle analysis of drinking water. Chalmers University of Technology)
3	Capital goods	Materials in construction projects: All of SBB's construction projects. Data are based on life cycle analyses from a representative selection of projects that have been used to estimate SBB's total emissions from construction projects.	Generic LCA data for material from the National Board of Housing, Building and Planning's open database. Product-specific data from EPDs
3	Capital goods	Construction waste: All of SBB's construction projects. Data are based on life cycle analyses from a representative selection of projects that have been used to estimate SBB's total emissions from construction projects.	Generic LCA data for material from the National Board of Housing, Building and Planning's open database. Product-specific data from EPDs
3	Fuel and energy related activities not included in Scope 1 & 2	Indirect emissions from energy consumption	Market based – infrastructure and transmission (Vattenfall EPD): Sweden: 6.66 g CO ₂ e/kWh (Hydropower, wind power, bioenergy) Norway: 10.45 g CO ₂ e/kWh (Hydropower) Finland: 10.45 g CO ₂ e/kWh (Hydropower)
3	Upstream transport and distribution	Transport in construction projects All of SBB's construction projects. Data are based on life cycle analyses from a representative selection of projects that have been used to estimate SBB's total emissions from construction projects.	Generic LCA data for transports from the National Board of Housing, Building and Planning's open database. Product-specific data from EPDs. Vehicle type and conversion factor vary depending on material type and transport distance (National Board of Housing, Building and Planning)
3	Waste generated in operation	Waste water management	0.19 kg CO ₂ e/m ³ (Statistics Sweden)
3	Business travel	Air travel: Data from travel agency	Data from travel agency. Factor depends on the distance. 88–160 g CO ₂ e/km (Stureplansresor)
3	Business travel	Train: Data from travel agency	Data from travel agency. Factor depends on the distance. 0.0036–0.0074 g CO ₂ e/km (Stureplansresor)
3	Upstream leased assets	Rented office space	Standard calculation based on rented space. 2.4 g CO ₂ e/m ² (2020), 2.8 g CO ₂ e/m ² (2021) (SBB, own management)

Note

The methodology for energy and GHG reporting have been updated during 2021. Starting 2021, SBB reports energy use like-for-like for properties owned two consecutive years. The energy and GHG emissions for the whole portfolio are calculated based on intensity figures for properties owned two consecutive years and with a data coverage >95 percent. The criteria used in previous reports only concern the data coverage and not

the ownership time. The new methodology also takes account of the total area when calculating the intensity for total energy use or GHG emissions as opposed to the previous methodology where triple-net properties were disregarded in the intensity figures. These criteria are introduced to ensure sufficient and consistent data-quality. Due to the changes in methodology, the 2020 figures have been recalculated in this report.

MANAGEMENT REPORT

Management Report¹⁾

The annual report refers to Samhällsbyggnadsbolaget i Norden AB (publ), corp. ID no. 556981-7660, hereinafter referred to as SBB or Samhällsbyggnadsbolaget alternatively the Group or the Company.

The year in brief

- Rental income increased to SEK 5,930m (5,121).
- The operating surplus increased to SEK 4,047m (3,479).
- Cash flow from operating activities before changes in working capital totalled SEK 2,415m (2,232).
- Profit before tax increased to SEK 29,294m (9,824), of which:
 - Profit from property management was SEK 5,690m (2,434). The profit from property management includes costs for early repayment of loans and other items affecting comparability of SEK 123m (133).
 - Changes in value of properties are included in the amount of SEK 21,360m (8,065).
 - Changes in the value of financial instruments are included in the amount of SEK 2,487m (-207).
- Profit for the year amounted to SEK 25,601m (8,672) after the deduction of deferred tax of SEK -3,446m (-987) and current tax of SEK -247m (-165), corresponding to earnings per Class A and B ordinary share of SEK 17.17 (6.09) before dilution.
- The value of the property portfolio amounted to SEK 149.3bn (90.2).
- Long-term net asset value (EPRA NRV)²⁾ was SEK 65,516m (37,176), corresponding to SEK 44.46 (27.96) per share.
- The Board of Directors proposes a dividend of SEK 1.32 (1) per ordinary A and B share to be paid monthly and a dividend of SEK 2 (2) per ordinary D share to be paid quarterly.

Important events during the year

- In January, S&P Global Rating revised SBB's rating to BBB- with a positive outlook
- At the Extraordinary General Meeting held on 23 February, a resolution was made to redeem all preference shares and to introduce a long-term incentive programme through the issue of warrants. The record date for the redemption of the preference shares was set for 23 April 2021.
- In March, SBB and Kåpan Government Employees Pension Fund formed a joint venture to accelerate residential construction in Stockholm and to continue fostering sustainable residential development. In connection with the formation of the company, SBB sold properties and projects in progress to the company at a value of SEK 2bn. Following the transaction, the company has 988 apartments under management and 1,270 apartments under production. See further information in Notes 14 and 16.
- As of 3 May, SBB holds 98 percent of the total shares and votes in Offentliga Hus following the implementation of the public bid offer. SBB has called for mandatory redemption to acquire the shares not been submitted through the offer. The final day for trading in Offentliga Hus shares was 14 May 2021. A decision was also made to make an issue in kind of series D shares due to the completion of the offer.
- In June, SBB acquired 13,975,000 shares in JM AB (publ) at a price of SEK 326.30 per share from OBOS, corresponding to SEK 4.56bn. The transaction corresponds to 20.08 percent of the shares and votes in JM, which thus becomes an associated company to SBB.
- At the end of the second quarter, 70 percent of Riksbyggen's rented residential company Unobo was acquired for a total SEK 2,064m for the shares. Unobo currently owns 5,368 apartments in metropolitan regions and/or university towns with a total leasable area of 372,000 sq.m. and an annual rental income of SEK 432m. In addition to SBB, 30 percent of the company is owned by the seller Riksbyggen.
- During the year, most of the mandatory convertible of SEK 2.75bn, which matures in 2023, was converted to Class B ordinary shares. At the last offer date, a combined total of SEK 2,672,000,000 convertibles had been validly submitted for conversion into Class B shares in accordance with the invitation. Through the conversion, the number of shares in the company increased by 91,093,723 series B shares.
- In September, SBB's Board of Directors adopted updated targets. The target scale of the SBB property portfolio has been adjusted to SEK 300bn by 2026. The target for earnings from property development has been raised to an average of SEK 2.0-2.5bn annually over a five-year period.
- In September, SBB presented an updated Vision 2030, clearly sharpening the requirements in terms of the company's own sustainability objectives. By 2030, SBB shall be climate-positive throughout the value chain, while 90 percent of the property portfolio shall comprise social assets and shall be adapted to meet climate risks.
- In November, SBB sold government infrastructure properties for an agreed property value of SEK 10bn to Svenska Myndighetsbyggnader Holding AB a joint venture with Kåpan Government Employees Pension Fund. See further information in Notes 14 and 16.
- In December, SBB acquired a larger portfolio of preschools from Trygge Barnehager in Norway for an agreed property value of NOK 4,580m. Trygge Barnehager has signed a 25-year lease, with the option to extend this to as much as 45 years.
- During the year, SBB and OBOS formed a joint venture that acquired shares in Solon Eiendom ASA (publ) and delisted the company in Norway. Half of the acquisition was financed through the issue of Class B shares. In this transaction, the share price has been set at NOK 44, raising a net cash consideration of NOK 1.6bn for SBB

1) The Corporate Governance Report is not part of the Management Report

2) According to a new definition, previous year restated.

- Through a number of transactions, SBB acquired shares in Amasten Fastighets AB (publ) during the year. On 20 December, SBB submitted a public takeover bid in accordance with the provisions on mandatory offers certain trading platforms' takeover rules. The offer entails SBB acquiring all series A ordinary shares in Amasten at SEK 13.30 in cash per share, and all series B preference shares in Amasten for SEK 350 in cash per share. At the end of the year, SBB controlled 83 percent of the shares in Amasten.
- The Council for Swedish Financial Reporting Supervision is assigned by Finansinspektionen (the Swedish Financial Supervisory Authority) to review the financial reports of listed companies. This review is conducted on a partly systematic basis such that all major companies are reviewed within a certain time interval, and partly in connection with specific transactions/issues. Within the framework of the systematic review, the Council has reviewed SBB's 2020 Annual Report. No assessment can be given today as to the final outcome of the review, and this will be addressed instead in the financial reporting for 2022 or later, depending on when the process is completed.

Important events after the end of the year

- As of 7 February, SBB controls 97.8 percent of the capital and votes in Amasten AB (publ). SBB has demanded mandatory redemption of the remaining shares in the company. Amasten has applied to have the shares de-listed from Nasdaq First North Premier Growth Market. The final day of trading in Amasten was 4 February 2022.
- At the beginning of the year, SBB was named an ESG Regional Top Rated company in 2022 from more than 4,000 companies covered by Sustainability globally.
- In the 2021 Annual Report, revisions have been made in comparison with the previously published financial reports and key ratios for 2020 and 2021. The revisions pertain partly to the correction of the accounts as a result of a change in the assessment of how the accounts address contingent purchase considerations in connection with acquisitions and divestments of properties. In addition to this revision, corrections have been made regarding errors in hedge accounting and in the reporting of deferred tax observed by the company noted in connection with its work with the Annual Report. For further information, see Note 30.
- SBB's assessment, the company has no direct exposure to the war in Ukraine, although it is affected to some extent by uncertainty in the financial market. The company has relatively long interest and capital maturities and also has access to back-up facilities to cover these.

SBB key ratios

	2021 Jan-Dec	2020 Jan-Dec
Property-related key ratios		
Market value of properties, SEKm	149,335	90,185
Number of properties	2,241	1,618
Number of sq.m., thousands	5,425	3,958
Surplus ratio, %	68	68
Yield, %	3.8	4.3
Economic letting ratio, %	94.1	93.6
Average contract length of community service properties, years	11	9
Financial key ratios		
Rental income, SEKm	5,930	5,121
Net operating income, SEKm	4,047	3,479
Profit for the period, SEKm	25,601	8,672
Cash flow from operating activities, SEKm ²⁾	2,415	2,232
Equity excluding non-controlling interests, SEKm	62,148	36,865
Return on equity, %	38	21
Loan-to-value ratio, %	40	35
Secured loan-to-value ratio, %	12	10
Equity/assets ratio, %	43	43
Adjusted equity/assets ratio, %	47	47
Non-pledged quota, multiple ¹⁾	2.78	2.94
Interest coverage ratio, multiple ¹⁾	5.5	4.1
Equity-related key ratios		
Actual net asset value (EPRA NTA), SEKm	57,354	30,665
Actual net asset value (EPRA NTA), SEK/share	39.52	23.07
Actual net asset value (EPRA NTA) after dilution, SEK/share	39.52	21.52
Long-term net asset value (EPRA NRV), SEKm ¹⁾	64,516	37,176
Long-term net asset value (EPRA NRV), SEK/share ¹⁾	44.46	27.96
Long-term net asset value (EPRA NRV) after dilution, SEK/share ¹⁾	44.45	26.09
EPRA Earnings (Profit from property management after tax paid), SEKm	2,251	1,862
EPRA Earnings (EPS), SEK/share ¹⁾	1.63	1.47
EPRA earnings after dilution (EPS diluted), SEK/share ¹⁾	1.62	1.42
EPRA Vacancy rate	5.89	6.40
Earnings per Class A and B ordinary share, SEK	17.17	6.09
Earnings per series D ordinary share, SEK	2.00	2.00
Average number of series A and B ordinary shares	1,379,982,887	1,270,977,083
Average number of series D ordinary shares	191,331,014	130,778,598
Average number of preference shares	-	30,713
Number of series A and B ordinary shares	1,451,141,898	1,329,482,358
Number of series D ordinary shares	193,865,905	179,881,880
Number of preference shares	-	30,713

1) According to a new definition, previous year restated.

2) Before change in working capital.

See all definitions and calculations on pages 122-125.

Properties

At the end of 2021, SBB had a total of 2,241 registered properties (1,618). The total property value amounted to SEK 149,335m (90,185), the leasable area was 5,425,000 square meters (3,958,000) and the rental value amounted to SEK 7,456m (5,170). The economic letting ratio at year-end was 94.1 percent (93.6). At the same time, the average yield on the property portfolio, excluding building rights, was 3.8 percent (4.3).

The increase in the value of the properties was due to acquisitions of SEK 52,474m (15,029), divestments of SEK 19,381m (13,522), investments of SEK 3,910m (2,088) and unrealized changes in value amounting to SEK 20,620m (8,683). The acquisitions concerned 41 percent of community service properties, 55 percent of residential properties and four percent of other properties. The property portfolio has mainly increased in Sweden, but also significantly increased in Norway and Finland. The divestments mainly concerned public offices, government infrastructure and project properties.

Opening fair value, 01-01-2021	90,185
Acquisition	52,474
Investments	3,910
Sales	-19,381
Translation differences	1,527
Unrealized value changes	20,620
Fair value at year-end	149,335

In June, SBB signed an agreement with Riksborgen to acquire 70 percent of the shares in the rental company Unobo. At the time, Unobo owned 5,368 apartments in metropolitan regions and/or university towns with a total leasable area of 372,000 sq.m. and an annual rental income of SEK 432m.

In March, SBB and Kåpan Government Employees Pension Fund formed a joint venture to accelerate residential construction in Stockholm and to continue fostering sustainable residential development. The company has 988 apartments under management, with an annual rental income of SEK 421m and 1,270 apartments under production.

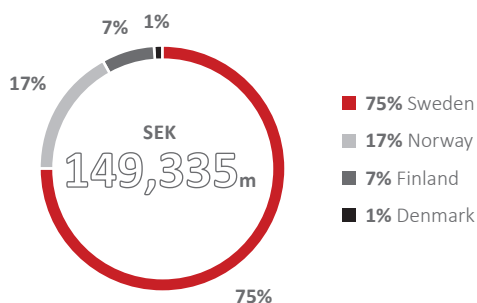
In November, SBB entered into an agreement with Kåpan Government Employees Pension Fund to establish Svenska Myndighetsbyggnader Holding AB (owned 50/50) with a focus on government infrastructure. The properties sold by SBB to Svenska Myndighetsbyggnader have an annual rental income of approximately SEK 584m.

In December, SBB acquired a larger portfolio of 142 preschools from Trygge Barnehager in Norway for an agreed property value of NOK 4,580m. The annual rental income is NOK 262m.

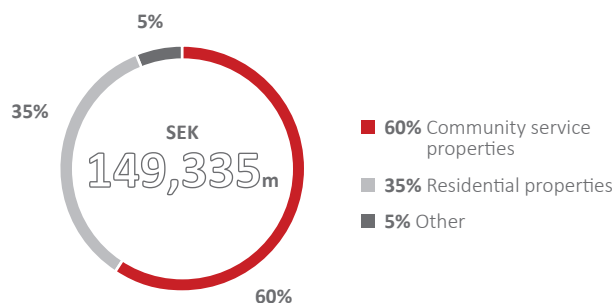
Valuation model

SBB reports investment properties at fair value. Under SBB's valuation policy, 100 percent of the properties are valued by external valuers every half year, while the values in the remaining quarters are based on internal valuations. In 2021, 100 percent of the properties were valued every quarter by external valuers. The value of the properties amounted to SEK 149.3 billion at 31 December 2021. The value of the property portfolio has been based on external valuations made by Newsec, JLL, Savills, Cushman & Wakefield and Colliers. The valuations have been based on an analysis of future cash flows for each property, taking into account the current lease terms, market situation, rental levels, operating, maintenance and management administration costs and investment needs. The yield requirements used in the valuation are in the range of 2.10 percent to 17.00 percent, with an average return requirement of 4.34 percent (5.05). The value of the properties includes SEK 3,951m for building rights that have been valued through the application of the local price method, which means that the assessment of the value is based on comparisons of prices for similar building rights. Fair value has thus been assessed in accordance with IFRS 13 level 3. See further information in Note 14.

Property value, by country



Property value per segment



Associated companies and joint ventures

SBB's engagement in associated companies and joint ventures consists partly of a shareholding in the companies and in some cases financing to the companies. As of 31 December 2021, participations in associated companies and joint ventures amounted to SEK 16,373m (2,867) and receivables from associated companies and joint ventures amounted to SEK 3,885m (827). The largest holdings consist of shares in JM AB, Svenska Myndighetsbyggnader Holding AB, Public Property Invest AS, Solon Eiendom Holding AS and SBB Kåpan Bostad AB. All of the above holdings were acquired in 2021. During the year, shares in KlaraBo Förvaltning AB, among others, were sold. Offentliga Hus AB was reclassified as a subsidiary during the year.

Profit from associated companies/joint ventures for the year amounted to SEK 2,814m (144) and is largely attributable to the companies SBB Kåpan Bostad AB and Public Property Invest AS, which owns and manages investment properties, as well as to JM AB and Sveaviken Nordsten Holding AB, which conduct property development operations. See further information in Notes 14 and 16.

Financing

Financing

Over the year, SBB reduced the average interest rate from 1.31 percent to 1.11 percent. SBB has an official credit rating from Fitch Ratings and Standard & Poor's Global Ratings. This rating is rating BBB- with a positive outlook. SBB also has a short rating of F3 from Fitch and of A3 from Standard & Poor's, corresponding to an investment grade rating. The reason for also having a short rating is to enable the company to issue securities on the commercial paper market.

Financial market development

Significant events that had the greatest impact on the financial market in 2021 were the continued development of Covid-19, the strong inflation and the shift towards a more restrictive monetary policy. The outlook for global recovery was uncertain and the risk of worse development dominated. At the end of 2021, the pandemic took a new hold of the world and omicron spread to new record levels and several countries reintroduced restrictions and lockdowns.

Finance function

The finance function shall support the company's core business by minimizing the cost of capital in the long term. Its task is to manage existing debt, raise new loans for investments and acquisitions, streamline cash management and limit the financial risks. The work is governed by the company's finance policy, which is adopted by the Board once a year. The finance policy regulates reporting, monitoring and control. All financial issues of strategic importance are dealt with by the Board. One of the finance department's most important goals is to deliver stronger key figures to achieve a BBB+ rating in the short term and A- in the long term. Sustainability is a natural part of our business model and the finance function works to ensure that 100 percent of our borrowing in the capital market and the loan market will be sustainable by 2030. This is done by entering green loans, issuing social and green bonds.

Raising capital

Running a real estate company is capital intensive. The company is financed with equity and liabilities in the form of bank loans, bonds, hybrid bonds and commercial paper. The distribution between the different forms of financing depends on factors such as the cost of the various forms of financing, the focus of the property portfolio, and the risk aversion of the shareholders, investors and creditors.

Equity

On 31 December 2021, SBB's equity amounted to SEK 82,971m (51,756). The equity ratio was 43 percent (43), while the adjusted equity ratio was 47 percent (47). Return on equity was 38 percent (21). During the period, SBB carried out issues of series B and D ordinary shares for SEK 2,337m after issue costs that were, for example, used as consideration for the acquisition of shares in Offentliga Hus AB (publ), Arlandastad Group (publ) och Solon Eiendom ASA. During the period, a previously issued hybrid bond of approximately EUR 300m was redeemed and a new hybrid bond of EUR 500m was

issued. As the hybrid bond loans are perpetual and the redemption can only be invoked by the company, it is classified in accounting terms according to IFRS as an equity instrument. The hybrid bond loans are listed on Nasdaq Stockholm and Euronext Dublin. Issues of series B ordinary shares were also implemented as a stage in the conversion of the mandatory convertible. The mandatory redemption of the remaining outstanding shares in Hemfosa took place in May, reducing the minority interests and equity by SEK 475m. The remainder of the redeemed minority interests pertain to participations in Offentliga Hus and Amasten.

Liabilities

SBB's strategy is to maintain a low level of financial risk. The loan-to-value ratio shall be less than 50 percent, the interest coverage ratio shall exceed a multiple of 3.0 and the secured loan-to-value ratio shall be less than 30 percent. The loan-to-value ratio was 40 percent (35) and the secured loan-to-value ratio was 12 percent (10). The interest coverage ratio was a multiple of 5.5 (4.1).

At the end of the period, the fair value of interest-bearing liabilities and other financial instruments was deemed to correspond to the carrying amount. At the end of the period, interest-bearing liabilities amounted to SEK 87,995m (55,266) of which SEK 23,732m (12,064) pertained to liabilities to credit institutions, SEK 53,094m (37,783) pertained to bond loans and SEK 11,169m (5,418) pertained to commercial papers.

Loans from credit institutions are normally secured through property mortgages. Issues of bonds and commercial papers are not normally secured. SBB has continued to work actively to lower the interest rate on its interest-bearing liabilities. At the end of the period, excluding Amasten's loans, the average interest rate on the interest-bearing liabilities was 1.05 percent (1.31). Including Amasten's debt portfolio, the average interest rate was 1.11 percent. SBB has an exposure to variable interest rates of 26 percent (4) and is covered by existing cash balances. The average period of fixed interest for all interest-bearing liabilities was 3.6 years (4.5) and the average debt maturity was 4.1 years (4.8). Excluding commercial papers, SEK 3,011m matures within one year. To manage the refinancing risks, the commercial papers have been secured through back-up facilities covering all outstanding commercial papers at all times.

At the end of the period, the fair value of the interest-rate derivatives and FX derivatives amounted to SEK 517m (-138).

At 31 December 2021, cash and cash equivalents amounted to SEK 9,837m (13,606) and financial investments amounted to SEK 53m (-). In addition to this, SBB had SEK 11,875m (29,309) in the form of unutilized credit facilities. No additional securities need be pledged for the credit facilities to be used.

Maturity structure (including commercial paper)

Maturity year	Nominal amounts, SEKm	Share, %
< 1 year	14,180	16
< 2 years	11,880	13
< 3 years	4,430	5
< 4 years	13,439	15
< 5 years	7,877	9
> 5 years	36,627	41
Total	88,433	100

Maturity structure (excl. commercial papers)

Maturity year	Nominal amounts, SEKm	Share, %
< 1 years	3,011	4
< 2 years	11,880	15
< 3 years	4,430	6
< 4 years	13,439	17
< 5 years	7,877	10
> 5 years	36,627	47
Total	77,264	100

Creditors and collateral

Liabilities to credit institutions were reported at SEK 23,732m (12,064) on 31 December 2021. Property mortgages of SEK 22,889m have been pledged as collateral for the majority of the liabilities to credit institutions. The loan-to-value ratio for the majority of liabilities to credit institutions is around 60 percent. In addition, SBB provided collateral in the form of shares in property-owning companies of SEK 19,991m. Interest-bearing liabilities that do not have collateral in properties consist of commercial paper and unsecured bonds that the company has issued.

Alternative forms of financing

Therefore, in order to optimize the company's capital structure, there is a need to continuously seek alternative forms of financing, such as commercial paper and bonds. SBB has followed the trend in Sweden and in Europe, instead of refinancing and borrowing new capital in the banking market, it has issued commercial paper and unsecured bonds. After SBB's updated ratings from S&P and Fitch, the credit margin and hence the interest expense continued to decrease significantly for the company.

Bonds

Bond loans had a carrying amount of SEK 53,094m (37,783) on 31 December 2021. In 2021, SBB issued unsecured bonds excl. hybrids of SEK 500m. In 2021, SBB bought back unsecured bonds of SEK 270m issued by Offentliga Hus and bonds of EUR 300m issued by SBB.

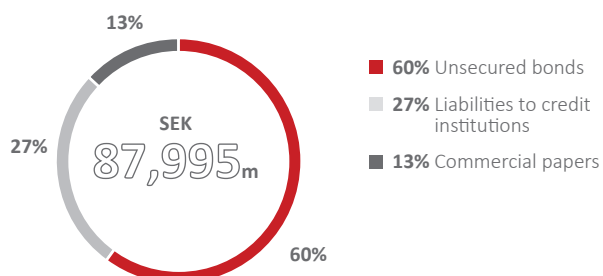
Average interest and fixed-interest term

At year-end, SBB's average interest rate was 1.11 percent (1.31). The average fixed interest term at year-end was 3.6 years (4.5) and average capital tied up 4.1 years (4.8).

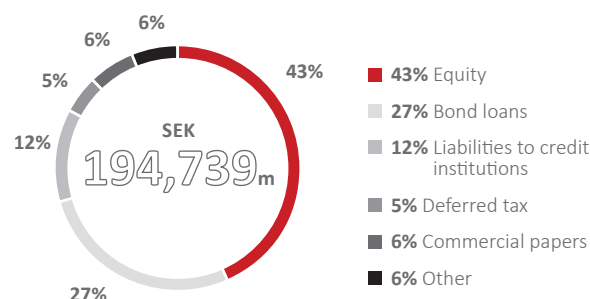
Covenants and risk-taking

SBB's financial risk taking and position can be assessed by, among other things, the key ratios of equity ratio, interest coverage ratio and loan-to-value ratio. In credit agreements, there are sometimes established limits, known as covenants, for the three key ratios. Covenants are present in SBB's EMTN programme, but also on longer-term bank loans and credit facilities. The fact that covenants have not been broken is checked on a quarterly basis. At year-end 2021, the company fulfilled the banks' covenant requirements in all credit facilities and the covenant requirements for each bond.

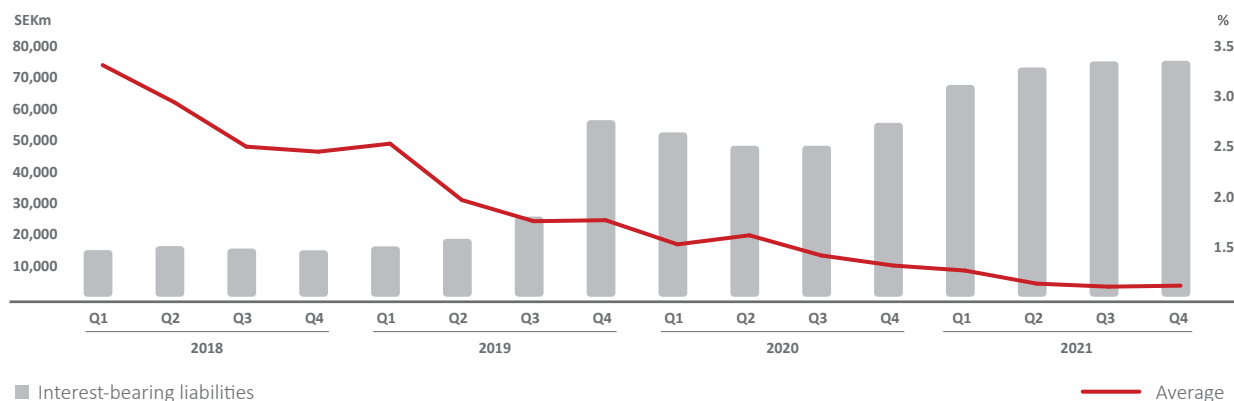
Distribution of interest-bearing liabilities



Capital structure



Development of the Group's average interest rate



Shares and share capital

Samhällsbyggnadsbolaget's Class B share (ticker SBB B) and Class D share (ticker SBB D) are traded on Nasdaq Stockholm, Large Cap.

As of 31 December 2021, the number of series B ordinary shares totalled 1,241,164,407, while series D shares totalled 193,865,905. There are also 209,977,491 Class A ordinary shares in the company.

The three largest shareholders from a voting rights perspective were Ilija Batljan (31.49% of votes, 8.01% of capital), Arvid Svensson Invest (12.66% of votes, 3.99% of capital) and Dragfast AB (12.14% of votes, 6.31% of capital).

On 31 December 2021, share capital amounted to SEK 164,500,780 at a quotient value of SEK 0.1 per share. At the Annual General Meeting, holders are entitled to one vote per Class A ordinary share and to 0.1 votes per Class B and D ordinary share. Holders of Class D ordinary shares are entitled to five times the total dividend on Class A and B ordinary shares, although not to more than SEK 2 per share and year.

Risk and sensitivity

A property company is exposed to various risks and opportunities in its operations. To limit the exposure to various risks, SBB has set out and adheres to internal regulations and policies.

PROPERTY VALUES

Risk

The Group's properties are reported at market value in the Group's consolidated balance sheet and changes in value are reported in the income statement. Changes in value are affected partly by property-specific factors such as rental levels, letting ratios and operating costs, and partly by macroeconomic factors such as the general economic situation, growth, unemployment levels, the rate of growth of new builds, population growth, inflation and interest rates. If the value of properties decreases, there can be a number of consequences including breach of loan covenants, which can lead to loan repayments being accelerated. A significant reduction in the market value of the properties could also have a negative impact on the ability to divest these properties without incurring losses, which in turn could have a material adverse effect on the Group's financial position and results.

Risk management

SBB's property portfolio has a good geographical spread with residential properties in Sweden and community service properties in the Nordics. 78 percent of the property portfolio is in the metropolitan regions. In Sweden, SBB owns, manages and develops residential properties in high growth municipalities where there is high demand for residential properties near city centres and there is access to good transport links. The community service properties include properties that are used by tenants that are directly or indirectly tax financed with long leases. In summary, SBB's property portfolio with the combination of community service and residential properties constitutes assets with low risk of impairments.

FINANCING

Risk

Apart from equity, the Group's operations are mainly financed through bond loans and through loans from credit institutions. As a result, SBB is exposed to financing and interest rate risks. Financing risk is the risk that SBB may not have access to financing or only have access to refinancing at an increased cost for refinancing, investments and other payments. Furthermore, certain loan agreements and bond terms contain terms that may limit the Group's ability to enter into new debt securities. If the Group is unable to obtain funds for refinancing or new borrowing or only at less favourable terms, it may have a material adverse effect on the Group's financial position.

Interest rate risk is described as the risk that arises from changes in the interest rates which may adversely impact the Group's interest expense, which is one of the Group's main expense items. Interest expenses are mainly affected by, apart from the level of interest-bearing liabilities, the level of the current market interest rate, credit institutions' margins and the

strategy for fixed interest periods. The Swedish market interest rate is mainly affected by the expected rate of inflation and the Riksbank's repo rate. The interest rate risk can lead to changes in market value and cash flows as well as fluctuations in the Group's earnings.

Risk management

The financing risk is managed through targets in the finance policy striving to have good diversification in terms of the loans' maturity structure, forms of borrowing and lenders, and to have good advance planning for refinancing and a well-balanced liquidity reserve. As of 31 December 2021, the average remaining maturity of the loan portfolio was 4.1 years (4.8). At the same time, available liquidity, including cash and cash equivalents, financial investments, loan commitments and unutilized lines of credit, amounted to SEK 21,765m (45,846). The objective of SBB's interest rate risk strategy is to achieve stable cash flows to allow property investments and meet the requirements and expectations of external parties whilst achieving the best possible financial cash flow. The interest rate risk strategy's aim is to maintain a balanced combination of variable and fixed interest rates, taking into account the sensitivity of SBB's total cash flows to changes in the fixed income market over a long-term horizon. The average fixed interest term at the end of the year was 3.6 years (4.5) and the share of the loan portfolio with fixed interest terms through interest rate derivatives or fixed interest loans was 74 percent (96).

ENVIRONMENT

Risk

Property management and property development have an environmental impact. The Environmental Code (1998: 808) states that anyone who engages in activities that contributed to pollution are also responsible for decontaminating the property. If the responsible entity cannot carry out or pay for this decontamination of a polluted property, the entity that has acquired the property is responsible for ensuring that decontamination takes place, as long as that entity, at the time of acquisition, knew of or should have detected the pollution. This means that the Group may be subject to claims, under certain conditions, for land remediation or for remediation regarding actual or suspected pollution of land, water areas or groundwater in order to restore the property to the condition required under the Environmental Code. Such claims can have a material adverse effect on the Group's operations, financial position and income. There is also a risk that future environmental risks may adversely affect the Group's operations or financial position. Furthermore, amended laws, ordinances and requirements from authorities in the environmental area can result in increased costs for the Group regarding sanitation or remediation for existing properties or properties acquired in the future. Such changes may also result in increased costs or delays for the Group to be able to carry out its property development as it sees fit.

Risk management

As part of the acquisition process, a thorough analysis of possible environmental risks is carried out prior to each acquisition. SBB does not undertake any activity that requires special environmental licences, but property management and property development can have an environmental impact. At present there is no knowledge of any significant environmental requirements to which SBB could be subject.

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, SBB has chosen to prepare the statutory Sustainability Report as a separate report from the Annual Report. The Sustainability Report has been submitted to the auditor at the same time as the Annual Report. The Sustainability Report is on pages 37-65.

RENTAL INCOME AND LETTING RATIO

Risk

In the long term, a property's rental income is affected by, among other things, supply and demand in the market. The Group's rental income is affected by the letting ratio of the properties, contracted rental levels and the ability of tenants to pay their rent. Reduced letting ratios or rental levels will, regardless of reason, affect the Group's revenue negatively. The risk of large fluctuations in the letting ratio and loss of rental income increases with the number of large tenants for a property company. The risk is that large tenants will not renew or extend their rental agreements at the end of the lease, which in the long run may lead to a reduction in rental income and a reduction in the letting ratio. SBB is also dependent on the tenants paying their rents on time. Revenue and cash flow can be adversely affected if the tenants stop paying, or in any other way do not fulfil their obligations.

Risk management

SBB's strategy is the long-term ownership, management and development of residential properties in Sweden and community service properties in the Nordic region, i.e. a market with stable and strong underlying driving forces. The property portfolio is characterised by a high letting ratio and, for the community service properties, long leases. Residential properties are located in Swedish growth municipalities close to town centres and access to good transportation links and where demand for residential is high. The community service properties include properties that are used by tenants that are directly or indirectly tax financed with long leases. The average contract length for community service properties was 11 years (9) as of 31 December 2021. The letting ratio was 94.1 percent (93.6). SBB's rental policy contains requirements for managing rental risk. On the assessed credit risk, certain leases are supplemented by a guarantee, deposit or bank guarantee. All rents are payable in advance. In the case of residential properties, a credit report is required to check any payment remarks and the income level of the potential tenant. In addition, a affordability test is carried out to ensure that the potential tenant's financial situation allows for the payment of the rent while meeting the demands of the Consumer Agency on a reasonable standard of living.

TAX

Risk

SBB's utmost intention is to comply with laws and regulations, not least within the area of taxation. However, if SBB's interpretation of tax law, treaties and regulations or their application is incorrect, or if one or more governmental agencies successfully make negative tax adjustments or if the applicable laws, treaties, regulations or state interpretation of them or administrative practice regarding them changes, even with retroactive effect, the Group's previous or current taxation can be questioned. If tax authorities were to succeed with such claims, this could lead to an increased tax expense, as well as tax supplements and interest, which could have a material adverse effect on the Group's operations, financial position and income.

Since laws, treaties and other tax regulations, as well as other tax fees, tax surcharges and interest on unpaid taxes have historically been subject to frequent changes, further changes are expected in the future within the jurisdictions in which the Group operates, possibly with retroactive effect. Such a change may have a significant impact on the Group's tax burden.

Risk management

SBB aims to continuously monitor changes in laws, practices and court decisions in the tax area and employs tax experts from several reputable companies.

PROPERTY COSTS

Risk

Tenants renting community service properties usually have relatively comprehensive responsibilities for operation and maintenance. Operating expenses are mainly costs that are tariff-based, such as electricity, cleaning, water and heating costs. Several of these goods and services can at certain times only be purchased from one supplier, which can also affect the price. When a cost increase is not compensated by rent adjustment, or an increase in the rent through renegotiation of the lease agreement, this can have a material adverse effect on SBB's financial position and results. In the event of vacant rental properties, effect is mainly loss of revenue. Maintenance costs include costs that are necessary to maintain the properties' standard in the long term. Unforeseen and extensive renovation needs of the properties can have a material adverse effect on SBB's income and cash flow.

Risk management

SBB has an organization with extensive knowledge and experience of property management and has very good control of its properties. The management organization is constantly working on cost optimization. The property portfolio is characterized by properties with long contracts and a high letting ratio and thus there are few vacant rental properties. The standard of the properties is high and there are no major extensive renovation needs in the portfolio.

PROPERTY DEVELOPMENT

Property development projects (including new construction and renovation of existing buildings or change of use) are subject to permits and decisions by authorities in so far as they do not already exist. Such permits and decisions cannot always be guaranteed and can cause delays, increased costs and can even hinder the realization of a project. Furthermore, changes in municipal planning can lead to detailed plans not being approved, which causes delays and increased costs attributable to necessary restructuring of the project. If the necessary permits or approvals are not received, delays can be caused, costs increase or even jeopardize the realization of the project, which can have a material adverse effect on the Group's financial position and results.

Risk management

SBB's organization has extensive knowledge and extensive experience of conducting property development projects. SBB's business model is to acquire properties that generate a positive cash flow up to the detailed plan and further development. The acquisitions are often made off-market after SBB has held a dialogue with the respective municipality to ensure that the property with the local area is prioritized for urban development. In cases where SBB has entered into a joint venture with another party for the development of the property, SBB takes a very limited implementation risk in that the other party takes responsibility for project planning, sales, production and project management.

OTHER RISKS

Operating risk

Operating risk is the risk of incurring losses due to inadequate procedures and/or irregularities. Adequate internal control, administrative systems adapted for this purpose, skills development and access to reliable valuation and risk assessment models provide a good basis for ensuring operational safety. Shortcomings, defective procedures and/or irregularities in operational security may have a material adverse effect on SBB's operations. SBB works continuously to ensure the company's safety and internal control.

Employees

The knowledge, experience and commitment of SBB's employees are important for the Group's future development. If SBB fails to retain the members of the management and other key personnel, or manages not to recruit new members to the management or other key personnel to replace those who leave, it can have a material adverse effect on the Group's operations, financial position and results. SBB works actively to be an attractive employer; among other things, an incentive programme has been established.

Corporate Governance Report

Corporate governance

Corporate governance at Samhällsbyggnadsbolaget i Norden AB (publ) (hereinafter referred to as "SBB" or "the company") aims to ensure that rights and obligations are distributed among the company's bodies in accordance with applicable laws, rules and processes. An effective and transparent corporate governance gives the owners the opportunity to assert their interests vis-à-vis the company's management, at the same time as the division of responsibility between the management and the Board, but also otherwise within the company, is clear. An effective and transparent corporate governance results in decisions being made effectively, which enables SBB to act quickly when new business opportunities arise.

SBB is a Swedish public limited company whose B shares and D shares are listed on Nasdaq Stockholm Large Cap. SBB has also issued bond loans that are listed on Nasdaq Stockholm. SBB's corporate governance is based on law, articles of association, Nasdaq Stockholm's rules for issuers, Nasdaq Stockholm's rules for issuers of interest-bearing financial instruments, and the rules and recommendations issued by relevant organizations. The Swedish Code of Corporate Governance (the "Code") shall be applied by all companies whose shares are trading on a regulated market. The Code is available at www.bolagsstyrning.se, where the Swedish corporate governance model is also described. This Corporate Governance Report is presented in accordance with the Annual Accounts Act and the Code, and describes SBB's corporate governance during the 2021 financial year. This year's Corporate Governance Report strives to avoid repetition of information on what follows from applicable regulations and focuses on reporting on company-specific circumstances for SBB.

Annual General Meeting

SBB's Annual General Meeting 2022 will take place on 27 April 2022 in Stockholm. Shareholders have the right to raise issues for discussion at the Annual General Meeting if the written request has been received no later than seven weeks before the meeting. The request is to be made to the Board of Directors. Contact details are available on the company's website, www.sbbnorden.se. SBB always strives for the Board, the management team, the nomination committee and the auditor to be present at the Annual General Meeting. The Annual General Meeting is, according to the Swedish Companies Act, the company's highest decision-making body and it is at a General Meeting that shareholders have the right to make decisions regarding the company. Rules governing the Annual General Meeting are included in the Swedish Companies Act, the Code and Articles 7 - 9 of the Articles of Association. Apart from what is stipulated by law regarding a shareholder's right to participate in the Annual General Meeting, SBB's Articles of Association state that pre-notification to the Annual General Meeting shall take place no later than the date stated in the notice to the meeting. Notice of the Annual General Meeting is made by keeping the notice available on the company's website and being advertised in the Swedish Official Gazette. At the same time as the notice is given, an announcement is made in Dagens Nyheter. The General Meeting shall be held at the place where the Board has its registered office, i.e. Stockholm and the Annual General Meeting shall be held within six months from the end of the financial year. The company's financial year runs from 1 January to 31 December.

At SBB's Annual General Meeting 2021, among other things, a decision was made to authorize the Board of Directors, on one or more occasions for the period until the end of the next Annual General Meeting, with or without deviation from the shareholders' preferential rights, to make a decision on a new share issue of all share classes existing in the Articles of Association and warrants and/or convertibles with the right to subscribe/convert to all share classes in the Articles of Association. The number of stock and/or preference shares, warrants or convertibles that may be issued on the basis of the authorization shall not be limited in any other way than that which follows from the limits of the Articles of Association in force at any time concerning share capital and number of shares. This authorization was exercised by the Board three times in 2021 through the issue of a total of 30,565,817 new Class B shares. The Board's utilization of the authorization mainly includes investments in connection with property acquisitions.

At the Annual General Meeting, a resolution was also passed to authorize the Board, for the period until the next Annual General Meeting, to decide on acquisitions and transfers of ordinary shares of Class B and Class D in the company. Acquisitions may take place of a maximum number of shares, such that the company's own holdings do not at any time exceed

10 percent (10) of all shares in the company. The Board of Directors has not utilized this authorization.

The Share and Shareholders

The number of registered shares in the company on 31 December 2021 amounted to 1,645,007,803 divided into three classes of shares: 209,977,491 Class A shares, 1,241,164,407 Class B shares and 193,865,905 Class D shares. Ordinary Class A shares can be converted into ordinary Class B shares at the request of the holder. The ordinary Class D shares are entitled to five (5) times the total dividend on the ordinary Class A and the ordinary Class B shares, however, no more than SEK 2 (2) per share and year. The ordinary Class A shares entitle the holder to one vote per share and the ordinary Class B shares and ordinary Class D shares entitle the holder to 1/10 vote per share. At year-end, the share capital was SEK 164,500,780.30 and the quota value per share was SEK 0.1. The largest shareholder is Ilija Batljan.

Articles of Association

SBB's Articles of Association, which were adopted at the Extraordinary General Meeting on 23 February 2021, can be found in their entirety at www.sbbnorden.se. The Articles of Association stipulate that the company shall, directly or indirectly, own and manage properties and/or shares and carry out related activities. The Board has its registered office in Stockholm and shall consist of 3 - 10 members with no deputies. The Articles of Association do not contain any special provisions on the appointment and dismissal of Board members, or on the amendment of the Articles of Association.

Nomination Committee

At the Annual General Meeting of SBB on 5 May 2021, instructions for the Nomination Committee's work were adopted. The Nomination Committee, which shall consist of the Chairman of the Board and up to three representatives appointed by the three largest shareholders in the company as of 30 September 2021, has, according to the instructions, the task of preparing and submitting proposals to the Annual General Meeting for the Chairman of the Annual General Meeting, the election of the Chairman of the Board and other members of Board of Directors, Board remuneration divided between the chairman and other members and the principles for any remuneration for committee work, election and remuneration of the auditor and deputy auditor (if applicable) and decisions on principles for the appointment of a new Nomination Committee.

SBB's Nomination Committee for the Annual General Meeting 2022 consists of Mia Batljan (Ilija Batljan and Ilija Batljan Invest AB), Sven-Olof Johansson (Compactor Fastigheter AB), Rikard Svensson (AB Arvid Svensson) and Lennart Schuss (Chairman of the Board). Mia Batljan is Chairman of the Nomination Committee. Prior to the Annual General Meeting 2022, the Nomination Committee held one minuted meeting.

In its work, the Nomination Committee has to apply the diversity policy established by the Board. Point 4.1 of the Code forms the basis for this diversity policy. As a whole, the Board of SBB shall have suitable combined competence and experience for the work carried out for the work of the Board, and to be able to identify and understand the risks that the business entails and the regulations that regulate the activities carried out. When new Board members are elected, the suitability of the individual member must be examined in order to achieve a Board with a combined competence that is sufficient for an appropriate management of the company. The Board's composition shall be characterized by versatility and breadth of the chosen members' competence, experience, gender, age, education and professional background.

Board of Directors

According to the Articles of Association, SBB's Board of Directors must consist of at least three and at most ten members with no deputies. At the Annual General Meeting on 05 May 2021, Lennart Schuss (Chairman of the Board), Ilija Batljan, Sven-Olof Johansson, Hans Runesten, Anne-Grete Ström-Erichsen, Eva Swartz Grimaldi and Fredrik Svensson were re-elected to the Board of Directors of the company. For information on the Board members and their assignments outside the Group and the holding of shares in SBB, see the section "Information about the Board members" below. The Board of Directors shall safeguard the shareholders' long term interests and bear the utmost responsibility for the company's organization and the management of the company's affairs. The

Board of Directors has established rules of procedure for the Board and an instruction for the CEO. In addition, the Board has also decided on a number of comprehensive policies, guidelines and instructions for the company's operations. This includes, among other things, the finance policy, information policy, insider policy, IT policy, policy for related party transactions, instructions for financial reporting, whistleblower policy and ethical guidelines for the company's conduct (code of conduct). All these internal governance documents are processed at least once a year and are updated on an ongoing basis to comply with laws and when otherwise needed.

According to the Code, a majority of the Board members elected by the AGM must be independent in relation to the company and the company's management. At least two of these must also be independent in relation to the company's major shareholders. The company's Board of directors has been deemed to meet the requirements for independence, since six of the seven members elected by the AGM are independent in relation to the company and Group management. The company's CEO, Ilija Batljan, has not been deemed to be independent in relation to the company and the company management. Five out of seven members have been deemed to meet the requirement for independence in relation to major shareholders.

Chairman of the Board

The Chairman of the Board is elected at the Annual General Meeting and leads the work in the Board of Directors. The Chairman of the Board must ensure that the work of the Board is carried out efficiently, that the Board fulfils its duties and that the Board's decisions are executed by the company and the management. The Chairman shall ensure that the Board receives the information and the documentation required to make well-founded decisions. At the Annual General Meeting on 05 May 2021, Lennart Schuss was re-elected as Chairman of the Board.

Board of Directors work in 2021

During 2021, the company's Board of Directors held 56 meetings, of which one constituting meeting. On the agenda for each ordinary Board meeting, there are a number of standing items: The CEO's review of operations, acquisitions, divestments, investments, organization development and financial reporting. During 2021, the Board decided on several major acquisitions, divestments, investments, financing and refinancing. The Board of Directors also decided on the issue of ordinary Class B and Class D shares in accordance with the authorization from the General Meeting.

Name	Elected year	Year of birth	Independence of company/management	Independence of major shareholders	Attendance at Board meetings
Lennart Schuss	2017	1952	Yes	Yes	56/56
Ilija Batljan	2017	1967	No	No	56/56
Sven-Olof Johansson	2017	1945	Yes	Yes	56/56
Hans Runesten	2014	1956	Yes	Yes	56/56
Fredrik Svensson	2018	1961	Yes	No	56/56
Eva Swartz Grimaldi	2017	1956	Yes	Yes	55/56
Anne-Grete Strøm-Erichsen	2017	1949	Yes	Yes	54/56

Evaluation of the Board of Directors and the CEO

Once a year, the Chairman of the Board initiates an evaluation of the work of the Board in accordance with the Board's rules of procedure. The 2021 evaluation has been carried out so that each Board member answered a questionnaire. The Chairman of the Board also had certain individual contacts with the Board members. The purpose of the evaluation is to get an idea of the Board members' views on how the work of the Board is conducted and what measures can be implemented to streamline the work of the Board. The intention is also to get an idea of what kind of issues the Board considers should be prioritized and in which areas it may require further experience and competence on the Board. The result of the evaluation has been reported within the Board and has been presented to the Nomination Committee.

Committees

The Board of Directors had three committees at the end of the year: an Audit Committee, a Remuneration Committee and a Sustainability Committee. The members of the committees are appointed for one year at a time at the statutory Board meeting and the work and the authority of the

committees are governed by the annual committee instructions.

The committees have a preparatory and acting role. The issues that have been discussed at committee meetings are recorded and reported at the next Board meeting.

Audit Committee

The Audit Committee works according to an annual agenda and its task is to monitor the company's financial reporting and the effectiveness of the company's internal control and risk management. The Audit Committee also keeps itself informed of the audit of the annual accounts and consolidated accounts. The committee shall also review and monitor the auditor's independence and impartiality and in particular follow up if the auditor provides the company with services other than auditing services. The committee also supports proposals for the AGM's decision on the election of auditors.

According to the Code, the Audit Committee must consist of at least three members, of which the majority must be independent in relation to the company and Group management and at least one independent in relation to the company's major owners. The Audit Committee consists of the entire Board except the CEO whereby committee meetings were an integral part of the Board work.

Remuneration Committee

The Remuneration Committee shall prepare matters regarding remuneration principles for the CEO and other senior executives as well as individual remuneration to the CEO in accordance with the remuneration principles. The principles include, among other things, the relationship between fixed and possible variable remuneration and the correlation between performance and remuneration, main conditions for any bonus and incentive program, as well as the main conditions for non-monetary benefits, pension, termination and severance pay. For the CEO, the Board of Directors as a whole sets the remuneration and other terms of employment. However, share-related incentive programmes for Group management are decided by the Annual General Meeting. The committee shall further assist the Board in monitoring the system by which the company complies with the law, stock exchange rules and the Code governing the disclosure of information relating to remuneration to the CEO and other senior executives, and to monitor and evaluate any ongoing and completed programmes for the year, variable remuneration for the CEO and other senior executives, the application of the guidelines for remuneration to the CEO and other senior executives that the Annual General Meeting resolves by law, as well as applicable remuneration structures and remuneration levels. The Remuneration Committee consists of the Board members Eva Swartz Grimaldi (Chairman) and Lennart Schuss who are deemed to be independent in relation to the company and Group management. In 2021, the Remuneration Committee held two meetings. The members of the committee were present at all meetings. At the meetings, among other things, the company's guidelines for remuneration of senior executives and remuneration levels for the CEO and other senior executives have been addressed.

At SBB's 2020 Annual General Meeting, guidelines for remuneration of senior executives were adopted. The Board of Directors shall prepare proposals on new guidelines when a need arises for substantial changes to the guidelines although at least once every four years. The guidelines cover Board members, the CEO and vice presidents, as well as other individuals in Group management. The Board deems it to be critical to a successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability, the company's ability to recruit and retain senior executives with expertise and capacity to achieve set goals. For this, it is required that the company can offer competitive overall remuneration that motivates senior executives to do their utmost. Variable remuneration covered by these guidelines shall be based on criteria that aim to promote the company's business strategy and long-term interests, including its sustainability. The remuneration and other terms of employment of senior executives shall be market based. The remuneration is comprised of basic salary, variable remuneration, pension and certain other benefits. In addition to this – and independent of these guidelines, the General Meeting can resolve to implement share- or share-price-based remuneration. The guidelines do not cover remuneration that is decided by the General Meeting.

In accordance with the Swedish Companies Act, the Board of Directors must prepare a report for every financial year on paid and outstanding remuneration that is covered by the guidelines. At SBB's 2021 Annual General Meeting, the Board's remuneration report regarding the 2020 financial year was adopted. The size of remuneration paid for 2021 and information on current incentive programmes is presented by Note 8.

Sustainability Committee

The Sustainability Committee is responsible for reviewing and monitoring the continuity and progress of work on sustainability objectives, management of sustainability risks, and compliance with the Sustainability Code and with the Code of Conduct. The Sustainability Committee consists of Sven-Olof Johansson as the chairman, and Eva Swartz Grimaldi, and Mats Andersson, former CEO of the Fourth Swedish National Pension Fund and a pioneer within sustainable investments, is on the committee as an external member.

Information about the Board of Directors

Lennart Schuss, born 1952

Chairman of the Board

Chairman of the Board of the company since 2017 and member of the Remuneration Committee. Chairman of the Board of the Group since 2016.

Education: B.A. in Economics, Stockholm School of Economics.

Other assignments: Advisor to Genesta Property Funds and Chairman of the Swedish Society of Friends of the Weizmann Institute of Science. Lennart is co-founder of Gimmel Fastigheter, Catella Corporate Finance, ESWÖ & Partner Fund Commission and Stockholm Fund Commission.

Shareholding in the company (including any related holdings): 20,253,334 Class B ordinary shares and 380,000 Class D ordinary shares. Independent in relation to the company, Group management and the company's principal shareholders.

Ilija Batljan, born 1967

Member of the Board and CEO

Board member and CEO of the Company since 2017. Founder of the company, CEO and Board assignments within the Group since 2016.

Education: Ph.D. in demography and planning for elderly care, Stockholm University. Bachelor of Economics, Stockholm University.

Other assignments: Chairman of Ilija Batljan Invest AB, Health Runner AB and Cryptzone Group AB (previously listed on First North).

Shareholding in the company (including any related holdings): 109,053,868 ordinary Class A shares, 19,195,259B ordinary Class B shares and 530,000 ordinary Class D shares, as well as 5,000,000 warrants. Not independent in relation to the company and Group management. Is the company's largest owner.

Sven-Olof Johansson, born 1945

Board Member

Board member of the company since 2017.

Education: Master in political science from Stockholm University and Stockholm School of Economics.

Other assignments: Founder and Managing Director of FastPartner AB (publ), Chairman of the Board and Managing Director of Compactor Fastigheter AB and Board member of Autoropa Aktiebolag and STC Interfinans AB.

Shareholding in the company (including any related holdings): 22,315,456 ordinary Class A shares and 31,081,315 ordinary Class B shares. Independent in relation to the company and Group management. Independent in relation to the company's principal shareholders.

Hans Runesten, born 1956

Board Member

Board member of the company since 2017.

Education: Master of Business Administration, Stockholm University.

Other assignments: Chairman of the Board of Effnetplattformen AB (publ).

Shareholding in the company (including any related holdings): 5,200,258 ordinary Class B shares. Independent in relation to the company, Group management and the company's principal shareholders.

Eva Swartz Grimaldi, born 1956

Board Member

Board member of the company since 2017. Chairman of the Remuneration Committee. **Education:** Bachelor's Degree in Languages (Italian, Spanish and French) as well as from Kulturrättslinjen.

Other assignments: Chairman of Doberman AB, Apotea AB and Norstedt publishing team and Board member of Stockholm University, Stockholm Concert Hall, Forget Foundation and Royal Patriotic Society.

Shareholding in the company (including any related holdings): 932,138 ordinary Class B shares. Independent in relation to the company, Group management and the company's principal shareholders.

Anne-Grete Strøm-Erichsen, born 1949

Board Member

Board member of the company since 2017.

Education: B.A. in Computer Science from Bergen Technical School (University of Bergen), South Dakota School of Mines & Technology 1980-1981, and studies in statistics.

Other assignments: Partner at Rud Pedersen Public Affairs Norway AS. Board Member of Kongsberg Gruppen ASA and Dips AS.

Shareholding in the company (including any related holdings): 0. Independent in relation to the company, Group management and the company's principal shareholders.

Fredrik Svensson, born 1961

Board Member

Board member of the company since 2018.

Education: MBA from Linköping University.

Other assignments: Board member of Balder AB. Chairman of the Board of Arvid Svensson Invest AB. CEO of Aktiebolaget Arvid Svensson.

Shareholding in the company (including any related holdings): 42,444,700 ordinary Class A shares and 23,144,429 ordinary Class B shares. Independent in relation to the company and Group management. Dependent in relation to the company's principal shareholders. Information on the company's major shareholders is presented on page 73.

Remuneration of the Board of Directors

At the 2021 Annual General Meeting, it was resolved that Board fees shall be payable in an amount of SEK 1,950,000, of which the Chairman receives SEK 450,000 and the other members elected by the General Meeting, who are not employed in the company receive SEK 300,000 each. For committee work on the Remuneration Committee, a total fee of SEK 40,000 is payable, to be divided as SEK 20,000 per member. For committee work on the Sustainability Committee, a total fee of SEK 60,000 is payable, to be divided as SEK 20,000 per member. For the Audit Committee, which consists of the Board members except the CEO, the fee for participation is included in the ordinary Board fee.

CEO and senior executives

The CEO is appointed by the Board and is responsible for the day-to-day management of the company and the Group's operations in accordance with the Board's instructions and regulations. The division of responsibilities between the CEO and the Board of Directors is stated in the Board's rules of procedure and the CEO's instructions drawn up by the Board. The CEO acts as the chair of the management team and makes decisions in consultation with the others in the management team. This consists, in addition to Ilija Batljan (CEO), of eight people: Krister Karlsson (Deputy CEO, Property Development), Eva-Lotta Stridh (CFO and Deputy CEO), Rosel Ragnarsson (Finance Director), Oscar Lekander (COO and Deputy CEO), Annika Ekström (Head of Property Management), Viktor Mandel (Head of Sveafastigheter), Carl Lundh Mortimer (Business Development) and Jenny Asmundsson (Head of Public Tenders and Procurement).

Auditor

The company's financial accounting records and bookkeeping, as well as the administration of the Board and management, are reviewed and audited by the company's auditor. At the Annual General Meeting on 5 May 2021, the registered auditing firm Ernst & Young AB was re-elected as auditor for the period until the Annual General Meeting 2022. Mikael Ikonen, Authorized Public Accountant, has been appointed as the Auditor-in-Charge from Ernst & Young AB. The auditors' task is to examine the company's and the Group's annual accounts and accounts, as well as the Board's and the CEO's management of the company and the Group.

The auditors must report to the Audit Committee on significant errors in the accounting and suspicions of irregularities. The auditors must report to the company's Board of directors at least one to two times a year, normally in conjunction with the annual report, about their observations during the audit of the company and its assessment of the company's internal control. The auditors also participate at the Annual General Meeting to present the audit report that describes the audit work and observations made. In addition to the audit assignment, Ernst & Young was hired for additional services in 2021, accounting issues, but also issues related to the issue of shares. Such services have always and only been provided to the extent that

is consistent with the rules of the Auditing Act and FAR's professional ethics rules regarding the auditor's impartiality and independence.

Internal control

Internal control of financial reporting and risk management
SBB's internal control of financial reporting is designed to manage risks and ensure high reliability in the processes regarding the preparation of the financial reports and to ensure that applicable accounting requirements and other requirements for SBB as a listed company are complied with. The Board is responsible for the internal control of the company regarding financial reporting. SBB follows the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate a company's internal control over financial reporting, the Internal Control - Integrated Framework, which consists of the following five components: control environment, risk assessment, control activities, information and communication and follow-up.

Control environment

Distribution and delegation of responsibility have been documented and communicated in internal documents governing the Board and the company such as:

- The Board's Rules of Procedure
- Instruction to the CEO
- Delegation scheme
- Authorization scheme
- Other internal control documents (for example, financial manual)

All internal control documents are regularly updated when changes are made to, for example, legislation, accounting standards or listing requirements and when otherwise needed.

Risk assessment

In accordance with the rules of procedure, the Board of Directors, as well as the Audit Committee, review the company's internal control once a year. Identification is made of the risks that are assessed and measures are set to reduce these risks. The auditor is invited to report on his/her internal control report at a Board meeting and to the Audit Committee. The significant risks identified by SBB are errors in accounting and valuation of properties, credit risks, refinancing risks, interest rate risks, tax and VAT, and the risk of fraud, loss or misappropriation of assets.

Control activities

Since the company's financial system is structured so that the conclusion of agreements and payment of invoices, etc. must comply with the decision paths, company signatures and authorizations stated in the internal control documents, there is basically a control structure to counteract and prevent the risks that the company has identified. In addition to these control structures, a number of control activities are carried out to further detect and correct errors and deviations. Such control activities consist of follow-up at various levels in the organization, such as follow-up and reconciliation in the Board of Directors made decisions, review and comparison of profit items, account reconciliation, approval and reporting of business transactions with the finance department.

Communication

SBB has built up an organization to ensure that financial reporting is correct and effective. The internal control documents clarify who is responsible for what and the daily interaction between the concerned people means that relevant information and communication reaches all parties concerned. The management regularly receives financial information about the company and its subsidiaries regarding the development of letting and other management, review and follow-up of ongoing and future investments and liquidity planning. The Board is informed by the management team regarding risk management, internal control and financial reporting. The company's information policy ensures that all information provided externally and internally becomes correct and is given at any suitable time. All employees at SBB have, at various reviews, been involved in influencing the design of relevant internal policies and guidelines and have thus been directly involved in the preparation of these internal control documents.

Internal control

As has been explained above, a continuous process takes place on an ongoing basis at all levels of the organization. The Board regularly evaluates the information provided by the company management and the auditors. In addition, the company's auditor reports directly to the Board of directors their observations from the audit and its assessment of the internal control. Of particular importance is the Board's monitoring of the development of the internal control and to ensure that measures are taken regarding any deficiencies and proposals that emerge.

Evaluation of the need for a separate internal function

No internal audit function is currently established within SBB. The Board has examined the issue and assessed that existing structures for follow-up and evaluation provide a satisfactory basis. All in all, this means that it is not considered justified to have a special unit for internal audit. The decision is reviewed annually.

Deviations relating to the Code

As mentioned, the code is based on the principle "follow or explain". This means that a company that applies the Code may deviate from individual rules, but must then give an explanation where reasons for the deviation are reported. SBB followed the Code in 2021 without deviations.

Appropriation of profit

The Board proposes the following distribution of profits to the Annual General Meeting:

At the Annual General Meeting the following earnings are available for distribution:

Share premium fund	43,510,234,623
Retained earnings	-3,552,882,497
Profit for the year	823,589,320
	40,780,941,447

The following allocation is proposed:

Dividend ordinary Class A and B shareholders (SEK 1.32/share)	1,919,467,305
Dividend ordinary Class D shareholders (SEK 2.00/share)	387,731,810
To be carried forward	38,473,742,331
	40,780,941,447

Statement by the Board of Directors regarding the proposed dividend

The Board of Directors is hereby given the following opinion in accordance with Chapter 18, Section 4 of the Swedish Companies Act (2005: 551). Below is the Board's justification for the proposed profit distribution being in accordance with the provisions of Chapter 17, §§ 2 and 3 of the Swedish Companies Act.

The nature and scope of the operations are stated in the Articles of Association and the annual report. The business that is conducted in the company does not entail risks beyond what is or may be assumed to occur in the industry or the risks that are generally associated with conducting business activities. The financial position of the company and the Group as of 31 December 2021 is stated in the annual report. The principles applied for the valuation of assets, provisions and liabilities can be found in Note 1 in the annual report.

It is clear from the proposed distribution of profits that the Board of Directors propose a dividend of SEK 1.32 per ordinary Class A and B share, equivalent to SEK 1,919,467,305, and SEK 2.00 per ordinary Class D share, equivalent to SEK 387,731,810. In total, the proposed dividend amounts to SEK 2,307,199,115, which represents 5.6 percent of the Parent Company's equity and 2.8 percent of the Group's equity. The Group's equity ratio was 43 percent on 31 December 2021. Distributable funds in the Parent Company as of 31 December 2021 amounted to SEK 40,780,941,447.

The proposed dividend does not jeopardize the investments planned or the fulfilment of other obligations. The company's financial assessment does not give rise to any other assessment than that the company can continue its operations and that the company can be expected to fulfil its obligations in the short and long term. With reference to the above and what has otherwise come to the Board's knowledge, the Board's assessment is that a comprehensive assessment of the company's and the Group's financial position means that the dividend proposal is justifiable according to Chapter 17, Section 3, Paragraphs 2 and 3 of the Swedish Companies Act, with reference to the requirements of the business. nature, scope and risks impose the size of the company's equity and the company's and the Group's consolidation needs, liquidity and position in general.

FINANCIAL STATEMENTS



Consolidated income statement

Amounts in SEKm	Note	2021	2020 (restated)
Rental income	4.5	5,930	5,121
Operating costs	4.6	-1,114	-987
Maintenance	4.6	-322	-323
Property administration	4.6	-317	-217
Property tax	4.6	-130	-115
Net operating income	4	4,047	3,479
Central administration	6,7,8	-290	-224
Acquisition and restructuring costs		-86	-52
Profit from associated companies/joint ventures	16	2,814	144
Profit before financial items		6,485	3,347
Profit from financial items			
Interest income and similar items	9	274	166
Interest expenses and similar items	10	-1,011	-973
Expenses for redeemed loans in advance	10	-155	-199
Translation gains/losses	10	118	118
Leasing costs	11	-21	-25
Profit from property management		5,690	2,434
Changes in value, property	14	21,360	8,065
Dissolution of goodwill upon property sale		-252	-468
Results, production of residentials		9	-
Changes in the value of financial instruments	17	2,487	-207
Profit before tax		29,294	9,824
Tax for the year	12	-247	-165
Deferred tax	12	-3,698	-1,431
Dissolution of deferred tax goodwill	12	252	444
PROFIT FOR THE YEAR		25,601	8,672
<i>Profit for the year attributable to:</i>			
Parent Company shareholders (including hybrid bond)		24,583	8,598
Non-controlling interest		1,018	74
NET PROFIT FOR THE YEAR		25,601	8,672
Earnings per ordinary Class A and B shares before dilution	23	17.17	6.09
Earnings per ordinary Class A and B shares after dilution	23	17.03	6.09
Profit per ordinary D share	23	2.00	2.00

Consolidated statement of comprehensive income

Amounts in SEKm	Note	2021	2020 (restated)
Profit for the year		25,601	8,672
Share of comprehensive income in associated companies/joint ventures	6	-	-
Translation gains/losses	1,120	-884	-
COMPREHENSIVE INCOME FOR THE YEAR		26,727	7,788
<i>Comprehensive income for the year attributable to:</i>			
Parent Company shareholders (including hybrid bond)	25,709	7,714	-
Non-controlling interest	1,018	74	-
COMPREHENSIVE INCOME FOR THE YEAR		26,727	7,788

Comments on the income statement

Net operating income

Rental income during the period amounted to SEK 5,930m (5,121). Of the rental income, SEK 4,467m pertained to community service properties, SEK 1,128m to residentials, and SEK 335m to other properties. In a comparable portfolio, rental income increased by 1.8 percent compared with the corresponding period in the preceding year. The increase in revenues is primarily driven by investments and newly signed lease agreements. At the end of the period, SBB had rental income of SEK 7,017m (4,839) per rolling 12-month earning capacity. Of these, community properties accounted for SEK 4,462m, corresponding to 64 percent of the total rental income, residential amounted to SEK 2,225m, corresponding to 32 percent of total rental income. The rest is attributable to other properties. The average rent for residential properties was SEK 1,132 / sq.m. and SEK 1,475 / sq.m for community service properties. The economic letting ratio at the end of the period was 94.1 percent (93.6). The average contract length for community service properties was 11 years (9).

Property expenses during the period amounted to SEK -1,883m (-1,642). They mainly consist of tax-related costs, operating and maintenance costs, as well as management administration. In a comparable portfolio, costs fell by 3.8 percent compared with the corresponding period in the preceding year and the vast majority of the decrease is related to maintenance. Accordingly, the net operating income for a comparable portfolio increased by 4.7 percent. Operating surplus amounted to SEK 4,047m (3,479). SBB's surplus ratio was 68 percent (68).

Profit after tax

In total, the period's costs for central administration amounted to SEK -290m (-224) for the period. The central administration costs include costs for business development, transactions, property development and financial management. The increase in central administration is mainly explained by costs for incentive programmes for employees and additional costs for organizing Offentliga Hus. Profit from associated companies and joint ventures was SEK 2,814m (144) for the year. The profit is largely attributable to SBB Kåpan Bostad AB and JM AB (publ), which contributed SEK 501m and SEK 307m, respectively, to consolidated profit for the period. See further information in Note 16.

Net financial items amounted to SEK -795m (-813) for the period. The financial costs include interest for external financing, as well as other financial costs, such as accrued arrangement fees and exchange rate differences.

As a result of the acquisitions of Offentliga hus and Hemfosa, the company had costs affecting comparability related to restructuring in an amount of SEK -86m (-52) for the period. The financial costs include costs affecting comparability for early redemption of expensive loans by SEK -155m (-199) for the period. During the period, exchange rate differences of SEK 118m (118) were reported that are attributable to the translation of loans/assets in Euro/NOK to the extent that the loans are not matched against hedges in the form of net assets and FX derivatives.

Value changes for the properties amounted to SEK 21,360m (8,065), of which SEK 740m (-573) were realized value changes and SEK 20,620m (8,638) were unrealized value changes. During the year, properties at a value of SEK 15.6m were sold to joint ventures. The sales resulted in a capital gain of SEK 579m after the elimination of inter-company profit. Also refer to Note 14.

Combined, our value-add strategies have contributed about half of the change in value. This includes project and property development, together with succession renovations, in which SBB has succession renovated 635 apartments over the period, made project investments in existing portfolios and produced new homes in, for example, Höganäs, Skellefteå and Uppsala, produced new elderly care units in Västerås and Östersund, and constructed and modified a school in Haninge. General rent development and re-negotiations, resulting in higher net operating income, contributed about one fifth. The remainder is attributable to reduced yield requirements. In the external valuations, the average yield requirement is 4.34 percent (5.05). See further information in Note 14.

Value changes for financial instruments amounted to SEK 2,487m (-207). The item comprises realized and unrealized changes in the value of financial investments in shares and other securities and derivatives.

Profit after tax for the year amounted to SEK 25,601m (8,672). Tax on the profit for the period was SEK -3,693m (-1,152), of which SEK -247m (-165) pertained to current tax and SEK -3,446m (-987) pertained to deferred tax related to properties and tax-loss carryforwards. The low tax is mainly attributable to property sales in company form. See further information in Note 12.

Consolidated balance sheet

Amounts in SEKm	Note	2021	2020 (restated)
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	13	6,066	6,319
Total intangible assets		6,066	6,319
Tangible assets			
Investment properties	14	149,335	90,185
Land lease agreements	11	639	614
Equipment, machinery and installations	15	48	22
Total tangible fixed assets		150,022	90,821
Financial fixed assets			
Participations in associated companies/joint ventures	16	16,373	2,867
Receivables from associated companies/joint ventures	17.29	3,885	827
Derivatives	10.17	547	129
Financial fixed assets at fair value	17	4,530	2,931
Other long-term receivables	17	207	-
Total financial fixed asset		25,542	6,753
Total fixed assets		181,630	103,893
Current assets			
Properties held for sale		279	-
Current receivables			
Rent receivables	17.23	219	91
Other receivables	17.18	1,959	2,398
Prepaid expenses and accrued income	19	540	243
Total current receivables		2,718	2,732
Cash investments	17.20	53	-
Cash and cash equivalents	17.20	9,837	13,606
Total cash investments and cash equivalents		9,890	13,606
Total current assets		12,887	16,338
TOTAL ASSETS		194,517	120,231

Comments on the balance sheet

Investment properties

The value of the properties amounted to SEK 149.3 billion at 31 December 2021. The value of the property portfolio has been based on external valuations made by Newsec, JLL, Savills, Cushman & Wakefield and Colliers. The valuations have been based on an analysis of future cash flows for each property, taking into account the current lease terms, market situation, rental levels, operating, maintenance and management administration costs and investment needs. The yield requirements used in the valuation are in the range of 2.10 percent to 17.00 percent, with an average return requirement of 4.34 percent (5.05). The value of the properties includes SEK 3,951m for building rights that have been valued through the application of the local price method, which means that the assessment of the value is based on comparisons of prices for similar building rights. Fair value has thus been assessed in accordance with IFRS 13 level 3. See further on investment properties in Note 14.

Associated companies and joint ventures

SBB's engagement in associated companies and joint ventures consists partly of a shareholding in the companies and in some cases financing to the companies. As of 31 December 2021 participations in associated companies and joint ventures amounted to SEK 16,373m (2,867) and receivables from associated companies and joint ventures amounted to SEK 3,885m (827). Some of the companies conduct property development projects, while other companies own investment properties. The largest holdings are comprised of the companies: Svenska Myndighetsbyggnader Holding AB, SBB Kåpan Bostad AB, Public Property Invest AS and JM AB (publ). See further information in Note 16.

Goodwill

The goodwill item of SEK 6,066m (6,319) is largely attributable to the acquisition of Hemfosa and consists mainly of synergy effects in the form of reduced financing and administration costs. In addition, there is a reported goodwill attributable to the difference between nominal tax and the deferred tax that is calculated on the acquisition of properties in company format that must be reported among "business combinations", as the acquisitions of Hemfosa and Sveafastigheter is considered to be. For reported goodwill of SEK 1,781m (2,044), a corresponding amount is recognized under the item deferred tax. Due to properties having been sold, this part decreased over the period.

Consolidated balance sheet

Amounts in SEKm	Note	2021	2020 (restated)
EQUITY AND LIABILITIES	21.30		
Share capital		165	150
Other contributed capital		26,371	24,102
Reserves		834	-213
Retained earnings including comprehensive income for the year		34,778	12,826
Equity attributable to Parent Company shareholders		62,148	36,865
Hybrid bond		17,295	15,096
Other reserves		-543	-616
Non-controlling interest		4,071	412
Total equity		82,971	51,756
Long-term liabilities			
Liabilities to credit institutions	17.23	21,974	11,995
Bond loans	17.23	51,919	34,663
Derivatives	10.17	30	267
Deferred tax liabilities	12	10,428	7,075
Lease liabilities	11	639	614
Other long-term liabilities	17.23	292	1,259
Total long-term liabilities		85,282	55,873
Current liabilities			
Liabilities to credit institutions	17.23	1,758	69
Commercial papers	23	11,169	5,418
Bond loans	17.23	1,175	3,121
Accounts payable	17.23	181	117
Current tax liabilities	12	418	166
Liability, cash collateral	17	5,607	-
Other liabilities	17,23,24	3,923	2,336
Accrued expenses and prepaid income	17.25	2,033	1,375
Total current liabilities		26,264	12,602
TOTAL EQUITY AND LIABILITIES		194,517	120,231

Comments on the balance sheet

Equity

As of 31 December 2021, equity amounted to SEK 82,971m (51,756). The equity includes issued hybrid bonds with a book value of SEK 17,295m and non-controlling interests in Amasten Fastighets AB (publ) and Unobo AB, as well as companies in the Sveafastigheter Group as SBB does not hold all of the shares in those companies. During the year, a conversion was conducted of most of the mandatory convertible to Class B ordinary shares. The effect of the conversion impacted equity by SEK -125m. The negative effect was due to some compensation being payable in connection with the conversion.

During the period, SBB carried out issues of series B and D ordinary shares for SEK 2,337m after issue costs that were, for example, used as consideration for the acquisition of shares in Offentliga Hus AB (publ), Arlandastad Group (publ) och Solon Eiendom ASA. During the period, part of a previously issued hybrid bond of EUR 300m was redeemed and a new hybrid bond of EUR 500m was issued. Issues of Class B ordinary shares were also implemented as a stage in the conversion of the mandatory convertible. The mandatory redemption of the remaining outstanding shares in Hemfosa took place in May, reducing the minority interests and equity by SEK 475m. The remainder of the redeemed minority interests pertain to participations in Offentliga Hus and Amasten.

Translation differences in the translation of net assets in subsidiaries in Norway, Finland and Denmark from local currency to SEK amounted to SEK 1,047m of the change in equity during the period. The effect is mainly explained by the positive development of the Norwegian krona and the euro against the Swedish krona during the period.

The equity ratio was 43 percent (43), while the adjusted equity ratio was 47 percent (47).

Deferred tax

In Sweden, deferred tax is calculated at a nominal tax rate of 20.6 percent on differences between the reported and tax value of assets and liabilities and on tax-loss carryforwards. In Norway and Denmark, the corresponding tax rate is 22.0 percent and in Finland, it is 20.0 percent. As of 31 December 2021, the deferred tax liability amounted to SEK 10,428m (7,075) and is largely attributable to investment properties and tax-loss carryforwards. As of 31 December 2021, the tax-loss carryforwards amounted to SEK 3bn.

Liabilities, cash investments and cash equivalents

Interest-bearing liabilities in the Group amounted to SEK 87,995m (55,266) at the end of the period, of which SEK 23,732m (12,064) pertained to liabilities to credit institutions, SEK 53,094m (37,783) pertained to bond loans and SEK 11,169m (5,418) pertained to commercial paper. The loan-to-value ratio was 40 percent (35). Also refer to the Financing section on page 71.

Cash and cash equivalents amounted to SEK 9,837m (13,606) and cash investments, comprising shares in listed companies, amounted to SEK 53m (-). Cash investments have previously been reported in the item Financial assets at fair value. As the purpose of the holding has changed, the reclassification is only made for the year at hand.

Consolidated Statement of Changes in Equity

Amounts in SEKm

	Equity attributable to Parent Company shareholders					Hybrid bond	Other reserves ¹⁾	Non-controlling interest	Total equity
	Share capital	Other capital contributions	Reserves ¹⁾	Retained earnings	Total				
Opening equity, 01-01-2020	134	17,658	100	6,412	24,304	4,676	-45	1,961	30,896
Profit for the year	-	-	-	8,266	8,266	332	-	74	8,672
Other comprehensive income	-	-	-313	-	-313	-	-571 ²⁾	-	-884
Comprehensive income for the year	-	-	-313	8,266	7,953	332	-571	74	7,788
New share issue	16	4,341	-	-	4,357	-	-	-	4,357
Issue hybrid bonds	-	-	-	-	-	10,427	-	-	10,427
Issue mandatory convertible bonds	-	2,220	-	-	2,220	-	-	-	2,220
Issue costs	-	-147	-	-	-147	-94	-	-	-240
Tax issue costs	-	30	-	-	30	88	-	-	118
Dividend	-	-	-	-1,121	-1,121	-332	-	-	-1,453
Acquired minority interests	-	-	-	-	-	-	-	16	16
Redeemed minority interests	-	-	-	-732	-732	-	-	-1,640	-2,372
Closing equity, 31-12-2020 (restated)³⁾	150	24,102	-213	12,826	36,865	15,096	-616	412	51,756
Opening equity, 01-01-2021 (restated)³⁾	150	24,102	-213	12,826	36,865	15,096	-616	412	51,756
Profit for the year	-	-	-	24,087	24,087	496	-	1,018	25,601
Other comprehensive income	-	-	1,047	6	1,053	-	73 ²⁾	-	1,126
Comprehensive income for the year	-	-	1,047	24,093	25,140	496	73	1,018	26,727
New share issue	5	2,343	-	-	2,348	-	-	-	2,348
Issue hybrid bonds	-	-	-	-	-	5,025	-	-	5,025
Issue warrants	-	58	-	-	58	-	-	-	58
Acquired hybrid bond	-	-	-	-	-	305	-	-	305
Redemption of preference shares	-	-15	-	-5	-20	-	-	-	-20
Redemption of part of hybrid bond	-	-	-	-154	-154	-3,110	-	-	-3,263
Redemption/conversion of mandatory convertible	9	-105	-	-	-96	-	-	-	-96
Issue costs	-	-11	-	-28	-39	-50	-	-	-89
Tax issue costs	-	-1	-	-	-1	29	-	-	28
Dividend	-	-	-	-1,807	-1,807	-496	-	-	-2,303
Acquired minority interests	-	-	-	-	-	-	-	4,106	4,106
Redeemed minority interests	-	-	-	-147	-147	-	-	-1,465	-1,612
Closing equity, 31-12-2021	165	26,371	834	34,778	62,148	17,295	-543	4,071	82,971

1) Reserves consist of hedge accounting and translation differences.

2) The amount relates to translation differences for hybrid bonds of SEK 72m (-617) and of which non-controlling interest of SEK -1m (1).

3) See note 30

Consolidated cash flow statement

Amounts in SEKm	Note	2021	2020
Operating activities			
Profit from property management		5,690	2,434
<i>Adjustment for non-cash flow items</i>			
Depreciation		5	2
Profit from associated companies/joint ventures		-2,814	-144
Net interest income		795	913
Interest paid		-1,285	-958
Interest received		271	150
Paid tax		-247	-165
Cash flow from operating activities before changes in working capital		2,415	2,232
Cash flow from changes in working capital			
Increase (-)/Decrease (+) of operating receivables		21	-1,720
Increase (+)/Decrease (-) of operating liabilities		2,184	-7,275
Cash flow from operating activities		4,620	-6,763
Investment activities			
Investments in properties	14	-55,899	-14,493
Property sales	14	20,241	12,903
Investments/divestments in equipment, machinery and installations	15	-31	-3
Investments in associated companies/joint ventures	16	-9,234	-1,611
Investments in intangible fixed assets	13	-	-84
Investment in receivables from associated companies/joint ventures	17	-4,382	-1,258
Outgoing receivables from associated companies/joint ventures	17	1,333	1,565
Investments in financial assets	17	-4,965	-2,649
Sale of financial assets	17	5,145	1,326
Change in other long-term receivables	17	-169	44
Cash flow from investing activities		-47,962	-4,259
Financing activities			
New share issue		-	665
Issue hybrid bonds		4,975	10,333
Issue mandatory convertible bonds		-	2,148
Redeemed preference shares		-20	-
Redemption of hybrid bonds		-3,263	-
Redemption of mandatory convertible		-125	-
Issue warrants		58	-
Dividend paid		-1,846	-853
Acquired hybrid bonds		305	-
Acquired minority interests		4,140	16
Redeemed minority interests		-1,612	-1,623
Borrowings		75,773	34,693
Repayment of loans		-43,418	-34,878
Change in cash collateral		5,607	-
Other long-term liabilities raised		1,772	2,676
Repayment of other long-term liabilities		-2,800	-1,385
Cash flow from financing activities	26	39,546	11,793
Cash flow for the period		-3,796	770
Cash and cash equivalents at the beginning of the period		13,606	12,858
Exchange rate change in cash and cash equivalents		27	-22
Cash and cash equivalents at the end of the period	20	9,837	13,606

Group notes (1-30)

NOTE 1 Significant accounting principles

General information

This annual report and consolidated accounts cover the Swedish Parent Company, Samhällsbyggnadsbolaget i Norden AB (publ), corporate identity number 556981-7660 and its subsidiaries. The Group conducts operations within property management and property development. The Parent Company is a limited liability company registered in Sweden and with its registered offices at Strandvägen 1 in Stockholm.

On 25 March 2022, the Board of Directors approved this annual report and consolidated accounts, which will be presented for adoption at the Annual General Meeting on 27 April 2022.

Principles for the consolidated accounts

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the Swedish Annual Accounts Act and "RFR1 Supplementary Accounting Rules for Groups" have been applied. The accounting principles set out below, unless otherwise stated in Note 2, have been applied consistently to all periods presented in the Group's financial reports. The Group's accounting principles have been applied consistently by the Group's companies.

Assets and liabilities are reported at acquisition value in addition to investment properties and some financial assets that are valued and reported at fair value. The functional currency for the Parent Company is Swedish kronor, which is also the reporting currency for the Parent Company and the Group. All amounts are stated in millions of SEK unless otherwise stated.

Subsidiaries

Subsidiaries are all companies in which the Group is exposed to or is entitled to variable returns from its involvement and can affect the return by means of its influence over the company. Subsidiaries are initially recognized in the consolidated accounts according to the acquisition method. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group and they are not included in the consolidated financial statements from the date on which the controlling influence ceases. Intra-Group transactions and balance sheet items as well as unrealized gains / losses on transactions between Group companies are eliminated in the consolidated accounts.

Associated companies and joint ventures

As an associated company, companies in which the Group exercises a significant but not controlling influence are reported, which is presumed to be the case when the holding amounts to at least 20 and a maximum of 50 percent of the votes. It is also assumed that ownership constitutes a part of a lasting connection and that the holding shall not be reported as a collaborative arrangement.

Collaborative arrangements mean companies in which the Group, together with other parties through agreements, has a joint controlling influence over the business. A holding in a collaborative arrangement is classified either as a joint venture or as a joint venture, depending on the rights and obligations that the investor has under the contract. In the Group, the holdings have been classified as joint ventures mainly because the Group is entitled to the net assets instead of direct rights to assets and commitments in liabilities.

Associated companies and joint ventures are reported according to the equity method. When applying the equity method, the investment is initially valued at the acquisition value in the Group's statement of financial position and the carrying amount is subsequently increased or reduced to take into account the Group's share of profit and other comprehensive income from its holdings after the acquisition date. If the Group's share of losses in an associated company or joint venture exceeds the holding in this associated company or joint venture, the Group does not report any additional losses unless the Group has undertaken obligations on behalf of the company. The Group's share of earnings and other comprehensive income in an associated company and joint venture is included in the Group's profit and other comprehensive income.

The carrying amounts are tested every balance sheet date to assess if there are indications of impairment requirements for the investment in an associated company or joint venture. If this is the case, a calculation is made of the impairment amount which corresponds to the difference between the recoverable amount and the reported value. The write-down is reported on the line "Profit from participations reported according to the equity method" in the income statement.

Financial assets at fair value

The item "Financial assets at fair value" includes shares in companies, in which the Group does not have any controlling influence, which is presumed to be the case when the holding is below 20 percent of the votes in a company. Revaluations of the holdings are reported in the income statement.

Acquisitions

In the case of an acquisition, an assessment is made whether the acquisition constitutes a business combination or an asset acquisition. An asset acquisition exists if the acquisition relates to properties but does not include the organization and the processes required to conduct the management activities. Other acquisitions are business combinations.

Since the acquisition of Group companies does not relate to the acquisition of operations, without the acquisition of assets in the form of investment properties, the acquisition cost is allocated to the acquired net assets.

Reverse acquisition

A reverse acquisition occurs when the company issuing securities (the legal acquirer) is identified as the acquired company for accounting purposes. The company whose equity interests are acquired (the legally acquired company) must be the acquirer for the purpose of accounting for the transaction to be regarded as a reverse acquisition. Consolidated financial statements prepared after a reverse acquisition are issued in the legal Parent Company's name (accounting for acquired company) but are described in the notes as a continuation of the legal subsidiary's financial reports (accounting acquirer) with an adjustment, namely a retroactive adjustment of the accounting acquirer's share capital so it reflects the reported acquired company's share capital.

Comparative information presented in the consolidated financial statements is also adjusted retroactively to reflect the legal Parent Company's share capital (reported acquired company). The company's acquisition of SBB i Norden AB (publ), corp. ID no. 559053-5174, as of 16 January 2017 has been classified as a so-called reverse acquisition. This means that the Group is reported as a continuation of SBB i Norden AB Group and the comparative figures before the acquisition, i.e. 2016, consists of SBB i Norden AB Group.

INCOME STATEMENT

Income

The Group's revenues consist essentially of rental income. Revenues are recognized less any discounts.

The lease agreements are classified in their entirety as operational leases. Rental income including supplements is announced in advance and accrual of rents is made linearly so that only that part of the rents that accrue to the period is reported as income. Reported rental revenues have, where applicable, been reduced by the value of rent discounts provided. In those cases where the lease gives a reduced rent for a certain period, this is periodically allocated over the current contract period. Remuneration paid by tenants in connection with early relocation is reported as revenue in connection with the termination of the contractual relationship with the tenant and no commitments remain, which normally occurs when moving away.

Based on the leases that the Group has and its composition, SBB has found that the service provided by the Group is subordinate to the lease contract and that all remuneration shall be deemed to be rent. Sale of properties is reported in connection with control being transferred to the buyer from the seller. Assessment of whether control has been transferred takes place at each individual disposal opportunity. The result of the sale of real estate is reported as a realized change in value.

Leases

Leases in which essentially all of the risks and benefits associated with ownership remain with the lessor are classified as operating leases. All of the Group's lease agreements are therefore regarded as operating leases. Properties leased under operating leases are included in the item investment properties.

Property costs

Property costs, which are a part of the Group's net operating income, include operating and maintenance expenses, costs for management administration and property tax. Operating costs consist, among other things, of tariff-based costs, such as electricity, water, heating and cleaning, insurance and facility management. Maintenance costs refer to costs for measures to maintain the standard and technical condition of the property. Management administration includes costs for property management and letting and some elements of financial management. Property tax refers to both property tax based on the property's tax assessment value and, where applicable, property charges based on fees per apartment.

Central administration/Acquisition and restructuring costs

The Group's administrative expenses are allocated to the management administration, which is part of the Group's net operating income, and central administration. Central administration includes costs at the Group-wide level that are not directly attributable to property management, such as costs for Group management, business development, property development and financing.

Acquisition and restructuring costs refer to transaction costs for acquisitions classified as business combinations and restructuring costs linked to acquisitions.

Employee benefits

Employee benefits consist of salaries, paid holidays, paid sick leave and other benefits and pensions.

The Group only has defined contribution pension plans. For the defined-contribution pension plans, the company pays fixed fees to a separate legal entity and has subsequently fulfilled its commitment to the employee. Defined contribution pension plans are reported as a cost in the period to which the premiums paid are attributable.

Financial income and expenses

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the interest rate that means that the present value of all future deposits and payments during the fixed interest period will be equal to the carrying amount of the receivable or liability. Financial income and expenses are recognized in the period to which they relate.

Changes in the value of investment properties

Both unrealized and realized changes in value are reported in the income statement on the value change line of investment properties. Unrealized changes in value are calculated on the basis of the valuation at the end of the period compared with the valuation at the beginning of the period or the acquisition value if the property was acquired during the period with regard to the period's investments. Realized changes in the value of properties are calculated as a purchase price minus selling expenses minus book value, including previously unrealized changes in value. In sales to associated companies/joint ventures, the realized change in value is reduced by the proportion corresponding to the Group's remaining holding.

Taxes

Tax for the period consists of current tax and deferred tax. Taxes are recognized in the income statement except when the underlying transaction is reported in other comprehensive income or directly against equity, since the associated tax effect is also reported in this place.

Current tax is the tax that is calculated on the taxable profit for the period. Taxable profit differs from the reported profit in that it has been

adjusted for non-taxable and non-deductible items. Current tax is tax that must be paid or received for the current year, possibly adjusted by current tax attributable to previous periods.

Deferred tax is reported on the difference between the reported and taxable values of assets and liabilities. Changes in the reported deferred tax asset or liability are reported as a cost or income in the income statement, except when the tax is attributable to items recognized in other comprehensive income or directly against equity.

Reporting of segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Chief Operating Decision Maker is the function that is responsible for allocating resources and assessing the operating segments' results. In the Group, this function has been identified as the management team. An operating segment is part of the Group that conducts operations from which it can generate revenue and incur costs and for which there is independent financial information available. The Group's division into segments is based on the differences in the nature of the segments and on the reporting that the management obtains in order to follow up and analyse the business and the information obtained to make strategic decisions. As a result, the business has been divided into three segments: residential properties, community service properties and other properties. The segments' results are assessed and analysed based on net operating income. The same accounting principles are used for the segments as for the Group.

Earnings per share

Earnings per ordinary share of class A and B before dilution are calculated by dividing the net profit attributable to the Parent Company's shareholders with a deduction for dividend to preference shareholders and holders of ordinary shares of class D and interest on hybrid bonds divided by the weighted average number of ordinary shares of class A and B outstanding during the year.

Profit per ordinary share of class A and B after dilution is calculated by dividing the net result attributable to the Parent Company's shareholders with a deduction for dividend to preference shareholders and holders of ordinary shares of class D and interest on hybrid bonds, adjusted, if applicable, by the sum of the weighted average number of ordinary shares of class A and B and potential shares that can give rise to dilution effects. Dilution effect of potential shares is only recognized if a translation into shares would result in a reduction in earnings per share after dilution.

BALANCE SHEET

Goodwill

Goodwill arising from the preparation of the consolidated accounts, upon business combinations, constitutes the difference between the acquisition value and the Group's share of the fair value of the acquired subsidiaries' identifiable net assets on the acquisition date. At the time of acquisition, goodwill is reported at cost. Subsequently, it is reported at cost less any impairment losses. Goodwill is tested for impairment annually or more often if there is an indication that the carrying amount may not be recoverable.

Investment properties

Investment properties, that is, properties that are held for the purpose of generating rental income and value increases, are initially recognized at cost, including directly attributable transaction costs. After the initial accounting, investment properties are reported at fair value. Fair value is primarily based on prices in an active market and is the amount to which an asset could be transferred between knowledgeable parties who are independent of each other and who have an interest in the transaction being carried out. In order to determine the real value of the properties at each individual closing date, the market value of all properties is made.

Additional expenses are capitalized when it is probable that future economic benefits associated with the expense will be received by the Group and thus increase the valuation, and that the expenditure can be determined with reliability. Other maintenance costs and repairs are

recognized as income in the period in which they arise. In the case of major new, additional and rebuilding, interest expense is also capitalized during the production period.

Equipment, machinery and installations

The equipment mainly consists of office equipment and cars, which have been taken up at cost less deductions for accumulated depreciation and any write-downs made. The equipment is depreciated linearly during the asset's estimated useful life. The equipment is estimated to have a useful life which is assumed to be equal to the asset's technical life, and therefore the residual value is assumed to be negligible and not taken into account. Depreciation is calculated from the time when the asset is ready for use.

Financial instruments

Financial instruments are any form of agreement that gives rise to a financial asset in a company and a financial liability or an equity instrument in another company. Financial instruments recognized on the balance sheet include, on the asset side, shares and participations in companies in which the Group does not have a controlling interest (financial assets at fair value), derivative instruments, receivables from associated companies/joint ventures, other long-term receivables, rental receivables, other current receivables, cash investments and cash and cash equivalents. Liabilities include liabilities to credit institutions, bond loans, commercial papers, other long-term liabilities, derivative instruments, accounts payable, accrued expenses and other current liabilities. The report depends on how the financial instruments have been classified.

Accounting and removal

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party according to the instrument's contractual terms. Rental receivables are recognized on the balance sheet once the invoice has been sent. Debt is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable are recognized when the invoice is received. A financial asset or financial liability is offset in the balance sheet when there is a legal right to offset the amounts and there is an intention to settle the items with a net amount or to simultaneously realize the asset and settle the debt. A financial asset is normally removed from the balance sheet when the contractual rights to the cash flows from the financial asset cease. For example, in the case of a rental payment received. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise extinguished. The same applies to part of a financial debt.

Classification and valuation of financial instruments

The Group's financial assets consist of debt instruments, equity instruments and derivatives.

Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the nature of the asset's contractual cash flows: The Group's debt instruments are classified at amortized cost and include: receivables from associated companies/joint ventures, other long-term receivables, rental receivables, other current receivables, accrued income and cash and cash equivalents. Financial assets classified at amortized cost are initially measured at fair value with the addition of transaction costs. Rental receivables are initially recognized at the invoiced value. After the first accounting opportunity, the assets are valued according to the effective interest method. Assets classified at amortized cost are held according to the business model to collect contractual cash flows that are only payments of principal amounts and interest on the outstanding capital amount. The assets are covered by a loss reserve for expected loan losses; for further information, see Note 23 Financial risks.

Equity instruments The Group's equity instruments consist of holdings in shares (listed and unlisted) and other securities. All of the Group's equity instruments are valued at fair value through profit or loss. Fair value is determined as described in Note 17 Financial instruments.

Derivatives: are classified at fair value through profit or loss except if they are classified as hedging instruments and the effective part of the hedge is reported in "Other comprehensive income". Fair value is determined as described in Note 17 Financial instruments.

Classification and valuation of financial liabilities

Financial liabilities are classified at amortized cost with the exception of derivatives. Financial liabilities recognized at amortized cost are initially measured at fair value including transaction costs. After the first accounting date, they are valued at the amortized cost according to the effective interest method.

Derivatives: are classified at fair value through profit or loss except if they are classified as hedging instruments and the effective part of the hedge is reported in "Other comprehensive income". Fair value is determined as described in Note 17 Financial instruments.

Valuation at fair value

Fair value is the price that at the valuation date would be obtained by selling an asset or paid to the transfer of a liability by an orderly transaction between market participants. The table below shows financial instruments valued at fair value based on the classification in the fair value hierarchy. The different levels are defined as follows:

Level 1 - Listed prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Other observable inputs for the asset or liability other than listed prices included in level 1 either directly (i.e. as price quotes) or indirectly (i.e. derived from price quotes).

Level 3 - Input data for the asset or the liability that is not based on available market.

Impairment of financial assets

The Group's financial assets, which are recognized at amortized cost, are subject to impairment for expected credit losses. Impairment for credit losses is forward looking and a loss reserve is made as early as initial recognition when there is an exposure to credit risk.

Rental receivables: The simplified model is applied to the Group's rental receivables. A loss reserve is reported, in the simplified model, for the expected residual maturity of the receivable. The Group bases the valuation of expected loan losses on historical customer losses combined with forward-looking factors.

Other financial assets at amortized cost:

For receivables from associated companies/joint ventures and other current receivables, an impairment model with three stages is applied. Initially, as well as on each balance sheet date, a loss reserve for the next 12 months is reported, or for a shorter period of time depending on the remaining maturity (stage 1). If there has been a significant increase in credit risk since the first accounting date, a loss reserve for the asset's remaining maturity (stage 2) is reported. For assets that are deemed to be credit impaired, provisions for continued loan losses for the remaining maturity (stage 3) are still reserved. For credit-impaired assets and receivables, the calculation of interest income is based on the asset's reported value, net of loss reserves, as opposed to the gross amount as in the previous stages.

In the valuation of expected loan losses, the Group applies a method based on external credit rating. Expected credit losses are valued based on the probability of default, loss given default and the exposure in the event of default. The Group has defined default as when payment of the claim is 15 days delayed or more, or if other factors indicate that the payment default is present. A significant increase in credit risk is based on whether payment is 31 days late or more.

For credit-impaired assets and receivables, an individual assessment is made, taking into account historical, current and forward-looking information. The valuation of expected loan losses takes into account any collateral and other credit enhancements in the form of guarantees. The financial assets are recognized in the balance sheet at amortized cost, i.e. net of gross value and loss reserve. Changes in the loss reserve are reported in the income statement.

Hedge accounting

The Group applies IFRS 9 hedge accounting for financial instruments aimed at hedging financial risks related to net investments in foreign operations.

The Group assesses, evaluates and documents efficiency both at the beginning of the hedge and on an ongoing basis. The effectiveness of the hedge is judged on the basis of an analysis of the economic relationship between hedged item and hedging instrument, and the effect of credit risk must not dominate changes in value in underlying items and instruments. In addition, the hedging ratio in the economic relationship should be that used in the hedging relationship.

Hedges of net investments in foreign operations: The Group uses commercial paper in foreign currency and other loans as hedging instruments. Changes in the fair value of the hedging instrument are reported in "Other comprehensive income" to the extent that the hedging is effective and the accumulated changes in fair value are reported as a separate component of equity. Profit or loss arising from the part of the hedge that is not effective is recognized immediately in profit for the year. Upon divestment of foreign operations, the gain or loss accumulated in equity is converted to profit for the year, which in turn increases or decreases the result for the sale.

Accounting for termination of hedging: Hedge accounting cannot be terminated according to decision. Hedge accounting ceases when:

- when the hedging instrument matures or is sold, liquidated or redeemed,
- when there is no longer an economic connection between hedged item and hedging instrument, or credit risk, value changes that result from the economic relationship dominate, and
- when hedge accounting no longer meets the goals of risk management.

Upon divestment of foreign operations, the gains or losses are reclassified from equity to the profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash and cash equivalents and immediately available balances with banks and corresponding institutions. Cash and cash equivalents are subject to the requirement for loss reserves for expected credit losses.

Hybrid bond

Bonds are classified as debt or equity based on whether there is any contractual obligation to settle the agreement by paying cash or another financial asset. This assessment applies to both nominal amount and interest payments. At initial recognition, the assessment has been made that the hybrid bond should be classified as an equity instrument and not as a liability. Interest on the hybrid bond is reported directly against equity.

Mandatory convertible bonds

During the period, SBB issued a mandatory convertible bond for SEK 2.75bn that will mature in 2023. The convertible bears an annual interest rate of 7 percent which is paid semi-annually, subject to the company's ability to defer interest payments under certain circumstances. Conversion to the company's Class B shares will be mandatory upon maturity at the latest. On initial reporting, a division into an equity component and a liability component was made in accordance with IAS 32. The liability reported corresponds to the present value of future interest payments. Equity constitutes the remainder of the capital issued. The issue costs have been divided between the two components.

Deferred tax

Deferred tax is reported on the difference between the carrying amount of assets and liabilities in the financial statements and the tax value used in calculating taxable profit. Deferred tax is reported in accordance with the so-called balance sheet method. Deferred tax liabilities are reported for taxable temporary differences and deferred tax assets are reported for deductible temporary differences to the extent that it is probable that the amounts can be utilized against future taxable surpluses. On the other hand, if the temporary difference arose in the first accounting of assets and

liabilities that constitute an asset acquisition, deferred tax is not reported. Deferred tax is calculated according to statutory tax rates that have been decided or announced on the balance sheet date and which are expected to apply when the deferred tax asset in question is realized or the deferred tax liability.

Cash flow

The cash flow statement is prepared in accordance with the indirect method as per IAS 7. This means that the result is adjusted with transactions that did not involve incoming or outgoing payments and for income and expenses attributable to the investment and/or financing activities.

NOTE 2 Information on new and future standards

New standards

The benchmark interest rate reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The changes provide temporary relief that concerns the effects of financial reporting when IBOR (interbank offered rate) is replaced with an alternative, almost-risk-free interest rate, RFR. The changes include the following relief measures:

- A practical way of requiring contract changes, or changes in cash flows that are directly necessary as a result of the reform, to be treated as changes in a variable interest rate, corresponding to a change in a market rate.
- Allowing changes required by the IBOR reform to be made to hedging designations and hedging documentation without interrupting the hedging relationship.
- Providing temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designed as a hedge of a risk component.

These changes have no impact on the Group's consolidated financial statements. The Group intends to use the above relief measures in future periods if they become applicable.

Amendments to IAS 1: Classification of liabilities

The amendments to IAS 1 clarify and specify the requirements for classifying liabilities as current or non-current. The amendments clarify the meaning of what is meant by a right to defer the settlement of the liability and that an unconditional right to defer the settlement must exist at the end of the accounting period. It is also clarified that the classification is unaffected by the probability that a company will exercise its right to defer settlement and likewise for convertible bonds where the conversion right has been classified as equity. The amendments enter into force for financial years beginning on or after 1 January 2023 and shall be applied retroactively. However, the IASB published a draft containing a proposal to postpone the effective date until 1 January 2024. SBB is monitoring the amendments and assesses their impact on its current accounting principles.

Amendments to IAS 37: Provisions, contingent liabilities and contingent assets

The amendments clarify what costs are to be regarded as inevitable when identifying and accounting for loss contracts. These include, on the one hand, expenses that are directly related to the agreement and, on the other, indirectly attributable expenses. The amendments enter into force for financial years beginning on 1 January 2022.

Amendments to IFRS 3: Business combinations

The IASB has implemented three amendments to IFRS 3 as a result of previous changes to the conceptual framework. At the same time, a new amendment is introduced, whereby liabilities and contingent liabilities within the scope of IAS 37 and IFRIC 21 are to be reported in accordance

with these instead of the conceptual framework. The amendment also clarifies that IFRS 3 does not include contingent assets in an acquisition analysis. The amendments enter into force for financial years beginning on 1 January 2022 and may be applied in advance.

IFRS 9 Financial instruments

The IASB has issued amendments to IFRS 9 that clarify which fees are to be included in the 10 percent test to determine if an extinguishment of a debt instrument has occurred. The amendment shall be applied to financial years beginning on 1 January 2022 and may be applied in advance. SBB has not applied the amendment in advance and the change is not deemed to have a significant impact on the Group.

New standards and interpretations not yet effective

A number of new standards and interpretations are effective for financial years commencing after 1 January 2022 and have not been applied at the time of the compilation of this financial statement. These new standards and interpretations are not expected to have a material impact on the consolidated financial statements in the current or upcoming periods or on future transactions.

3 NOTE Significant estimates and assessments

When preparing the financial reports, the executive management and the Board must make certain assessments and assumptions that affect the reported value of asset and liability items and income and expense items as well as information provided in other respects. The assessments are based on experiences and assumptions that the management and the Board consider to be reasonable under the prevailing circumstances. Actual outcomes can then differ from these assessments if other conditions arise. The assessments that are most important in the preparation of the company's financial reports are described below.

The accounting is particularly sensitive to the assessments and assumptions that lie in the valuation of investment properties. Investment properties are reported at fair value, which is determined by the executive management based on market assessment. Significant assessments have thus been made regarding, among other things, cost of capital and direct yield requirements as based on the appraisers' experience-based assessments of the market's return requirements for comparable properties. Cash flow estimates for operating, maintenance and administration costs are based on actual costs, but also experiences with comparable properties. Future investments have been assessed on the basis of the actual need that exists.

When acquiring companies, an assessment is made of whether the acquisition is to be classified as an asset acquisition or business combination. An asset acquisition exists if the acquisition relates to properties, but does not include organization, personnel and the processes required to conduct the business. Other acquisitions are business combinations.

In connection with property transactions, a comprehensive assessment is also made of the relevant facts and circumstances based on the terms of the contract to determine when risks, benefits and control are deemed to transition to determine the initial recognition of the asset. An investment property shall be recognized as an asset when it is probable that the future financial benefits will accrue to the company and the acquisition value can be reliably calculated. The financial benefits attributable to an investment property consist of both the net operating income and the asset's change in value. Based on the terms of the contract, the time when the future financial benefits will accrue to SBB is determined, as well as the time when SBB can exercise control by governing the use of the asset, which is considered to be initial recognition.

In connection with transactions, it sometimes happens that part of the agreed purchase price is conditional on future events. If the obligation to pay additional purchase price is not dependent on SBB's future operations, ie about the events that give rise to the payment is outside SBB's control, a liability is reported. On the other hand, the obligation to pay additional purchase price is dependent on SBB's future operations, an assessment is made as to whether the conditions for reporting a provision exist. Historically, additional purchase prices have only occurred to a limited extent, but in a review of the application of the principles, it has emerged that three

additional purchase prices that should have been reserved in 2020 and 2021. See note 30 for more information.

In close connection with some of SBB's acquisitions of properties, leases are entered into with the seller of the property, i.e., SBB acts as a buyer/lessor in sale and leaseback transactions. In cases where the lease is of a longer nature, there are material assessments in the classification of the lease as either a finance or operating lease, which affects whether the underlying property is recognized in the consolidated balance sheet at fair value in accordance with IAS 40 or is booked off the balance sheet and replaced by a lease receivable in accordance with IFRS 16. SBB analyses the lease's specific facts and circumstances and conducts both qualitative and quantitative assessments to determine the lease classification.

Another assessment issue in the report concerns the valuation of deferred tax. With consideration of the accounting rules, deferred tax is reported nominally without discounting. Current tax has been calculated based on a nominal tax rate of 20.6 percent in Sweden, 22 percent in Norway and Denmark and 20 percent in Finland. Calculations of deferred tax in Norway, Denmark and Finland have been made based on the same nominal tax rate as for current tax. For Sweden, deferred tax is calculated at a nominal tax rate of 20.6 percent on differences between the reported and tax value of assets and liabilities. The actual tax is deemed to be lower partly because of the possibility of selling properties in a tax-efficient manner and partly because of the time factor. When assessing loss carry-forwards, an assessment is made of the possibility of utilizing the deficits against future profits.

SBB has issued hybrid bonds of SEK 17.2bn. The hybrid bond has a perpetual maturity with running interest payments. SBB has the opportunity to redeem outstanding hybrid bonds as of first possible redemption day, which is 5-6 years from the issue date. At the first reporting date, the assessment was made that the hybrid bond should be classified as an equity instrument and not as a financial liability. The assessment underlying the classification is that there is no explicit contractual obligation to settle the agreement by paying cash or another financial asset. Nor are there any other circumstances indicating that the agreement will be settled in cash or another financial asset. SBB is entitled to postpone interest payments for an indefinite period in so far as hybrid bond holders are notified within the agreed period and the hybrid bond is subordinated to all other creditors.

Estimates and assessments are also made regarding goodwill in the form of an impairment test that is performed on an ongoing basis. When impairment testing goodwill, a number of significant assumptions and assessments must be taken into account in order to calculate the cash-generating unit's value in use. These assumptions and estimates relate to expected future discounted cash flows. Forecasts for future cash flows are based on the best possible estimates of future revenues and costs, as well as general market conditions and developments for the industry. Significant assumptions are set out in Note 13 Goodwill.

4 NOTE Operating segments

For reporting and follow-up, the Group has been divided into three segments: Residential, Community service and Other properties. The division is based on the differences in the nature of the segments and on the reporting the management obtains to follow up and analyse the business, as well as on the data obtained on which to base strategic decisions.

Below is a description of each segment:

- Residential properties consist primarily of apartments in apartment buildings but also includes townhouses.
- Community service properties consist of schools, retirement homes, housing for the disabled and properties where municipal and governmental agencies/authorities conduct their business.
- Other properties primarily consist of commercial properties for which the intention is to conduct a detailed planning process to develop the properties.

Financial year 01-01-2021 – 31-12-2021	Community service properties	Residential properties	Other properties	Total segments	Group items and adjustments	Group total
Rental income	4,467	1,128	335	5,930	-	5,930
Property costs	-1,152	-574	-157	-1,883	-	-1,883
Net operating income	3,315	554	178	4,047	-	4,047
Central administration	-	-	-	-	-290	-290
Acquisition and restructuring costs	-	-	-	-	-86	-86
Profit from associated companies/joint ventures	-	-	-	-	2,814	2,814
Profit before financial items	-	-	-	-	2,438	6,485
Interest income and similar items	-	-	-	-	274	274
Interest expenses and similar items	-	-	-	-	-1,069	-1,069
Profit from property management	-	-	-	-	1,643	5,690
Changes in value of investment properties	10,963	9,747	650	21,360	-	21,360
Dissolution of goodwill upon property sale	-	-	-	-	-252	-252
Results, production of residentials	-	-	-	-	9	9
Changes in value, derivatives	-	-	-	-	2,487	2,487
Profit before tax	14,278	10,301	828	25,407	3,887	29,294
Tax	-	-	-	-	-3,693	-3,693
Profit for the year	14,278	10,301	828	25,407	194	25,601
Investment properties	90,056	52,410	6,868	149,335		
Investments	2,079	1,652	179	3,910		
Value per sq.m. (SEK)	29,475	26,663	16,981	27,525		
Surplus ratio	74%	49%	53%	68%		

Financial year 01-01-2020 – 31-12-2020	Community service properties	Residential properties	Other properties	Total segments	Group items and adjustments	Group total
Rental income	4,012	843	266	5,121	-	5,121
Property costs	-1,086	-432	-124	-1,642	-	-1,642
Net operating income	2,926	411	142	3,479	-	3,479
Central administration	-	-	-	-	-224	-224
Acquisition and restructuring costs	-	-	-	-	-52	-52
Profit from associated companies/joint ventures	-	-	-	-	144	144
Profit before financial items	-	-	-	-	-132	3,347
Interest income and similar items	-	-	-	-	166	166
Interest expenses and similar items	-	-	-	-	-1,079	-1,079
Profit from property management	-	-	-	-	-1,045	2,434
Changes in value of investment properties	5,804	2,026	235	8,065	-	8,065
Dissolution of goodwill upon property sale	-	-	-	-	-468	-468
Changes in value, derivatives	-	-	-	-	-207	-207
Profit before tax	8,730	2,437	377	11,544	-1,720	9,824
Tax	-	-	-	-	-1,152	-1,152
Profit for the year	8,730	2,437	377	11,544	-2,872	8,672
Investment properties	67,109	18,102	4,973	90,185		
Investments	1,238	582	268	2,088		
Value per sq.m. (SEK)	23,402	23,380	15,722	22,784		
Surplus ratio	73%	49%	53%	68%		

Sweden accounts for 73 percent (73) of the Group's total revenue. Norway accounts for 14 percent (16) of the Group's total revenue and Finland and Denmark account for the rest of the Group's total revenue. Sweden accounts for 75 percent (81) of fixed assets (which are not financial

instruments or deferred tax assets), Norway accounts for 17 percent (19) and Finland and Denmark account for the remainder. There is no tenant that makes up more than 10 percent of the revenue.

NOTE 5 Contracted future rental income

Total rental income for the Group amounted to SEK 5,930m (5,121). All leases are classified as operating leases. The maturity structure for the lease contracts relating to non-terminable operating leases is shown in the table below. Residential and car rental contracts, which usually run on a three-months notice, are not included in the table.

Contracted future rental income	2021	2020
Contracted rental income within 1 year	5,145	4,165
Contracted rental income between 1 and 2 years	4,408	3,698
Contracted rental income between 2 and 3 years	3,913	3,154
Contracted rental income between 3 and 4 years	3,429	2,649
Contracted rental income between 4 and 5 years	3,089	2,268
Contracted rental income later than 5 years	28,084	19,583
Total	48,068	35,516

NOTE 6 Costs by type

	2021	2020
Property costs		
Operating costs	1,114	987
Maintenance	322	323
Property administration	317	217
Property tax	130	115
- of which personnel costs in property costs	218	128
Central administration		
Other external expenses	112	124
Acquisition and restructuring costs	86	52
Depreciation	5	2
Personnel costs	174	98
Total	2,259	1,918

NOTE 7 Fees to the auditor

Ernst & Young AB, Ernst & Young AS, Ernst & Young Oy, Ernst & Young A/S	2021	2020
Audit fees	36	17
Other auditing costs	0	0
Tax advice	2	1
Other services	0	3
Total	38	21
PwC AB	2021	2020
Audit fees	1	-
Total fees to the auditor	39	-

NOTE 8 Employees and personnel costs

	2021		2020	
	Average number of employees	Of which men, %	Average number of employees	Of which men, %
Average number of employees				
Subsidiaries in Sweden	360	62	220	62
Subsidiaries in Norway	24	33	19	68
Subsidiaries in Finland	6	50	6	50
Total subsidiaries	390	60	245	62
Parent Company	28	39	19	45
Total in the Group	418	59	264	61

	2021		2020	
	Number on the balance sheet date	Of which men, %	Number on the balance sheet date	Of which men, %
Gender distribution, Board and senior executives				
Board Members	7	71	6	67
CEO and other senior executives	9	44	8	63
Total in the Group	16	56	14	64

Personnel costs	2021	2020
Parent Company		
<i>Board of Directors and other senior executives</i>		
Salaries and other remuneration	21	16
Social security contributions	7	5
Pension costs	5	3
Total	33	24

Other employees		
Salaries and other remuneration	21	7
Social security contributions	7	2
Pension costs	4	3
Total	32	12

Subsidiaries		
<i>Board of Directors and other senior executives</i>		
Salaries and other remuneration	5	2
Social security contributions	2	1
Pension costs	1	0
Total	8	3

Other employees		
Salaries and other remuneration	223	148
Social security contributions	63	40
Pension costs	32	18
Other personnel costs	9	3
Total	327	209

Total personnel costs	400	248
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In the report, certain personnel costs have been reclassified and capitalized in projects when the rules have been applied. For this reason, the personnel costs in this note will not correspond to the cost category in Note 6.

Incentive schemes

The company introduced a bonus system that covers the years 2019-2021 and all employees. The bonus system consists of three parts, each of which will entitle one third of the maximum bonus amount. Two of the parts are determined by certain company-level goals being achieved according to the company's established annual report, while the last part is linked to individual goals. In order for the bonus to be paid at all, it is required that the part linked to individual goals is achieved and that one of the two of the goals that are linked to goals at the company level is achieved. Payment of bonus is made in connection with the salary payment that falls closest to the Annual General Meeting after which the company's annual report has been adopted.

SBB has an incentive programme for the company's current and future employees, which comprises 40,000,000 warrants that entitle the holder to subscribe for the corresponding number of Class B shares in the company. The incentive programme is established on market terms. The subscription price for new subscription of B shares corresponded to 130 percent of the company's B shares' volume-weighted average price during the 10 trading days after 23 February 2021, i.e., SEK 34.125. Subscription of B shares on the basis of warrants may take place in the period from on 1 March 2024 until 31 March 2024.

2021					
(amounts in SEK thousands)	Basic salary, Board fee	Variable compensation	Pension costs	Other remuneration	Total
Chairman of the Board					
Lennart Schuss	470	-	-	-	470
Board Member					
Sven-Olof Johansson	320	-	-	-	320
Hans Runesten	300	-	-	-	300
Fredrik Svensson	300	-	-	-	300
Eva Swartz Grimaldi	340	-	-	-	340
Anne-Grete Strøm-Erichsen	300	-	-	-	300
CEO					
Ilija Batljan	4,342	1,350	1,685	174	7,551
Deputy CEOs*					
Krister Karlsson	1,758	585	583	171	3,098
Lars Thagesson	2,830	968	1,034	246	5,078
Eva-Lotta Stridh	1,647	540	533	29	2,748
Oscar Lekander	1,424	450	432	100	2,406
Annika Ekström	2,166	788	838	198	3,989
Other senior executives (3):					
	6,397	720	362	131	7,610
Total	22,594	5,400	5,466	1,050	34,510

* Deputy CEOs were appointed on 8 December 2021, however, the entire year's remuneration for them is reported in the table above.

2020					
(amounts in SEK thousands)	Basic salary, Board fee	Variable compensation	Pension costs	Other remuneration	Total
Chairman of the Board					
Lennart Schuss	470	-	-	-	470
Board Member					
Sven-Olof Johansson	320	-	-	-	320
Hans Runesten	300	-	-	-	300
Fredrik Svensson	300	-	-	-	300
Eva Swartz Grimaldi	340	-	-	-	340
Anne-Grete Strøm-Erichsen	300	-	-	-	300
CEO					
Ilija Batljan	3,624	600	1,203	144	5,571
Deputy CEOs					
Krister Karlsson	1,587	260	412	-	2,259
Lars Thagesson	2,614	430	735	-	3,779
Other senior executives (5):					
	5,397	1,216	1,288	186	8,087
Total	15,817	2,506	3,638	329	21,725

Remuneration and terms for senior executives

Remuneration of the CEO and other senior executives consists of basic salary and pension benefits, as well as variable compensation in the form of bonuses. Other senior executives mean those persons who together with the CEO form the management team.

The CEO has a period of notice of 6 months if the termination is from the company and if the CEO chooses to terminate his employment, the period of notice is also 6 months. In the event of termination by the employer, severance pay of 12 months salary is to be paid. The pension benefit for the CEO is 30 percent of the pensionable salary.

NOTE 9 Financial income

Assets valued at amortized cost	2021	2020
Interest income from other financial assets	129	84
Interest income from joint ventures	28	36
Profit from other participations	95	-
Other	22	46
Total interest income based on the effective interest method	274	166

NOTE 10 Financial expenses

Liabilities at fair value	2021	2020
Interest expenses, interest rate derivatives	- 19	-55
Exchange rate differences, interest rate derivatives	18	-14
Total reported in profit (financial items)	2	-69

Liabilities valued at amortized cost	2021	2020
Interest expenses, other financial liabilities	- 817	-763
Depreciation of arrangement fees	- 256	-199
Premium, repurchased bonds	- 2	-1
Other financial expenses	-72	-139
Exchange rate differences, financial items*	- 100	117
Total interest expenses based on effective interest method	-1,046	-985
Total interest expenses and similar items	- 1,048	-1,054

* Not calculated according to the effective interest method

During the year, SEK 87m (31) in interest payments were capitalized for investments in the property portfolio, where an interest rate of 3 percent (3) was used.

NOTE 11 Leases

The Group's material leases mainly consist of land lease agreements. In the table below the carrying amount of the Group at the beginning of the year and end of the year for land lease agreements and lease liabilities including changes during the year is reported.

31-12-2021	Land lease agreements	Lease liability
Opening balance	614	614
Additional agreements	83	83
Outgoing agreements	-58	-58
Closing balance	639	639

31 December 2020	Land lease agreements	Lease leasing
Opening balance	445	445
Additional agreements	169	169
Closing balance	614	614

In addition to the land lease agreements there are some leasing agreements of less value such as cars, office equipment etc. For these agreements the exception rule in IFRS 16 applicable for lease agreements of low value has been applied where the leasing fee is accounted as a linear cost over the leasing period in the income statement and no asset/liability is reported in the balance sheet.

The following table shows the amounts related to the leasing activity reported in the consolidated income statement during the year.

	2021	2020
Interest expense on leases	21	18
Cost for lease agreements where the underlying asset is of lesser value	-	7
Reported leasing	21	25

The annual land lease fee is SEK 21m (18). Leaseholds are according to IFRS 16 considered as an perpetual lease and the carrying amount will thereby not be depreciated, but rather the value will remain until leasehold fees are renegotiated. The leasing liability that arises is not repaid, but rather the value remains until leasehold fees are renegotiated.

NOTE 12 Tax

SBB reports tax expenses in the form of current tax and deferred tax, calculated on the basis of current tax rate of 20.6 percent in Sweden, 22 percent in Norway and Denmark and 20 percent in Finland.

	2021	2020
Tax for the year	-247	-164
Deferred tax properties	-3,328	-1,076
Deferred tax loss carryforwards	73	-9
Deferred tax, financial instruments	-169	58
Deferred tax other	-21	39
Reported tax	-3,693	-1,152

Reconciliation of effective tax rate	2021	2020
Profit before tax	29,294	9,824
Tax according to the applicable tax rate for the Parent Company 20.6% (21.4%)	6,035	2,102
Tax effect of:		
Other tax rates within the Group	60	-18
Tax attributable to previous years	16	-7
Non-taxable income from the sale of shares in subsidiaries	-1,629	-532
Other non-taxable income	-804	-119
Unrecognized income to be recorded	-567	174
Non-deductible expenses	-40	191
Unrecognized income to be deducted	-13	0
Utilization of previously unused loss carryforwards	-111	-62
Other tax adjustments	-151	57
Tax depreciation	-43	28
Temporary differences regarding properties	940	-662
Reported tax	3,693	1,152
Effective tax rate	13%	12%

The Group has tax items that are reported in other comprehensive income as a result of the hedge accounting. All tax-loss carryforwards have been taken into account in the calculation of deferred tax. As of 31 December 2021, the tax-loss carryforwards amounted to SEK 3.0bn.

Information on deferred tax assets and tax liabilities

The following table details the tax effect of the temporary differences:

Deferred tax	2021	2020
Deferred tax properties	11,421	8,113
Deferred tax, untaxed reserves	86	47
Deferred tax loss carryforwards	-1,179	-1,009
Deferred tax derivatives	125	-23
Deferred tax other	-25	-53
Reported deferred tax liability	10,428	7,075

NOTE 13 Goodwill

Goodwill	31-12-2021	31-12-2020
Opening balance	6,319	6,687
Acquisition	-	100
Sales	-253	-468
Closing balance	6,066	6,319

Goodwill is mostly attributable to the acquisition of Hemfosa. The acquisition of Hemfosa is classified, from an accounting point of view, as a business combination in accordance with IFRS 3. This means that assets acquired, liabilities assumed and contingent liabilities are assumed to be measured at their fair value at the acquisition date. The difference between the cost for the acquired assets and the real value of the acquired assets is allocated to goodwill.

In connection with the acquisition, goodwill arose amounting to SEK 6,666m in terms of the difference between the acquired shares and the net assets. Goodwill is comprised of two parts. It mostly comprises of the synergy effects resulting from lowered financial- and administration costs. This part amounts to SEK 4,275m. In addition, there is a reported goodwill attributable to the difference between nominal tax and the deferred tax that is calculated on the acquisition of properties in company format that must be reported among business combinations. For reported goodwill, a

corresponding amount is recognized under the item deferred tax. Due to properties having been sold, this part decreased by SEK 253m during the year. In connection with the acquisition of Sveafastigheter, goodwill of SEK 97m arose with an equivalent amount recognized as deferred tax.

Impairment testing

Goodwill is tested for impairment at the lowest levels where there are separate identifiable cash flows (cash-generating units), which for the Group comprise the segments Community service properties and Other.

The impairment test for the Group's goodwill consists of assessing whether the unit's recoverable value is higher than its carrying amount for each cash-generating unit to which the goodwill belongs. The recoverable amount has been calculated on the basis of the unit's value in use, which is the present value of the unit's expected future cash flows without regard to any future business expansion and restructuring. The calculation of the value in use has been based on:

- A discount rate of 4.4 percent before tax.
- A forecast of cash flows over the next 5 years.

The discounted cash flow model includes forecasting of future cash flows from operations, including estimates of rental income and operating profit (EBIT). The important assumptions that drive expected cash flows over the next five years, in addition to cash flows, comprise the cost of financing and tax. The values have been estimated on these variables mainly based on and in accordance with historical experience. The calculations show no need for impairment and they do not indicate that any reasonably possible changes in important assumptions would lead to an impairment requirement. Goodwill has been allocated to the following cash-generating units:

	31-12-2021	31-12-2020
Community service properties	5,462	5,741
Other	599	578
Total	6,066	6,319

NOTE 14 Investment properties

The Group divides its property portfolio into three different categories: residential properties, community service properties and other properties.

31-12-2021 Fair value	Community service properties	Residential properties	Other properties	Total
Opening carrying amount	67,109	18,102	4,973	90,185
Acquisition	21,704	28,685	2,084	52,474
Investments	2,079	1,652	179	3,910
Sales	-13,071	-5,562	-748	-19,381
Unrealized value changes	10,364	9,575	515	20,620
Reclassifications	187	-42	-145	-
Translation differences	1,518	-	10	1,527
Closing carrying amount	90,056	52,410	6,868	149,335

2021 Value changes	Community service properties	Residential properties	Other properties	Total
Unrealized value changes	10,364	9,575	515	20,620
Realized value changes	433	172	135	740
Total	10,797	9,747	650	21,360

31-12-2020 Fair value	Community service properties	Residential properties	Other properties	Total
Opening carrying amount	61,547	13,230	4,765	79,542
Acquisition	8,923	5,146	459	15,029
Investments	1,239	581	268	2,088
Sales	-9,647	-2,866	-1,009	-13,522
Unrealized value changes	6,376	2,010	252	8,638
Reclassifications	-274	-	274	-
Translation differences	-1,555	0	-35	-1,590
Closing carrying amount	67,109	18,102	4,973	90,185

2020 Value changes	Community service properties	Residential properties	Other properties	Total
Unrealized value changes	6,376	2,010	252	8,638
Realized value changes	-572	16	-17	-573
Total	5,804	2,026	235	8,065

The value of the property portfolio has been based on external valuations made by Newsec, JLL, Savills, Cushman & Wakefield and Colliers. The valuations have been based on an analysis of future cash flows for each property, taking into account the current lease terms, market situation, rental levels, operating, maintenance and management administration costs and investment needs. The yield requirements used in the valuation are in the range of 2.10 percent to 17.0 percent, with an average value of 4.34 percent (5.05). The value of the properties includes approximately SEK 3,951m for building rights that have been valued by applying the local price method, which means that the assessment of the value is based on comparisons of prices for similar building rights. Fair value has thus been assessed in accordance with IFRS 13 level 3. For a description of levels in the fair value hierarchy, see Note 1.

The unrealized changes in the value of investment properties held as of the balance sheet date are reported in the income statement under "Changes in value of properties". They were part of the value creation from building rights development and new production of SEK 6,612m (2,224). The remaining part is attributable to increased net operating income as a result of investments and leases in the property portfolio and reduced yield requirements.

SBB initiated new production projects with a total investment volume of just under SEK 9bn.

Sales to joint ventures in SEK	2021	2020
Fair value, properties	15,607,006,356	-
SBB Group's profit after elimination of internal profit (50 percent of the capital gain)	579,216,308	-
Previously reported unrealized change in the value of properties sold	378,321,406	-
Total profit from properties sold to joint ventures (excluding tax)	957,537,714	-

Sensitivity analysis

The property valuations are made according to accepted principles based on certain assumptions. The table on the next page presents how the value has been impacted by a change in certain parameters assumed for the valuation. The table provides a simplified illustration as a single parameter is unlikely to change in isolation.

	Change	Value impact			
		Residential properties	Community service properties	Other properties	Total
31-12-2021					
Rental value	+/- 5%	SEK 3,262/-3,262m	SEK 3,335/-3,334m	SEK 328/-328m	SEK 6,925/-6,924m
Discount rate	+/- 0.25 %	SEK -3,160/3,740m	SEK -2,903/3,124m	SEK -153/162m	SEK -6,215/7,026m
Yield requirements	+/- 0.25 %	SEK -3,232/3,831m	SEK -2,822/3,150m	SEK -161/178m	SEK -6,215/7,159m

	Change	Value impact			
		Residential properties	Community service properties	Other properties	Total
31-12-2020					
Rental value	+/- 5%	SEK 899/-899 m	SEK 2,671 /-2,677 m	SEK 241 /-241 m	SEK 3,811 /-3,817 m
Discount rate	+/- 0.25 %	SEK -706 /800 m	SEK -1,897 /1,948 m	SEK -113 /119 m	SEK -2,716 /2,867 m
Yield requirements	+/- 0.25 %	SEK -757 /864 m	SEK -1,968 /2,152 m	SEK -102 /123 m	SEK -2,827/3,139 m

Valuation basis

Each assumption for a property is assessed individually based on the knowledge available about the property, as well as the external appraisers' market information and experience-based assessments. These assumptions are presented below.

Category	Property value, SEKm	Number of properties	Rental value, SEKm	Net operating income, SEKm	Vacancy rate, average, %	Leasable area, thousand sq.m.	Long-term yield, %	Share of fixed amount within +/- 1.5 percentage points, %	Long-term yield, average, %
Residential properties	52,410	724	2,370	1,393	93.9	1,966	2.10 - 7.16	81.9	3.33
Community service properties									
Education	42,145	630	2,081	1,647	96.0	1,317	3.00 - 10.00	94.7	4.87
Elderly care units & housing for the disabled	24,602	654	1,255	970	97.8	848	2.70 - 17.00	93.0	4.46
Other community service properties	23,309	159	1,319	934	93.7	890	3.37 - 8.50	78.0	4.91
Other	6,868	74	431	187	76.6	404	2.35 - 8.50	91.0	5.49
Total	149,335	2,241	7,456	5,130	94.1	5,425	2.10 - 17.00	70.9	4.34

NOTE 15 Equipment

	31-12-2021	31-12-2020
Opening cost	44	50
Acquisitions for the year	52	9
Sales and disposals	-7	-15
Closing balance	89	44
Opening depreciation	-22	-29
Sales and disposals	-2	-5
Accumulated depreciation on acquisitions	3	19
Depreciation for the year	-20	-4
Reclassifications	0	-1
Closing balance	-41	-22
Closing carrying amount	48	22

NOTE 16 Shares in associates/joint ventures

	31-12-2021	31-12-2020
Opening cost	2,867	909
Acquisitions for the year	9,835	1,913
Share of profit	2,814	144
Shareholder contributions	4,107	126
Translation differences	41	-41
Reclassification	-1,503	-
Disposals for the year	-1,787	-183
Closing carrying amount, share of capital	16,373	2,867

Holdings	Classification	Main activity	Share of capital		Carrying amount		Share of profit	
			31-12-2021	31-12-2020	31-12-2021	31-12-2020	31-12-2021	31-12-2020
SBB Kåpan Bostad AB	Joint venture	Own, manage, develop properties	50%	-	1,526	-	501	-
Public Property Invest AS	Joint venture	Own, manage, develop properties	48%	50%	1,736	-	427	-
JM AB (Publ)	Associated companies	Property development	28%	-	6,566	-	301	-
Sveaviken Nordsten Holding AB	Associated companies	Property development	38%	38%	214	1	192	-
Offentlig Eiendom AS	Associated companies	Property development	-	34%	-	319	184	-
Svenska Myndighetsbyggnader Holding AB	Joint venture	Own, manage, develop properties	50%	-	1,739	-	156	-
Slaggborn Utvecklings AB	Joint venture	Property development	50%	50%	190	47	142	11
Idun Domum AB	Joint venture	Property development	50%	50%	125	-	124	-
HusBacc Utv Hold AB	Joint venture	Property development	50%	50%	194	78	116	-
Fastighets AB Stenbäckens Idbär	Joint venture	Own, manage, develop properties	50%	-	127	-	94	-
Magsam Holding AB	Joint venture	Property development	50%	50%	119	9	83	-2
Samtitania Fastighetsutveckling AB	Joint venture	Property development	50%	-	76	-	76	-
Odalen SBB Projekt 1 AB	Joint venture	Property development	50%	50%	86	31	54	-5
Odalen Stensta Utveckling AB	Joint venture	Property development	50%	-	63	-	39	-
Kuststaden Projektutveckling AB	Associated companies	Property development	0%	21%	-	143	37	-
PPE Holding AB	Associated companies	Property development	38%	38%	127	95	35	86
SBB Genova Nackahusen AB	Joint venture	Property development	50%	50%	63	30	33	-
Klarsam Fast Utv AB	Associated companies	Property development	40%	40%	40	8	32	-
Solon Eiendom AS	Associated companies	Property development	-	-	-	-	23	-
Mölnlyckes Haga Utveckling AB	Joint venture	Own, manage, develop properties	50%	-	22	-	21	-
Trummedalen Fastigheter AB	Joint venture	Property development	50%	-	45	-	20	-
Odalen Upphandling 1 AB	Joint venture	Property development	50%	50%	24	-	20	-
BCAC-Hus förv. AB	Associated companies	Own, manage, develop properties	10%	10%	2	-	18	-
Bokoop Fastighet AB	Joint venture	Property development	50%	50%	16	1	15	-
Publicus one Publicus	Associated companies	Own, manage, develop properties	32%	-	102	-	14	-
Tillbringaren 2 Hold AB	Joint venture	Own, manage, develop properties	49%	49%	32	19	14	6
Bryggkaffe Fast AB	Joint venture	Own, manage, develop properties	50%	50%	31	21	10	-
Offentliga Hus AB (publ)	Associated companies	Own, manage, develop properties	-	37%	-	1,444	10	-4
Varpslagg Fast Utv AB	Associated companies	Property development	40%	40%	11	2	9	-
Kuttervägen Holding AB	Joint venture	Property development	50%	50%	20	10	9	-
Origa Care	Associated companies	Own, manage, develop properties	35%	-	101	-	6	-
Sommarsol Exploatering AB	Joint venture	Property development	50%	50%	5	1	5	-
Cronsjö Fast Utv AB	Associated companies	Own, manage, develop properties	-	30%	-	1	4	-
Preservium Property AB	Associated companies	Own, manage, develop properties	35%	-	168	-	4	-
Samterna Holding 1 AB	Joint venture	Property development	50%	50%	4	-	4	-
Arlandastad Group AB	Associated companies	Property development	20%	-	856	-	3	-
Gullbern Fast Utv AB	Associated companies	Property development	40%	40%	5	1	3	-
Samhäll 102 AB	Joint venture	Property development	50%	50%	4	2	3	-
KlaraBo Förv AB	Associated companies	Own, manage, develop properties	-	49%	-	399	2	83
Bolivo	Joint venture	Own, manage, develop properties	50%	-	152	-	1	-
Nöthagen Utv AB	Joint venture	Property development	50%	50%	1	-	1	-
SBB Genova Gåshaga Holding AB	Joint venture	Property development	50%	50%	113	112	1	-
Solon Eiendom Holding AS	Joint venture	Property development	50%	-	1,587	-	-	-
Solhemmet Samhällsfastigheter AB	Joint venture	Property development	50%	50%	-	-1	-3	-1
Fastighetsutveckling IB 117 AB	Joint venture	Own, manage, develop properties	50%	-	-6	-	-8	-
iBoxen Infrastruktur Sverige AB	Associated companies	Postboxes	35%	35%	7	3	-10	-
Gardermoen Campus Utvikling AS	Joint venture	Property development	65%	65%	50	57	-11	-
Minor holdings (19 companies)					29	35	-2	-30
Total					16,373	2,867	2,814	144

Information on significant holdings

Holdings in joint ventures and associated companies that are considered significant for the Group are detailed below.

2021 (SEKm)	JM AB	SBB Kåpan Bostad AB	Svenska Myndighets- byggnader Holding AB	Public Property Invest AS	Solon Eiendom Holding AS	KlaraBo förvaltning AB	Offentliga hus AB (publ)
Fixed assets	584	5,992	10,392	8,672	36	-	-
Cash and cash equivalents	3,981	285	24	198	536	-	-
Other current assets	19,826	136	-1,519	321	6,030	-	-
Long-term financial liabilities	-818	-2,254	-4,755	-4,879	-1,949	-	-
Other long-term liabilities	-3,396	-665	-209	-240	-262	-	-
Short-term financial liabilities	-7,566	-	-	-129	-1,860	-	-
Other current liabilities	-4,227	-439	-222	-355	-562	-	-
Net assets	8,384	3,055	3,710	3,586	1,968	-	-
Net sales	15,650	102	-	67	398	-	-
Operating and maintenance expenses	-12,435	-50	-	-11	-372	-	-
Central administration	-987	-6	-	-	-14	-	-
Depreciation	-	-	-	-	-1	-	-
Net financial items	-80	-22	-	-83	-10	-	-
Changes in value, property	-	1,219	479	1,004	-	-	-
Tax	-343	-240	-167	-222	-	-	-
Profit for the year	1,805	1,003	312	755	-	-	-
Other comprehensive income	208	-	-	60	-	-	-
Comprehensive income for the year	2,013	1,003	312	815	-	-	-
of which Group's share	307	501	156	427	-	-	-
Reconciliation of carrying amounts							
Opening net assets	-	-	-	-	-	815	3,902
Acquisitions for the year	22,650	1,850	-	3	-	-	-
Contribution for the year	-	200	3,398	2,746	3,202	-	-
Reclassifications	-	-	-	-	-	-	- 3,902
Disposals for the year	-	-	-	-	-	-815	-
Profit for the year	1,090	1,003	312	755	1	-	-
Other comprehensive income for the year	23	-	-	60	-	-	-
Closing net assets	23,762	3,053	3,710	3,564	3,203	-	-
The Group's share in %	28.1%	50%	50%	48.4%	49.5%	-	-
The Group's share in SEK million	6,566	1,526	1,855	1,725	1,586	-	-
Carrying amount	6,566	1,526	1,739	1,736	1,587	-	-

2020 (SEKm)	JM AB	SBB Kåpan Bostad AB	Svenska Myndighets- byggnader Holding AB	Public Property Invest AS	Solon Eiendom Holding AS	KlaraBo förvaltning AB	Offentliga hus AB (publ)
Fixed assets	-	-	-	-	-	1,824	9,391
Cash and cash equivalents	-	-	-	-	-	79	523
Other current assets	-	-	-	-	-	3	94
Long-term financial liabilities	-	-	-	-	-	-925	-5,387
Other long-term liabilities	-	-	-	-	-	-63	-377
Short-term financial liabilities	-	-	-	-	-	-75	-
Other current liabilities	-	-	-	-	-	-44	-631
Net assets	-	-	-	-	-	799	3,613
Net sales	-	-	-	-	-	128	535
Operating and maintenance expenses	-	-	-	-	-	-66	-185
Central administration	-	-	-	-	-	-9	-76
Depreciation	-	-	-	-	-	-	-
Profit from associated companies/joint ventures	-	-	-	-	-	-	1
Net financial items	-	-	-	-	-	-19	-232
Changes in value, property	-	-	-	-	-	177	-20
Change in value of derivatives	-	-	-	-	-	-	-14
Tax	-	-	-	-	-	-41	-7
Profit for the year	-	-	-	-	-	170	2
Other comprehensive income	-	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	-	170	2
of which Group's share	-	-	-	-	-	83	-4
Reconciliation of carrying amounts							
Opening net assets	-	-	-	-	-	644	-
Acquisitions for the year	-	-	-	-	-	-	3,912
Profit for the year	-	-	-	-	-	170	-10
Other comprehensive income for the year	-	-	-	-	-	-	-
Closing net assets	-	-	-	-	-	815	3,902
The Group's share in %	-	-	-	-	-	49%	37%
The Group's share in SEK million	-	-	-	-	-	399	1,444
Carrying amount	-	-	-	-	-	399	1,444

Information on other holdings

SEKm	31-12-2021	31-12-2020
Total carrying amount for non-significant associates/ joint ventures	3,219	1,024
Total amount for the Group's share of:		
Profit from continuing operations	1,164	94
Profit after tax from discontinued operations	259	-30
Other comprehensive income	6	-
Total comprehensive income	1,428	64

NOTE 17 Financial instruments

Financial assets and liabilities per valuation category

The table below presents the Group's financial assets and liabilities, as at carrying amount and fair value, classified in the categories according to IFRS 9.

Valuation of financial assets and liabilities

SEKm	Financial assets/ liabilities measured at fair value through profit or loss		Financial assets/ liabilities measured at amortized cost	
	31-12- 2021	31-12- 2020	31-12- 2021	31-12- 2020
Financial assets				
Receivables from associated companies/joint ventures	-	-	3,885	827
Derivatives	547	129	-	-
Financial fixed assets at fair value	4,530	2,931	-	-
Other long-term receivables	-	-	207	-
Rent receivables	-	-	219	91
Other current receivables	-	-	1,959	2,398
Cash investments	53	-	-	-
Cash and cash equivalents	-	-	9,837	13,606
Total	5,130	3,060	16,107	16,922
Financial liabilities				
Liabilities to credit institutions	-	-	23,732	12,064
Bond loans	-	-	53,094	37,784
Commercial papers	-	-	11,169	5,418
Other long-term liabilities	-	-	292	1,259
Derivatives	30	267	-	-
Accounts payable	-	-	181	117
Liability, cash collateral	-	-	5,607	-
Other current liabilities	-	-	3,923	2,336
Total	30	267	97,998	58,978

Credit risk exposure

The maximum credit risk of the assets consists of the net amounts of the reported values in the table above. The Group has not received any pledged assets for the financial net assets.

Financial fixed assets at fair value

The item refers to holdings in both listed and unlisted shares and other securities valued at fair value with a change in value in the result. The holdings have thus been valued in accordance with both Level 1 and Level 3. The listed shares have been valued at a quoted price on the market. For unlisted shares and other securities, input data such as recent issues and other unobservable data have been used to determine the value.

Derivatives

The fair value of interest rate swaps are based on a discount of estimated future cash flows according to the contracts and maturities and based on market interest rate on the balance sheet date.

Change for the derivatives in level 2 is presented below.

	31-12-2021	31-12-2020
Opening carrying amount	-138	48
New acquisitions	326	114
Disposals	-32	-93
Value changes in earnings	360	-207
Closing carrying amount	517	-138

Cash investments

The item refers to investments in listed companies.

Interest-bearing receivables and liabilities

For the purpose of disclosure, a fair value of interest-bearing receivables and liabilities is calculated by discounting future cash flows capital and interest discounted at current market interest rates. The fair value corresponds to the carrying amount when the interest rate corresponds to current market interest rate and that the credit margin is the same as when the loans were entered.

Liability, cash collateral

At the end of September, SBB signed a Total Return Swap (TRS) regarding cash investments in shares. Because, from an accounting perspective, SBB retains the principal risks/benefits of owning the shares, the accounting consequence of the TRS was that SBB received cash and cash equivalents while simultaneously having to post a liability of the same amount under "cash collateral liability".

Current receivables and liabilities

For the following current receivables and liabilities, the carrying amount is assessed to reflect the fair value: rental receivables, other current receivables, accounts payable and other current liabilities. Any classification in levels according to the valuation hierarchy is not made for these items.

Valuation at fair value

The table on the next page presents the Group's financial instruments valued at fair value based on the classification in the fair value hierarchy.

SEKm	31-12-2021			31-12-2020		
	Listed prices on active markets (Level 1)	Other observable input data (Level 2)	Non-observable input data (Level 3)	Listed prices on active markets (Level 1)	Other observable input data (Level 2)	Non-observable input data (Level 3)
Assets at fair value						
Financial fixed assets at fair value	4,479	-	51	2,890	-	41
Derivatives	-	547	-	-	129	-
Cash investments	53	-	-	-	-	-
Assets for which information on fair value is provided						
Receivables from associated companies/joint ventures	-	-	3,885	-	-	827
Liabilities at fair value						
Derivatives	-	30	-	-	267	-
Liabilities for which information on fair value is provided						
Liabilities to credit institutions	-	-	23,732	-	-	12,064
Bond loans	-	-	53,094	-	-	37,784
Commercial papers	-	-	11,169	-	-	5,418
Other long-term liabilities	-	-	292	-	-	1,259

No movement occurred between the levels in the fair value hierarchy in 2021 or 2020.

Bond bonds as of 31-12-2021

Term	ISIN	SEKm	Repurchased by SBB	Maturity date	Interest rate	Type
2019-2023	XS2066041661	1,000	-	01-02-2023	1.01% + STIBOR	
2019-2022	XS2078676322	300	-	11-03-2022	0.85%	
2020-2025	XS2275409824	200	-	18-12-2025	1.17% + STIBOR	Social
2019-2022	XS2021634675	500	-50	04-07-2022	1.20% + STIBOR	Green
2019-2024	SE0012256741	500	-313	14-02-2024	3.30% + STIBOR	Green
2019-2023	XS2050862262	800	-80	06-09-2023	1.15% + STIBOR	Green
2020-2027	XS2111589219	600	-	30-01-2027	1.50% + STIBOR	Green
2019-2023	XS2000538699	200	-75	22-05-2023	1.40% + STIBOR	
2019-2023	XS2078737306	700	-25	11-05-2023	1.07%	
2019-2024	SE0012313245	200	-148	19-02-2024	3.25% + STIBOR	
2019-2025	XS1997252975	1,100	-359	14-01-2025	1.90% + STIBOR	
2021-2023	XS2290558282	1,000	-20	26-07-2023	0.80% + STIBOR	Social
2019-2022	XS2059787049	600	-110	03-10-2022	0.95% + STIBOR	
2019-2023	SE0013042611	700	-379	27-03-2023	4.40% + STIBOR	Offentliga Hus, Green
2020-2024	SE0014965919	550	-223	12-04-2024	3.15% + STIBOR	Offentliga Hus, Green
2020-2023	XS2208267596	2,750	-2,738	24-07-2023	7%	Mandatory convertible bonds

Term	ISIN	EURm	Repurchased by SBB	Maturity date	Interest rate	Type
2020-2027	XS2114871945	750	-	12-08-2027	1.00%	
2020-2040	XS2151934978	50	-	03-04-2040	2.75%	
2019-2026	XS2049823680	500	-	04-09-2026	1.13%	
2019-2025	XS1993969515	550	-3	14-01-2025	1.75%	
2020-2028	XS2271332285	700	-	14-12-2028	0.75%	Social
2021-2023	XS2293906199	600	-	01-02-2023	0.65% + EURIBOR	
2021-2029	XS2346224806	950	-	26-11-2029	1.13%	Social

Term	ISIN	NOKm	Repurchased by SBB	Maturity date	Interest rate	Type
2020-2023	XS2124186508	400	-	24-02-2023	0.72% + NIBOR	
2020-2025	XS2194790429	800	-	26-06-2025	1.99% + NIBOR	
2019-2024	XS2085870728	1,000	-	28-11-2024	3.12%	
2020-2023	XS2203994517	200	-	14-07-2023	0.15% + NIBOR	
2020-2025	XS2223676201	700	-	27-08-2025	1.65% + NIBOR	

NOTE 18 Other receivables

	31-12-2021	31-12-2020
Receivables, property transactions	1,662	2,081
Tax account	282	208
Other	15	109
Carrying amount	1,959	2,398

NOTE 20 Cash and cash equivalents

	31-12-2021	31-12-2020
Cash and bank balances	9,837	13,606
Carrying amount	9,837	13,606

NOTE 19 Prepaid expenses and accrued income

	31-12-2021	31-12-2020
Accrued income	108	84
Prepaid acquisition costs	19	28
Earned but not invoiced income	15	20
Prepaid project costs	165	0
Prepaid operating costs	13	0
Prepaid insurance	11	11
Prepaid property tax	0	18
Prepaid rent	69	74
Other	140	8
Carrying amount	540	243

NOTE 21 Equity

Change in share capital in SEK

	Number of ordinary class A shares	Number of ordinary class B shares	Number of ordinary class D shares	Number of preference shares	Share capital
Opening balances 01-01-2021	209,977,491	1,119,504,867	179,881,880	30,713	150,939,495
Reduction of preference shares 26-02-2021	-	-	-	- 30,713	- 3,072
New issue 03-03-2021	-	-	12,843,096	-	1,284,309
New issue 15-04-2021	-	-	1,009	-	101
New issue 21-04-2021	-	-	1,023,614	-	102,361
New issue 11-05-2021	-	-	116,306	-	11,631
Exchange convertible 29-06-2021	-	88,739,493	-	-	8,873,949
Exchange convertible 09-08-2021	-	2,354,230	-	-	235,423
New issue 24-08-2021	-	6,270,833	-	-	627,083
New issue 19-11-2021	-	17,035,513	-	-	1,703,551
New issue 10-12-2021	-	7,259,471	-	-	725,947
Closing balances 31-12-2021	209,977,491	1,241,164,407	193,865,905	-	164,500,778

	Number of ordinary class A shares	Number of ordinary class B shares	Number of ordinary class D shares	Number of preference shares	Share capital
Opening balances 01-01-2020	209,977,491	1,030,549,096	104,425,359	30,713	134,498,266
Non cash/set off issue 14-01-2020	-	9,782,909	773,778	-	1,055,669
Non cash/set off issue 20-01-2020	-	6,910,394	953,874	-	786,427
Non cash/set off issue 20-01-2020	-	647,364	-	-	64,736
Non cash/set off issue 04-02-2020	-	3,650,061	366,940	-	401,700
Non cash/set off issue 26-02-2020	-	6,575,281	-	-	657,528
New issue 17-07-2020	-	-	21,303,990	-	2,130,399
Non cash/set off issue 01-09-2020	-	-	44,197,779	-	4,419,778
New issue 13-10-2020	-	14,108,000	-	-	1,410,800
New issue 03-11-2020	-	2,748,000	-	-	274,800
Non cash/set off issue 18-12-2020	-	44,533,762	-	-	4,453,376
Non cash/set off issue 29-12-2020	-	-	7,860,160	-	786,016
Closing balances 31-12-2020	209,977,491	1,119,504,867	179,881,880	30,713	150,939,495

Share capital

On 31 December 2021, the share capital amounted to SEK 164,500,780.30 and the quota value was SEK 0.1, divided into 209,977,491 ordinary shares of class A, 1,241,164,407 ordinary shares of class B and 193,865,905 ordinary shares of class D. Holders of ordinary shares of class A and B are eligible for dividends as determined afterwards. Holders of Class D ordinary shares are entitled to five times the total dividend on Class A and B ordinary shares, although not to more than SEK 2 per share and year. The shareholding entitles the right to vote at the Annual General Meeting with one vote per share for ordinary share class A and 0.1 per share for ordinary share class B and ordinary share class D. All ordinary shares have the same right to the Samhällsbyggnadsbolaget in the Nordic region's remaining net assets. All shares are fully paid and no shares are reserved for transfer. No shares are held by the company itself or its subsidiaries.

Other contributed capital

Other contributed capital consists of capital contribution by the owners to Samhällsbyggnadsbolaget i Norden AB (publ) in the form of shareholder contributions and share premium at issues of common shares as well as preference shares.

Hybrid bond

SBB has issued unsecured hybrid bonds totalling SEK 17.2bn. The hybrid bonds have a perpetual maturity and thus have no maturity date, but the

company has the right to redeem the hybrid bonds at a specified future date and then at each subsequent interest payment date, as well as in certain specific events. The company has the right to postpone interest payments for an indefinite period, as long as the holders of the hybrid bonds are notified within the agreed period.

At initial recognition, the assessment was made that the hybrid bond should be classified as an equity instrument and not as a financial liability. The assessment underlying the classification is that there is no explicit contractual obligation to settle the agreement by paying cash or another financial asset. Nor are there any other circumstances indicating that the agreements will be settled in cash or another financial asset. SBB is entitled to postpone interest payments for an indefinite period in so far as hybrid bond holders are notified within the agreed period and the hybrid bond is subordinated to all other creditors.

The hybrid bonds are recognized in Group and Parent Company equity and are subordinated to all liabilities. Interest expenses attributable to the hybrid bonds are recognized on an ongoing basis directly against retained earnings in equity. The hybrid bonds are not included in the company's sensitivity analysis for borrowing interest or in the maturity analysis of financial liabilities.

Below is a compilation of outstanding hybrid bonds.

Issued hybrid bonds	SE0013359148	SE0013234531	XS2272358024	XS2010032618	XS2010028186
Issuer	SBB	SBB	SBB	SBB	Offentliga Hus
Issued nominal amount	1,500	575	500	500	500
Outstanding amounts	1,500	305	500	500	500
Currency	SEKm	SEKm	EURm	EURm	EURm
Interest	3.50% + STIBOR 3M	6.850% + STIBOR 3M	2.625%	2.624%	2.875%
First reset date and new interest	28-01-2025 / 3.50%	07-01-2025 / 101% of nominal amount	14-03-2026 / 3.227%	30-04-2025 / 2.814%	30-01-2027 / 3.223%
First step-up date and new interest	28-01-2030 / 3.75%	07-01-2030 / 7.10%	14-03-2031 / 3.477%	30-04-2030 / 3.064%	30-01-2031 / 3.473%
Second step-up date and new interest	28-01-2045 / 4.50%	07-01-2045 / 7.85%	14-03-2046 / 4.227%	30-04-2045 / 3.814%	30-01-2047 / 4.223%

Non-controlling interest

Non-controlling interests consist mostly of a minority in Unobo of 30 percent and the minority of ordinary and preference shares in Amasten Fastigheter AB (publ) that SBB did not control as of 31 December 2021, i.e., 17 percent of the shares. In addition, there are some minor minority interests in the Sveafastigheter Group. The minority interests include preference shares in the Norwegian subsidiary Nye Barcode 121 Bidco AS, which constitutes a minor part.

Translation reserve

The translation reserve includes all exchange rate differences arising from translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the Group's financial reports are presented. The Parent Company and the Group present their financial reports in Swedish kronor. Accumulated translation differences are recognized in profit or loss on the sale of the foreign operations.

Translation reserve	31-12-2021	31-12-2020
Opening carrying amount	-829	55
Reversal due to sales		
Change for the year	1,120	-884
Closing carrying amount	291	-829

NOTE 22 Earnings per share

Below is a calculation of the earnings for ordinary shares of class A and B. According to the articles of association, the ordinary shares of class D carry a preferential right to a maximum annual dividend of SEK 2/share. In addition, interest is paid on hybrid loans. The calculation of earnings per ordinary share class A and B is based on the profit for the year less deductions for ordinary shares of class D and interest on hybrid loans. The net is divided between the average number of ordinary shares of class A and B totalling to 1,379,982,887 (1,312,784,970).

Earnings per share before dilution	2021	2020
Profit for the year	25,601	8,672
Less profit attributable to preference shareholders	-2	-3
Less profit attributable to holders of ordinary shares of class D	-388	-262
Less profit attributable to hybrid loans	-496	-332
Less profit attributable to non-controlling interests	-1,018	-74
Profit for the year attributable to ordinary class A and B shares	23,697	8,001
Average number of outstanding ordinary class A and B shares	1,379,982,887	1,312,784,970
Earnings per share before dilution	17.17	6.09
Average number of outstanding ordinary shares of class D	191,331,014	130,778,598
Earnings per share (ordinary class D shares have no dilution)	2.00	2.00

Earnings per share after dilution	2021	2020
Profit for the year	25,601	8,672
Less profit attributable to preference shareholders	-2	-3
Less profit attributable to holders of ordinary shares of class D	-388	-262
Less profit attributable to hybrid loans	-496	-332
Less profit attributable to non-controlling interests	-1,018	-74
Profit for the year attributable to ordinary class A and B shares	23,697	8,001
Average number of outstanding ordinary class A and B shares	1,391,161,963	1,312,784,970
Effect of potential ordinary shares on options	11,179,076	41,807,887
Earnings per share after dilution	17.03	6.09

When calculating earnings per share after dilution, the weighted average number of ordinary shares outstanding is adjusted for the dilution effect of all potential ordinary shares. These potential ordinary shares are attributable to the warrants subscribed by the company's employees. The potential ordinary shares refer to Class B ordinary shares. For Class D ordinary shares, there is no dilution as there are no potential ordinary shares.

NOTE 23 Financial risks

Through its operations, the Group is exposed to various types of financial risks. Financial risks refer to fluctuations in the Group's earnings and cash flow as a result of changes in, for example, interest rates. SBB is primarily exposed to liquidity risk, financing risk, credit risk and interest rate risk.

Financial transactions and risks in the Group are managed centrally by the Parent Company's finance function. The Group's finance policy for managing financial risks has been designed and decided by the Board. The finance policy forms a framework of guidelines and rules and defines the objectives for the financing activities.

The overall objective of the financing activities is to:

- Achieve the best possible financial net within the framework of the decided risk level and given risk limits
- Identify and ensure good management of the financial risks arising in SBB
- Ensure good payment preparedness for meeting SBB's payment obligations at any time
- Ensure access to the required funding at the lowest possible cost within the agreed risk level
- Ensure that the finance operations are carried out with good internal control

Further information on financing and capital structure can be found on page 71.

Liquidity and financing risk

Liquidity risk refers to the risk that there is insufficient liquidity to meet future payment commitments. Ongoing liquidity forecasts are made to identify need for capital. A liquidity reserve for the business shall at all times be available to ensure SBB's short-term payment ability. Financing risk is the risk that SBB may not have access to financing or only have access to refinancing at an increased cost for refinancing, investments and other payments. Through a good diversification in terms of the loans' maturity structure, forms of borrowing, lenders and well-balanced liquidity reserves, the risk can be minimized. SBB defines financing risk as the risk at any time of not having access to capital, or for refinancing, investment and other payments at an increased cost. As of 31 December 2021, the average remaining maturity of the loan portfolio was 4.1 years (4.8). At the same time, cash and cash equivalents totalled SEK 9,837m (13,606). Total disposable liquidity (including cash and cash equivalents, cash investments and unutilized credit lines) amounted to SEK 21,765m (45,846). The Group's contractual repayments of financial liabilities are shown in the table below. Liabilities are included at earliest repayment period.

	31-12-2021				
Maturity structure	< 1 yr	1-3 years	3-5 years	> 5 yr	Total
Liabilities to credit institutions	1,758	15,479	5,073	1,422	23,732
Bond loans	1,175	20,168	20,393	11,358	53,094
Commercial papers	11,169	-	-	-	11,169
Other long-term liabilities	-	150	39	103	292
Derivative liabilities	-	-	30	-	30
Accounts payable	181	-	-	-	181
Liability, cash collateral	-	5,607	-	-	5,607
Other current liabilities	3,923	-	-	-	3,923
Total	18,206	41,404	25,535	12,883	98,028

	31 December 2020				
Maturity structure	< 1 yr	1-3 years	3-5 years	> 5 yr	Total
Liabilities to credit institutions	130	4,154	3,361	4,424	12,169
Bond loans	3,160	4,333	9,922	20,675	38,090
Commercial papers	5,418	-	-	-	5,418
Other long-term liabilities	-	1,238	19	3	1,259
Derivative liabilities	97	18	124	27	267
Accounts payable	117	-	-	-	117
Other current liabilities	2,336	-	-	-	2,336
Total	11,258	9,743	13,425	25,128	59,656

*) Excl. arrangement fees

Credit risk

Credit risk is defined as the risk that counterparties, both financial and commercial, are not able to fulfil their obligations to SBB or offer security for completion. In the financial operations, the objective is to actively spread the risk of capital being lost when a counterparty is unable to fulfil its obligations to SBB. Another credit risk is that SBB's tenants not being able to fulfil their obligations. The Group has established guidelines to ensure that the tenants have a suitable credit background and the credit losses in are small in relation to the Group's sales.

The assessment has been made that there has been no significant increase in credit risk for any of the Group's financial assets. The counterparties are without a credit risk rating, except for cash and cash equivalents where the counterparties have the credit rating of AA- and A.

The maturity structure for rental receivables on the balance sheet date is given below.

	31-12-2021	31-12-2020
Rental receivables not overdue	126	30
Overdue rental receivables 1-30 days	38	17
Overdue rental receivables 31-90 days	16	19
Overdue rental receivables > 90 days	52	42
Total rental receivables	232	108

	31-12-2021	31-12-2020
Provision for rental receivables		
Opening carrying amount	-17	-20
Provisions	-1	2
Amounts written off (credit losses recorded)	5	1
Recovered, previously provisioned	0	0
Total	-13	-17
Closing carrying amount	219	91

Receivables mainly consist of rental receivables for which the Group has chosen to apply the simplified method for reporting expected credit losses according to IFRS 9. This means that expected loan losses are reserved for the remaining maturity, which is expected to be less than one year for all receivables above. The Group reserves for expected credit losses based on historical information on established customer losses in combination with taking into account known information about the counterparty and forward-looking information. SBB writes off a claim when there is no longer

any expectation of receiving payment and active measures for receiving payment have been terminated.

The above shows the financial assets for which the Group has reserved expected loan losses. In addition, the Group also monitors reservation requirements for other financial instruments, such as cash and cash equivalents, and for the Parent Company also internal receivables. SBB applies a rating-based method in combination with other known information and forward-looking factors for assessing expected credit losses. In cases where the amounts are not deemed to be insignificant, a provision is made for expected credit losses for these financial instruments.

Interest-rate risk

Interest rate risk is defined as the risk that the development in the fixed income market will have negative effects on SBB. Interest rate risk affects SBB partly as current interest expenses for loans and derivatives and partly as market value changes on derivatives. Interest rate risk refers primarily to the risk in SBB's current interest expenses. The objective of interest rate risk management is to achieve the desired stability in SBB's total cash flows. Stable cash flows are important partly to promote property investments, partly to meet the requirements and expectations of creditors and other external parties on SBB. Within the framework of the chosen strategy and permitted deviations, the goal is to achieve the best possible financial cash flow in the long term. The interest rate risk shall be measured on SBB's net debt in combination with derivative instruments. The interest rate risk strategy shall consist of a balanced combination of variable interest rate and fixed interest rate fixing. When choosing an interest rate risk strategy, account must be taken of how sensitive SBB's total cash flows are to developments in the fixed income market over a multi-year time horizon. The average fixed interest term was 3.6 years (4.5) at year-end. Below is the interest maturity structure.

Interest maturity structure (nominal amount)

Maturity year	Interest due	Share %
Variable	32,955	37
2022	1,475	2
2023	2,809	3
2024	10,452	12
2025	7,363	8
2026	12,970	15
after 2026	20,480	23
Total interest-bearing liabilities	88,433	100

Capital Management and Financial Commitments

SBB must have a stable financial position so that it can give the company conditions for its operations and hence the goal to generate growth in profit from property management per ordinary A and B share over a five-year period of at least 15 percent per year on average. SBB's new dividend policy also entails a goal to generate a stably increasing yearly dividend. Another goal is to achieve a BBB+ rating in the first half of 2022 and A- in the long term. In order to attain these goals, SBB has a number of financial goals:

- Loan-to-value ratio shall be below 50 percent. As of 31 December 2021, the loan-to-value ratio was 40 percent.
- Generate earnings from property development of, on average, SEK 2,000m- 2,500m a year.
- Secured loan-to-value ratio shall be below 30 percent. As of 31 December 2021, the loan-to-value ratio was 12 percent.
- The interest coverage ratio shall be at least 3.0 times. For 2021, the interest coverage ratio was 5.5 times.

In credit agreements with credit institutions and bond holders there are often established limit values, so-called covenants. In most agreements, they concern solvency, loan-to-value ratio and interest coverage. The credit agreements, in general have a limit regarding the equity ratio of 25 percent. In the credit agreements, the interest coverage ratio shall often be 1.5-1.7 times and the loan-to-value ratio shall not exceed 70-80 percent.

Sensitivity analysis

The sensitivity analysis calculations are based on the Group's earning capacity and balance sheet as of 31 December 2021. The sensitivity analysis on the next page shows the effect on the Group's annual profit after full impact of each of the parameters. Interest-bearing liabilities and lease contracts run for several years, which means that level changes do not get a full impact during an individual year, but first in a longer perspective.

	Change +/-	Annual earnings effect before tax, SEKm
Economic letting ratio	1 percentage point	+/- 52
Rental income	1 percent	+/- 48
Property costs	1 percent	+/- 14
Average interest	1 percentage point	+/- 553

Hedging instruments and hedge accounting

As of 31 December 2021, the Group's holdings of foreign currency debt are distributed on the following underlying amounts and maturities.

Hedging instruments identified 31 December 2021

Hedging instrument - hedge accounting is applied (Amounts in SEKm)	Within 3 mos.	3 mos.- 1 year	1-3 years	>3 years	Total
Debt Euro – currency hedge of net investment in foreign operations	11,158	2,506	-	35,763	49,427
Debt NOK – currency hedge of net investment in foreign operations	-	-	1,641	1,538	3,179
Hedged debt, nominal amount (balance sheet value)	11,158	2,506	1,641	37,302	52,605

Hedging instruments identified 31 December 2020

Hedging instrument - hedge accounting is applied (Amounts in SEKm)	Within 3 mos.	3 mos.- 1 year	1-3 years	>3 years	Total
Debt Euro – currency hedge of net investment in foreign operations	2,773	1,285	-	25,566	29,624
Debt NOK – currency hedge of net investment in foreign operations	-	-	-	2,959	2,959
Hedged debt, nominal amount (balance sheet value)	2,773	1,285	-	28,525	32,583

Hedge accounting began in 2018. The Group applies hedge accounting in accordance with IFRS 9 regarding loan liabilities and aims to hedge currency risk in net investments in foreign operations. The loans are valued at the exchange rate at the balance sheet date. To the extent that an effective hedging relationship exists, the exchange rate change on the loans is reported in other comprehensive income, and thereby matches exchange rate changes on net investments in the foreign operations. Exchange rate fluctuations for an ineffective portion of a hedging relationship are reported immediately in the income statement.

When the transaction is concluded, the relationship between the hedging instrument and the hedged item is documented, as well as the objective of risk management and the strategy.

Hedges are designed so that they can be effective, that is, it is expected that there will be a financial connection because the hedging instrument counteracts changes in fair value regarding exchange rates in hedged items. The economic relationship is preferably determined by qualitative analysis of critical conditions in the hedging relationship. If changed circumstances affect the hedging relationship so that critical conditions no longer match, the Group uses quantitative methods (the hypothetical derivative method) to evaluate the effectiveness. Sources of hedging inefficiency include the risk that hedged volume in hedging instruments would exceed the net investment. The Group regularly monitors the currency exposure in the net investments, and hedge accounting is applied only to a proportion of total exposure, which is why the risk of inefficiency is deemed to be low.

The Group determines the hedging ratio between hedging instruments and hedged items based on the hedging quotas that exist in the actual hedges.

Effects of hedge accounting on financial position and earnings - Current hedging relationships	Hedging instruments identified 31 December 2021			Hedged item 31 December 2021	Period - change in fair value, for measurement of inefficiency	
	Nominal amount	Carrying amount	Item in balance sheet	Carrying amount	Hedging instrument	Hedged item
<i>Currency hedge of net investment in foreign operations</i>						
Debt in EUR	-49,427	-49,204	Bond loans/ Commercial papers	10,894	-730	185
Debt in NOK	-3,179	-3,179	Bond loans	24,359	-220	1,334

Effects of hedge accounting on financial position and earnings - Current hedging relationships	Hedging instruments identified 31 December 2020			Hedged item 31 December 2020	Period - change in fair value, for measurement of inefficiency	
	Nominal amount	Carrying amount	Item in balance sheet	Carrying amount	Hedging instrument	Hedged item
<i>Currency hedge of net investment in foreign operations</i>						
Debt in EUR	-29,624	-29,451	Bond loans/Com- mercial papers	9,671	582	-337
Debt in NOK	-2,959	-2,959	Bond loans	17,084	166	-782

Some inefficiency has been reported during the period when the hedging ratio was not 1: 1. Inefficiency is reported as exchange rate differences of SEK -545m (245) in the income statement.

Effects of hedge accounting on financial position and earnings

Reconciliation of currency translation reserve	2021 Currency translation reserve	2020 Currency translation reserve
Opening carrying amount	-829	55
<i>Additional items during the period</i>		
Currency translation effects from net investments in foreign operations	1,525	-1,387
Exchange rate revaluation of debt in foreign currency identified as hedging	-405	503
Total additional items, reported in other comprehensive income	1,120	- 884
Closing carrying amount	291	-829
of which continuous hedges	291	-829

NOTE 24 Other liabilities

	31-12-2021	31-12-2020
Liabilities, property transactions	2,780	953
Deferred stamp duty	2	320
Liabilities, personnel costs	18	14
Current liabilities, associated companies	24	-
Contract liability	17	-
Dividend	919	553
Other current liabilities	163	496
Carrying amount	3,923	2,336

NOTE 25 Accrued expenses and prepaid income

	31-12-2021	31-12-2020
Accrued personnel costs	49	21
Accrued operating costs	508	95
Accrued interest	558	526
Accrued new production costs	26	-
Unpaid stamp duty	109	-
Prepaid rental income	686	620
Other accrued expenses	97	113
Carrying amount	2,033	1,375

NOTE 26 Liabilities relating to financing activities

	01-01-2021	Cash-flow-impacting transactions	Non-cash flow transactions			31-12-2021
			Debt acquired on acquisition	Change in foreign currency	Other	
Bond loans	37,783	13,364	1,230	717	-	53,094
Liabilities to credit institutions	12,064	-1,350	12,982	37	-	23,732
Commercial papers	5,418	5,671	-	80	-	11,169
Deferred tax	2,417	-	-	-	-450	1,967
Other long-term liabilities	1,259	-1,053	86	-	-	292
Total liabilities attributable to financing activities	58,942	16,632	14,298	833	-450	90,255

	01-01-2020	Cash-flow-impacting transactions	Non-cash flow transactions			Other	31-12-2020
			Debt acquired on acquisition	Change in foreign currency			
Bond loans	25,162	11,674	-	947	-	-	37,783
Liabilities to credit institutions	25,985	-14,918	513	484	-	-	12,064
Commercial papers	4,944	348	-	126	-	-	5,418
Deferred tax	3,095	-	-	-	-	-678	2,417
Other long-term liabilities	22	737	500	-	-	-	1,259
Total liabilities attributable to financing activities	59,208	-2,159	1,013	1,557	-678		58,942

NOTE 27 Pledged assets

	31-12-2021	31-12-2020
Property mortgages	22,889	27,438
Shares in Group companies	19,991	10,905
Total	42,880	38,319

NOTE 28 Contingent liabilities

	31-12-2021	31-12-2020
Sureties for commitments in joint ventures/associated companies	-	-
Guarantees for commitments in joint ventures/associated companies	-	-
Other commitments	710	710
Total	710	710

NOTE 29 Related party transactions

SBB has an incentive programme for the company's current and future employees, which comprises 40,000,000 warrants that entitle the holder to subscribe for the corresponding number of Class B shares in the company. The incentive programme is established on market terms. The subscription price for new subscription of B shares corresponded to 130 percent of the company's B shares' volume-weighted average price during the 10 trading days after 23 February 2021, i.e., SEK 34.125. Subscription of B shares on the basis of warrants may take place in the period from on 1 March 2024 until 31 March 2024.

During the year SBB has sold technical property management to Ilija Batljan Invest AB (publ), amounting to 188 TSEK (187), in which Ilija Batljan is a Board member and owner.

SBB has purchased services for an amount of SEK 3m (3) regarding a housing app from Avy Finans AB in which SBB is a part-owner and in which Viktor Mandel is a Board member and an indirect shareholder. SBB holds 14,918 shares, of which 7,459 shares were acquired from YVA Holding AB in which Viktor Mandel is a Board member and a partner. SBB has purchased services regarding transaction advice for an amount of SEK 8m (6) from Tangocm Capital Markets AB in which Fredrik Svensson is a Board member.

SBB has also rent offices from Partnerfastigheter NF AB, in which Sven Olof Johansson is a Board member and owner, for an amount of 214 TSEK (84).

Transactions with associated companies /joint ventures 2021 (Amounts in SEKm)	JM AB	SBB Kåpan Bostad AB	Svenska Myndighetsbyggnader Holding AB	Public Property Invest AS	Solon Holding AB	KlaraBo förvaltning AB	Offentliga hus AB (publ)	Other associated companies/joint ventures	Total
Receivable/liability as per 31-12-2021	-	2,271	653	-	813	-	-	148	3,885
Interest 2021	-	1	-	-	-	-	-	27	28
Invoiced property management services 2021	-	16	-	-	-	-	-	-	16
Value properties, sales to joint ventures 2021	-	3,232	9,862	-	2,012	-	-	501	15,607

Transactions with intressebolag /joint ventures 2020 (Amounts in SEKm)	JM AB	SBB Kåpan Bostad AB	Svenska Myndighetsbyggnader Holding AB	Public Property Invest AS	Solon Holding AB	KlaraBo förvaltning AB	Offentliga hus AB (publ)	Other associated companies/joint ventures	Total
Receivable/liability as per 31-12-2020	-	-	-	-	-	66	-	761	827
Interest 2020	-	-	-	-	-	4	-	35	39
Invoiced property management services 2020	-	-	-	-	-	-	-	-	-
Value properties, sales to joint ventures 2020	-	-	-	-	-	-	-	-	-

For information on remuneration to senior executives, see Note 8 Employees and personnel costs.

NOTE 30 Restated financial reports

Impact on equity from restated opening balance 01-01-2021

	31-12-2020
Deferred tax liabilities	-97
Other long-term liabilities	239
Other liabilities	239
Net effect equity	-381
Impact on income statement	
Translation gains/losses	-40
Changes in value, properties	-477
Deferred tax	105
Impact on profit of the year	-412
Other comprehensive income	32
Impact on comprehensive income for the year	-381

The revision of the opening balance on 1 January 2021 pertains to the correction of the accounts for contingent purchase considerations for acquisition of properties and for hedge accounting. A change in the assessment of how contingent purchase considerations are addressed in the accounts has resulted in certain contingent purchase considerations being reported as acquisition costs for properties acquired in 2020. See Note 3 for description. The revision has increased the acquisition costs for properties by SEK 477m, with the effect that the unrealized change in value is reduced by the corresponding amount. Deferred tax pertaining to the change in value has also decreased by SEK 105m. An adjustment has been made for errors in the hedge accounting pertaining to the handling of translation losses in NOK of SEK 40m, which had been incorrectly reported under other comprehensive income rather than under translation gains/losses. The effect of the correction is that a translation loss of SEK 40m is reported, while other comprehensive income increases by the corresponding amount. The tax effect of SEK 8m reduces other comprehensive income while increasing deferred tax liabilities. Overall, earnings per share for 2020 decreased from SEK 6.41 per share to SEK 6.09 per share as a result of the restated financial reports.

Impact on equity from restated closing balance 31-12-2021

	31-12-2021
Receivables from associated companies/joint ventures	-222
Deferred tax liabilities	-7
Other long-term liabilities	-61
Other liabilities	312
Net effect equity	-480
Impact on income statement	
Translation gains/losses	293
Changes in value, properties	-473
Deferred tax	-68
Impact on profit of the year	-247
Other comprehensive income	-233
Impact on comprehensive income for the year	-480

The revision of the closing balance on 31 December 2021, in comparison with the published year-end report pertains to the correction of the accounts for contingent purchase considerations for acquisitions and disposals of properties, as well as for acquisition costs for properties, hedge accounting and accounting of deferred tax. A change in the assessment of how contingent purchase considerations are addressed in the accounts has resulted in certain contingent purchase considerations being reported as acquisition costs for properties acquired in 2021. See Note 3 for description. The revision has increased the acquisition costs of properties by SEK 488m, with the effect that the unrealized change in value is reduced by the corresponding amount. Deferred tax pertaining to the change in value has also decreased by SEK 107m. With regard to disposals, the realized change in value has decreased by SEK 222m, with receivables from associated companies/joint ventures having decreased by the corresponding amount. Since the disposal was made to a joint venture, the provision booked for the proceeds of the disposal of SEK 111m was reversed and adjusted by the realized change in value of SEK 111m. In addition to these revisions, the values of 3 properties on acquisition have been adjusted, with the result that the acquisition price of the properties decreased by SEK 126m, with the unrealized change in value increasing by the corresponding amount. The corresponding liabilities have also decreased while deferred tax regarding the change in value has increased by SEK 26m. An adjustment has been made for errors in the hedge accounting pertaining to the handling of translation gains/losses in NOK of SEK 293m, which had been incorrectly reported under other comprehensive income rather than under translation gains/losses. The effect of the correction is that a translation gain of SEK 293m is reported, with other comprehensive income decreasing by the corresponding amount. The tax effect of SEK 60m increases other comprehensive income while decreasing deferred tax liabilities. A correction has also been made regarding an error in the reporting of deferred tax of SEK 149m, which increased the cost of deferred tax in the income statement and deferred tax liabilities. As a result of the restated financial reports, earnings per share for 2021 have, overall, decreased from SEK 17.35 per share, as stated in the published year-end report, to SEK 17.17 per share.

NOTE 31 Events after the balance sheet date

- From more than 4,000 companies covered by Sustainalytics globally, SBB has been named as an ESG Regional Top Rated company in 2022.
- On 25 January, SBB issued unsecured social bonds for EUR 700m. The transaction was priced with a variable interest rate to maturity of three-month EURIBOR plus 49 bps, making this SBB's first issue of a bond at a negative interest rate.
- As of 7 February, SBB controls 97.8 percent of the capital and votes in Amasten AB (publ). SBB has demanded mandatory redemption of the remaining shares in the company. Amasten has applied for de-listing of the shares from Nasdaq First North Premier Growth Market. The final day for trading in Amasten was 4 February.
- On 8 February 2022, SBB acquired the remaining 50 percent of the shares in HusBacc Utveckling AB and now owns all of the building rights in the Falkenberg Bacchus 8 and 9 properties.

Income Statement of Parent Company

Amounts in SEKm	Note	2021	2020
Net sales		-	-
Personnel costs	4	-66	-39
Other operating expenses	3	-46	-83
Operating profit/loss		-112	-122
Profit from financial items			
Profit from participations in Group companies	5	-	166
Interest income and similar items	6	2,254	927
Interest expenses and similar items	7	-2,069	-852
Translation gains/losses	7	-167	277
Changes in the value of financial instruments	7	798	-265
Profit after financial items		704	132
Appropriations	8	340	-62
Profit before tax		1,044	69
Tax	9	-220	6
PROFIT FOR THE PERIOD		824	75

Parent Company Statement of Comprehensive Income

Amounts in SEKm	Note	2021	2020
Profit for the period		824	75
Other comprehensive income		-	-
COMPREHENSIVE INCOME FOR THE PERIOD		824	75

COMMENTS ON THE PARENT COMPANY'S INCOME STATEMENT AND BALANCE SHEET

The Parent Company's operations consist of Group-wide functions such as business development, transactions, property development and financing. The company has 34 employees. The costs, incl. personnel costs during the period, amounted to SEK -112m (-122).

During the period, SBB issued Class B and D ordinary shares for SEK 2,337m after issue expenses. During the period, parts of a previously issued hybrid bond of approximately SEK 3.3bn were redeemed and a new hybrid bond of EUR 500m was issued.

Balance Sheet of Parent Company

Amounts in SEKm	Note	2021	2020
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in Group companies	10	33,686	26,698
Participations in associated companies/joint ventures	11	7,844	-
Receivables from Group companies	12,13	38,955	34,044
Receivables from associated companies/joint ventures	13	175	81
Deferred tax assets	9	117	180
Financial fixed assets at fair value	13	1,520	1,050
Derivatives	13	533	129
Total financial fixed asset		82,830	62,181
Total fixed assets		82,830	62,181
Current assets			
Current receivables			
Accounts receivable		1	-
Other receivables	13	43	806
Prepaid expenses and accrued income	14	42	29
Total current receivables		86	835
Cash investments	13	254	-
Cash and bank balances	13, 15	8,278	12,986
Total current assets		8,618	13,821
TOTAL ASSETS		91,448	76,002

Amounts in SEKm	Note	2021	2020
EQUITY AND LIABILITIES	16		
Restricted equity			
Share capital		165	150
Non-restricted equity			
Share premium fund		43,510	39,375
Retained earnings		-3,553	-1,180
Profit for the year		824	75
Total equity		40,946	38,421
Untaxed reserves	17	85	14
Long-term liabilities			
Liabilities to credit institutions		3,497	-
Bond loans	13	27,202	27,255
Derivatives	13	30	225
Other long-term liabilities	13	-	457
Total long-term liabilities		30,729	27,937
Current liabilities			
Bond loans		1,204	3,080
Commercial papers	13	11,169	5,418
Accounts payable	13	2	5
Current tax liabilities	9	138	9
Liability, cash collateral	13	5,607	-
Other liabilities	13	1,043	622
Accrued expenses and prepaid income	18	525	496
Total current liabilities		19,688	9,630
TOTAL EQUITY AND LIABILITIES		91,448	76,002

Statement of Changes in Equity of Parent Company

Amounts in SEKm	Share capital	Share premium reserve ¹⁾	Retained earnings	Total equity
Opening equity, 01-01-2020	134	22,628	155	22,917
Profit for the year	-	-	75	75
Other comprehensive income	-	-	-	-
Comprehensive income for the year	-	-	75	75
Share issue	16	4,266	-	4,282
Issue hybrid bonds	-	10,333	-	10,333
Issue mandatory convertible bonds	-	2,148	-	2,148
Dividend	-	-	-1,453	-1,453
Tax effects equity	-	-	118	118
Closing equity, 31-12-2020	150	39,375	-1,105	38,421
Opening equity, 01-01-2021	150	39,375	-1,105	38,421
Profit for the year	-	-	824	824
Other comprehensive income	-	-	-	-
Comprehensive income for the year	-	-	824	824
New share issue	5	2,332	-	2,337
Issue hybrid bonds	-	4,975	-	4,975
Issue warrants	-	58	-	58
Redemption of preference shares	-	-15	-5	-20
Redemption of part of hybrid bond	-	-3,110	-154	-3,263
Redemption/conversion of mandatory convertibles	9	-105	-28	-125
Dividend	-	-	-2,287	-2,287
Tax effects equity	-	-	24	24
Closing equity, 31-12-2021	165	43,510	-2,729	40,946

¹⁾ The entire share premium reserve constitutes non-restricted equity

Cash Flow Statement of Parent Company

Amounts in SEKm	Note	2021	2020
Operating activities			
Profit after financial items		704	132
Net interest income		-816	-87
Interest paid		-2,052	-568
Interest received		2,263	918
Tax		-5	-
Cash flow from operating activities before changes in working capital		94	394
Cash flow from changes in working capital			
Increase (-)/Decrease (+) of operating receivables		185	-236
Increase (+)/Decrease (-) of operating liabilities		-22	-8,051
Cash flow from operating activities		257	-7,893
Investment activities			
Investments in subsidiaries		-6,090	-1,717
Investments in associated companies		-7,844	-
Receivables arising from Group companies		-3,471	-12,354
Changes in receivables from associated companies		473	-648
Change in financial assets		-525	347
Change in other long-term receivables		-	-134
Cash flow from investing activities		-17,458	-14,505
Financing activities			
New share issue		-	665
Issue hybrid bonds		4,975	10,333
Issue of mandatory convertible bonds		-125	2,148
Issue warrants		58	-
Redemption of hybrid bonds		-3,263	-
Redemption of preference shares		-20	-
Group contributions received		411	-
Dividend paid		-1,846	-853
Borrowings		13,178	14,922
Repayment of loans		-6,026	-3,209
Change in cash collateral		5,607	-
Changes in other long-term liabilities		-457	-287
Cash flow from financing activities		12,493	23,720
Cash flow for the period		-4,708	1,322
Cash and cash equivalents at the beginning of the period		12,986	11,664
Cash and cash equivalents at the end of the period	14	8,278	12,986

Parent Company notes (1-22)

NOTE 1 Significant accounting principles

The Parent Company has prepared its Annual Report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities". The Parent Company applies the same accounting principles as the Group with the exceptions and additions stated in RFR 2. This means that IFRS is applied with the deviations specified below.

Subsidiaries

Shares in subsidiaries are reported in the Parent Company in accordance with the acquisition value method. This means that transaction costs are included in the book value of holdings in the subsidiary. The book value is tested quarterly against the subsidiaries' equity. In cases where the book value is less than the subsidiaries' consolidated value, impairment losses are charged to the income statement. In cases where a previous impairment is no longer justified, it is reversed.

Group contributions and shareholder contributions

The Parent Company reports both received and paid Group contributions as appropriations. Shareholder contributions of the Parent Company are transferred directly to shareholders' equity of the recipient and reported as shares and participations with the Parent Company. Received shareholder contributions are reported as an increase in non-restricted equity.

Income

Dividends are reported when the right to receive payment is certain. Revenue from the sale of subsidiaries is reported when risks and benefits and control associated with the holding in the subsidiary have been transferred to the buyer.

Financial instruments

The Parent Company applies the exception not to value financial guarantee agreements for the benefit of subsidiaries and associated companies and joint ventures in accordance with the rules in IFRS 9, but instead applies the principles for valuation according to IAS 37 Provisions, contingent liabilities and contingent assets.

Untaxed reserves

In the Parent Company, tax allocation reserves including deferred tax liabilities are reported. In the consolidated accounts, on the other hand, untaxed reserves are divided into deferred tax liabilities and equity.

NOTE 2 Significant estimates and assessments

For significant estimates and assessments, see Note 3 for the Group.

NOTE 3 Fees to the auditor

Ernst & Young AB	2021	2020
Audit fees	13	10
Tax advice	-	1
Total	13	11

NOTE 4 Employees and personnel costs

For salaries and remuneration to employees and senior executives as well as information on the number of employees, see Note 8 for the Group.

NOTE 5 Profit from participations in Group companies

	2021	2020
Dividends received	-	138
Profit from participations in Group companies	-	28
Total	-	166

NOTE 6 Interest income and similar items

Assets valued at amortized cost	2021	2020
Interest income to Group companies	2,125	825
Other interest income	129	102
Total	2,254	927

NOTE 7 Interest expenses and similar items

Liabilities at fair value	2021	2020
Interest expenses, interest rate derivatives	-16	-53
Exchange rate differences, interest rate derivatives	18	-18
Total reported in profit (financial items)	2	-71

Liabilities valued at amortized cost	2021	2020
Interest expenses to Group companies	-1,412	-216
Other interest expenses	-497	-437
Exchange rate differences, financial items*	-185	277
Other financial expenses	-145	-128
Total	-2,238	-504
Total interest expenses and similar items	-2,236	-575

* Not calculated according to the effective interest method

NOTE 8 Appropriations

	2021	2020
Group contributions received	411	-
Group contributions paid	-	-48
Provision for accrual fund	-71	-14
Total	340	-62

NOTE 9 Tax

	2021	2020
Tax for the year	-45	-11
Changes in deferred tax for temporary differences	-175	17
Reported tax	-220	6

Reconciliation of effective tax rate	2021	2020
Profit before tax	1,044	69
Tax according to the applicable tax rate for the Parent Company (20.6%/21.4%)	-215	-15
Tax effect of:		
Other tax rates applied in the company	-	1
Tax attributable to previous years	-10	-2
Non-taxable income	199	35
Non-deductible expenses	-164	-31
Unrecognized income to be deducted	145	-
Capitalization of deficit	-175	17
Reported tax	-220	6
Effective tax rate	-21.1%	8.3%

Reconciliation of deferred tax assets	31-12-2021	31-12-2020
Opening carrying amount	180	45
Tax loss carryforwards	-63	135
Closing carrying amount	117	180

Reconciliation of deferred tax assets	31-12-2021	31-12-2020
Opening carrying amount	180	45
Tax reported in the income statement	-175	17
Tax recognized against equity	112	118
Closing carrying amount	117	180

NOTE 10 Participations in Group companies

	31-12-2021	31-12-2020
Opening cost	26,698	24,232
Acquisition/shareholder contributions	6,988	2,466
Provisions	-	-
Sales	-	-
Closing carrying amount	33,686	26,698

Directly owned subsidiaries	Reg. office	Shares	Capital share	Carrying amount	
				31-12-2021	31-12-2020
SBB i Norden AB (publ) Corp. ID no. 559053-5174	Stockholm	20,516,611	100%	2,281	2,281
Aktiebolaget Högkullen CID 559002-5465	Stockholm	10,000,000	100%	334	334
SBB Option AB CID 559062-6262	Stockholm	50,000	100%	65	7
Kuststaden Holding AB CID 556875-2173	Oskarshamn	26,735,251	100%	623	623
Sörmlandsporten AB CID 556716-3034	Stockholm	1,000	100%	203	203
Karlbergsvägen 77 Fastighets AB (publ) CID 559084-4352	Stockholm	15,102,878	99%	191	191
Hemfosa Fastighets AB CID 556917-4377	Stockholm	148,810,683	98%	23,354	23,058
SBB Treasury OY CID 3147399-4	Helsinki	1,000	100%	1	1
Amasten Fastighets AB CID 556580-2526	Stockholm	475,639,196	63%	6,455	-
Book value in the Parent Company				33,686	26,698

The table above presents directly owned subsidiaries. Other companies included in the Group are shown in the respective subsidiaries' annual report.

NOTE 11 Participations in associated companies/joint ventures

	31-12-2021	31-12-2020
Opening carrying amount	-	-
Additional receivables	7,844	-
Closing carrying amount	7,844	-

For additional details see note 16 in consolidated accounts.

NOTE 12 Receivables from Group companies

	31-12-2021	31-12-2020
Opening carrying amount	34,044	18,822
Additional receivables	152,109	76,764
Outgoing receivables	-147,198	-61,542
Closing carrying amount	38,955	34,044

Credit risk

The Parent Company applies a rating-based method for calculating expected credit losses on intra-Group receivables based on the probability of default, expected loss and exposure in the event of default. The Parent Company has defined default as when payment of the claim is 90 days delayed or more, or if other factors indicate that the payment default is present. The Parent Company believes that the subsidiaries currently have similar risk profiles and the assessment is done on a collective basis. Significant increase in credit risk has not been considered to exist for any intra-Group receivable on the balance sheet date. The Parent Company's receivables from its subsidiaries are subordinated external lenders' claims for which the subsidiary's properties are pledged as collateral. The Parent Company applies the general method to the intra-Group receivables. The Parent Company's expected loss in the event of default takes into account the subsidiaries' average loan-to-value ratio (Loan to Value) and the expected market value in the event of a forced sale. Based on the Parent Company's assessments according to the above method, taking into account other known information and forward-looking factors, expected loan losses are not deemed to be significant and no provision has therefore been reported.

NOTE 13 Financial instruments

Valuation of financial assets and liabilities

SEKm	Financial assets/ liabilities measured at fair value through profit or loss		Financial assets/ liabilities measured at amortized cost	
	31-12- 2021	31-12- 2020	31-12- 2021	31-12- 2020
Financial assets				
Receivables from Group companies	-	-	38,955	34,044
Receivables from associated companies/joint ventures	-	-	175	81
Derivatives	533	129	-	-
Financial fixed assets at fair value	1,520	1,050	-	-
Accounts receivable	-	-	1	-
Other current receivables	-	-	43	806
Cash investments	-	-	254	-
Cash and bank balances	-	-	8,278	12,968
Total	2,053	1,179	47,706	47,899
Financial liabilities				
Liabilities to credit institutions	-	-	3,497	-
Bond loans	-	-	28,406	30,335
Commercial papers	-	-	11,169	5,418
Other long-term liabilities	-	-	-	457
Derivatives	30	225	-	-
Accounts payable	-	-	2	5
Liability, cash collateral	-	-	5,607	-
Other current liabilities	-	-	1,043	622
Total	30	225	49,724	36,837

Liquidity and financing risk

The Parent Company's contractual repayments of financial liabilities are shown in the table below. Liabilities are included at earliest repayment period.

Maturity structure	31-12-2021				Total
	< 1 yr	1-3 years	3-5 years	> 5 yr	
Liabilities to credit institutions	-	3,497	-	-	3,497
Bond loans	1,204	5,315	13,164	8,723	28,406
Commercial papers	11,169	-	-	-	11,169
Accounts payable	2	-	-	-	2
Liability, cash collateral	-	5,607	-	-	5,607
Other current liabilities	1,043	-	-	-	1,043
Total	13,418	14,419	13,164	8,723	49,724

Maturity structure	31-12-2020				Total
	< 1 yr	1-3 years	3-5 years	> 5 yr	
Bond loans	3,080	4,349	9,425	13,482	30,335
Commercial papers	5,418	-	-	-	5,418
Other long-term liabilities	-	457	-	-	457
Accounts payable	5	-	-	-	5
Other current liabilities	622	-	-	-	622
Total	9,125	4,806	9,425	13,482	36,837

Valuation at fair value

The table below presents the Group's financial instruments valued at fair value based on the classification in the fair value hierarchy.

SEKm	31-12-2021			31-12-2020		
	Listed prices on active markets (Level 1)	Other observa- ble input data (Level 2)	Non-observa- ble input data (Level 3)	Listed prices on active markets (Level 1)	Other observa- ble input data (Level 2)	Non-observa- ble input data (Level 3)
Assets at fair value						
Financial fixed assets at fair value	1,520	-	-	1,050	-	-
Derivatives	-	533	-	-	129	-
Cash investments	254	-	-	-	-	-
Assets for which information on fair value is provided						
Receivables from Group companies	-	-	38,955	-	-	34,044
Receivables from associated companies/joint ventures	-	-	175	-	-	81
Liabilities at fair value						
Derivatives	-	30	-	-	225	-
Liabilities for which information on fair value is provided						
Liabilities to credit institutions	-	-	3,497	-	-	-
Bond loans	-	-	28,406	-	-	30,335
Commercial papers	-	-	11,169	-	-	5,418
Other long-term liabilities	-	-	-	-	-	457

No movement occurred between the levels in the fair value hierarchy in 2021 or 2020.

NOTE 14 Prepaid expenses and accrued income

	31-12-2021	31-12-2020
Prepaid acquisition costs	9	10
Prepaid insurance	9	7
Prepaid interest	14	10
Prepaid supplier invoices	8	-
Other	2	2
Carrying amount	42	29

NOTE 15 Cash and cash equivalents

	31-12-2021	31-12-2020
Cash and bank balances	8,278	12,986
Carrying amount	8,278	12,986

NOTE 16 Equity

As of 31 December 2021, the share capital consisted of 209,977,491 ordinary shares of class A, 1,241,164,407 ordinary shares of class B, 193,865,905 ordinary shares of class D with a quota value of SEK 0.1. See also information in the Group's Note 21 Equity.

NOTE 17 Untaxed reserves

	31-12-2021	31-12-2020
Tax allocation reserves	85	14
Carrying amount	85	14

NOTE 18 Accrued expenses and prepaid income

	31-12-2021	31-12-2020
Accrued personnel costs	9	6
Accrued interest	515	488
Other items	1	2
Carrying amount	525	496

NOTE 19 Pledged assets

The Parent Company has no pledged assets.

NOTE 20 Contingent liabilities

	31-12-2021	31-12-2020
Guarantees for the benefit of Group companies	12,736	14,211
Carrying amount	12,736	14,211

NOTE 21 Related party transactions

Related-party transactions 2021

Financial assets	Sales of goods/services	Interest	Receivables on balance sheet date	Liabilities on balance sheet date
Group companies	119	713	38,955	-
Total	119	713	38,955	-

Related-party transactions 2020

Financial assets	Sales of goods/services	Interest	Receivables on balance sheet date	Liabilities on balance sheet date
Group companies	-	609	34,044	-
Total	-	609	34,044	-

The company's transactions with related parties include loans by the company's shareholders and lending to subsidiaries as well as interest on the loans. Loans within the Group are subordinated and with a 2 percent interest payable quarterly.

For information on remuneration to management, see employee note in the Group's Note 8.

NOTE 22 Events after the balance sheet date

For events after the balance sheet date, see Note 31 for the Group.

NOTE 23 Proposed appropriation of profit

	31-12-2021
The following unappropriated profits are at the disposal of the AGM:	
Share premium fund	43,510,234,623
Retained earnings	-3,552,882,497
Profit for the year	823,589,320
40,780,941,447	
The following allocation is proposed:	
Dividend ordinary class A and B shareholders (SEK 1.32/share)	1,919,467,305
Dividend class D shareholders (SEK 2.00/share)	387,731,810
To be carried forward	38,473,742,331
40,780,941,447	

The Board's opinion on the dividend is available on page 79.

The Board of Directors and the CEO assure that the consolidated and annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, respectively, good accounting practice and give a true and fair view of the Group's and the company's financial position and results and that the management report provides a true and fair overview of the development of the Group's and the company's operations, financial position and results and describes significant risks and uncertainties faced by the companies that are part of the Group.

The statutory Sustainability Report, which covers the areas in SBB's Annual Report the content of which is provided on page 37, has been approved for publication by the Board of Directors.

Stockholm, 25 March 2022

Lennart Schuss
Chairman of the Board

Ilija Batljan
CEO

Sven-Olof Johansson
Board Member

Hans Runesten
Board Member

Fredrik Svensson
Board Member

Eva Swartz Grimaldi
Board Member

Anne-Grete Strøm-Erichsen
Board Member

Our audit report was submitted on 1 April 2022.
Ernst & Young AB

Mikael Ikonen
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Samhällsbyggnadsbolaget i Norden AB,
corporate identity number 556981-7660

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Samhällsbyggnadsbolaget i Norden AB (publ) except for the corporate governance statement on pages 76-79 and the statutory sustainability report on pages 37-65 for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 66-115 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 76-79 and the statutory sustainability report on pages 37-65. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties

Description

The fair value of investment properties in the Group as at 31 December 2021 was SEK 149 335 million and changes in the value of properties of SEK 20 620 million. As of the closing day 31 December 2021, the entire property portfolio has had its value appraised externally. Investment Properties are the most significant item in the consolidated balance sheet. Valuation at fair value is inherently subject to subjective assessments, where a small change in assumptions underlying the valuations can have a significant impact on reported values. Valuations are return based on the cash flow model, which means that future cash flows are forecasted. The property's yield is assessed based on the unique risk of each property and actual market transactions. Due to the various assumptions and assessments that are made in connection with the valuation of investment properties, we considered this area as a key audit matter in the audit. A description of the valuation principles of the property holdings can be found in the section Property values on page 69, Note 14 and Note 3 regarding significant estimates and assessments.

How our audit addressed this key audit matter

In our audit, we evaluated and reviewed management's process for real estate valuation, including evaluating the applied valuation method and the data used in the valuations.

We have evaluated the competence and objectivity of the external surveyors. We have also reviewed the agreements in our review of their objectivity and assignment.

We have performed a substantive analytic review where we set expectations for value changes for different categories of properties based on available market information. Where outcomes deviate from set expectations, follow-up has been carried out through various substantive procedures.

With the support of our valuation specialists, we have also substantially examined the reasonableness of the assumptions for a sample amounting to 25% of the properties, such as yield requirements, vacancy rate, rental income and operating costs.

We have reviewed the input data regarding rents and operating costs used in the valuations against the Group's external accounts. We have substantially reviewed completed sales and compared sales prices against the latest valuation to analyze the reliability of the valuations.

We have also made comparisons with known market information. We have assessed whether the information provided in the annual report is appropriate.

Goodwill

Description

As of December 31, 2021, goodwill amounts to SEK 6 066 million in the consolidated balance sheet and is related to the difference between the acquisition value of the acquired shares and the fair value of the acquired net assets. The Group performs impairment test annually or when there is an indication that the carrying value exceeds the estimated recoverable amount.

Assessment of the recoverable amount, defined as the highest value of fair value minus sales costs and value in use, involves assumptions from management to identify and calculate the value for cash generating units (CGUs). A description of the valuation principles of goodwill can be found in the section goodwill on page 87, Note 13 and in Note 3 regarding significant estimates and assessments.

Due to the various assumptions and assessments that are made in connection with the valuation of goodwill we considered this area as a key audit matter in the audit.

How our audit addressed this key audit matter

Our audit procedures to address this area, included, amongst others;

- We have evaluated the Company's process to establish and perform impairment tests.
- We have examined how cash generating units (CGUs), are identified and compared to how the Company internally monitors its business.
- We have examined the Company's cash generating units' (CGU's) discount rate and assumptions on long-term growth through comparison against the Company's forecasts.
- We have involved valuation specialist to assist us in the evaluation of the used valuation and calculation methods, assessment of reasonableness in used assumptions and assessment of the sensitivity analysis,

We have also assessed whether the information disclosed in the annual report is appropriate.

Acquisition of investment properties

Description

During the year 2021, the Group acquired investment properties for an amount of SEK 52 474 million and sales of SEK -19 381 million. Specific terms in the individual transaction agreements, the underlying property pricing and valuation, the assessment of whether acquisitions are to be classified as asset alternative acquisition as well as the assessment of the date of recognition of the acquisition or sales all contributes to the complexity of the property transactions. Due to the complexity of assumptions and assessments made in property transactions, we consider this area to be a key audit matter in the audit. A description of accounting principles for acquisition of investment properties can be found in the Acquisition section on page 69, Note 14 and Note 3 regarding significant estimates and assessments.

How our audit addressed this key audit matter

In our audit, we have evaluated and reviewed the company process for assessing the classification and recognition of acquired investment properties. We have reviewed the accounting of completed acquisitions with respect to the date of recognition, purchase price and any special conditions against underlying agreements. We have reviewed the information disclosed in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-65 and 121-128. The Board of Directors and the Managing Director are responsible for this other information.

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

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

We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Samhällsbyggnadsbolaget i Norden AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and the consolidated accounts is located at the Swedish Inspectorate of Auditors website. This description forms part of our auditor's report.

situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the administration is located at the Swedish Inspectorate of Auditors website. This description forms part of our auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Samhällsbyggnadsbolaget i Norden AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report # / sha256: [f9205c327631 334c5a481a 46959aed6cdea1aa7aefc324c25cce7589a712b9ab] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Samhällsbyggnadsbolaget i Norden AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 76-79 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Box 7850 103 99 Stockholm, was appointed auditor of Samhällsbyggnadsbolaget i Norden AB by the general meeting of the shareholders on the 5 May 2021 and has been the company's auditor since 28 March 2017.

Stockholm 1 April, 2022
Ernst & Young AB

Mikael Ikonen
Authorized Public Accountant

Auditor's Limited Assurance Report

on Samhällsbyggnadsbolaget AB's Sustainability Report and the Auditor's Report on the Statutory Sustainability Report

This is the translation of the auditor's report in Swedish

To the Annual General Meeting of Samhällsbyggnadsbolaget i Norden AB (publ), Corp. ID No.: 556981-7660

Introduction

We have been engaged by the Board of Directors of Samhällsbyggnadsbolaget AB (publ) (Samhällsbyggnadsbolaget) to undertake a limited assurance engagement of Samhällsbyggnadsbolaget's Sustainability Report for the year 2021. The company has defined the scope of the Sustainability Report on pages 38 in this document, which also includes the statutory sustainability report defined on page 38.

Responsibility of the Board of Directors and company management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report, including the statutory sustainability report, in accordance with the applicable criteria and the Swedish Annual Accounts Act respectively. The applicable criteria are explained on page 38 and are the parts of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or mistake.

Auditors' responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to provide an opinion on the statutory sustainability report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures.

Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12, The auditor's report on the statutory sustainability report. The procedures performed in a limited assurance engagement and in accordance with FAR's auditing standard RevR 12 vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Samhällsbyggnadsbolaget in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A statutory sustainability report has been prepared.

Stockholm, 1 April 2022

Ernst & Young AB

Mikael Ikonen
Authorized Public Accountant

Marianne Förander
Specialist member of FAR



Definitions

Financial definitions

Actual net asset value (EPRA NTA), SEK

Recognized equity attributable to ordinary shares, excl. equity belonging to preference and D shares, non-controlling interests and hybrid bonds with reversal of goodwill and interest rate derivatives and addition of stamp duty for properties in Finland and less assessed actual deferred tax of 5.15 percent with the exception of residentials that has an estimated deduction of 0 percent. *This key ratio provides an adjusted and supplementary measurement of the size of equity calculated on a uniform basis for listed property companies*

The definition has been changed so that an adjustment is made for stamp duty for Finnish properties, which is an adjustment specified in the EPRA guidelines. In addition, the deduction for deferred tax has been changed from a standard deduction of 5.5 percent to a deduction of 5.15 percent with the exception of homes that have a deduction of 0 percent to better reflect the real estate market. According to the previous definition, EPRA NTA would have been SEK 56,956 million (29,247), corresponding to SEK 39.25 per share (22.00) and SEK 39.24 per share (20.52) after dilution.

Number of preference shares outstanding

The number of preference shares outstanding at the end of the period.

Number of ordinary shares outstanding

The number of ordinary shares outstanding at the end of the period.

Return on equity, %

Net profit for the period in relation to average equity for the period. *The key ratio shows SBB's return on equity during the period.*

Loan-to-value ratio, %

Net debt in relation to total assets. *The key ratio is used to illustrate SBB's financial risk.*

Non-pledged quota, multiple

Non-pledged assets in relation to net unsecured debt. *This key ratio is used to illustrate SBB's financial risk.*

EPRA

European Public Real Estate Association is an organization for listed property companies and investors in Europe. EPRA sets standards regarding financial reporting.

EPRA Earnings, SEK

Profit from property management after dividend to preference shareholders and holders of D shares and profit from property management attributable to minority interests less value changes on properties less tax related to associated companies and joint ventures and interest on hybrid bonds and costs for early repayment of loans less estimated current tax attributable to profit from property management. Taxable profit from property management refers to profit from property management less tax deductible depreciation and remodelling. *This key ratio provides information on profit from property management calculated in a uniform manner for listed property companies.*

The definition has been changed so that costs for early redemption of loans are added back, which is an adjustment stated in EPRA's guidelines. According to the previous definition, EPRA Earnings would have been SEK 2,096 million (1,663), corresponding to SEK 1.52 (1.31) per share and SEK 1.51 (1.27) per share after dilution.

Profit from property management

Profit before changes in value and tax. *The key ratio provides a measurement of the operations' profit generation regardless of value changes.*

Average number of preference shares

The number of preference shares outstanding weighted over the period.

Average number of ordinary shares

The number of ordinary shares outstanding weighted over the period.

Average interest, %

Weighted average contracted interest for interest-bearing liabilities at the end of the period excluding unutilized credit facilities. *The key ratio is used to illustrate SBB's financial risk.*

Average fixed interest term, years

Average remaining duration until an interest-adjustment point for interest-bearing liabilities. *This key ratio is used to illustrate SBB's financial risk.*

Adjusted equity ratio, %

Reported equity including owner loans and convertibles, with reversal of reported deferred tax liability as a percentage of total assets. *The key ratio is used to illustrate SBB's financial stability.*

Tied-up capital, year

Remaining maturity of interest-bearing liabilities. *The key ratio is used to illustrate SBB's financial risk.*

Cash flow from operating activities, SEK

Cash flow from operating activities before changes in working capital according to the cash flow statement.

Long-term net asset value (EPRA NRV), SEK

Recognized equity attributable to the ordinary share, excluding equity associated with preference and D shares, non-controlling interests and hybrid bonds, adding back deferred tax liability, goodwill attributable to deferred tax and interest rate derivatives plus stamp tax for Finnish properties. *This key ratio provides an adjusted and complementary measure of the size of equity calculated in a manner consistent with listed property companies.*

The definition has been changed so that an adjustment is made for stamp duty for Finnish properties, which is an adjustment specified in the EPRA guidelines. According to the previous definition, EPRA NRV would have been SEK 64,314 million (37,028), corresponding to SEK 44.32 per share (27.85) and SEK 44.31 per share (25.98) after dilution.

Net debt, SEK

Liabilities to credit institutions, bond loans and commercial papers less cash and cash equivalents.

Earnings per Class A and B ordinary share, SEK

Net profit for the period after dividend to preference shareholders and holders of D shares and profit attributable to minority shares and interest on hybrid bonds in relation to the average number of ordinary A and B shares for the period.

Interest-coverage ratio, multiple

Profit from property management (last 12 months) less changes in value on properties less tax related to associated companies and joint ventures after reversal of net financial items in relation to net interest income excluding expenses for early repayment of loans and leasing costs. *This key ratio is used to illustrate financial risk.*

Equity ratio, %

Reported equity as a percentage of total assets. *The key ratio is used to illustrate SBB's financial stability.*

Secured loan-to-value ratio, %

Secured liabilities as a percentage of the total assets. *This key ratio is used to illustrate SBB's financial stability.*

Property-related definitions

Number of properties

Number of properties at the end of the period

Number of sq.m.

Total area in the property portfolio at the end of the period

GFA

Gross floor area

Yield, %

Net operating income (rolling 12-month) in relation to the sum of the properties fair value at the end of the period excl. the value for building rights and project properties.

This key ratio is used to illustrate the level of return on the net operating income in relation to the value of the properties.

Net operating income, SEK

Rental income less property costs.

Economic letting ratio, %

Rental income as a percentage of rental value

This key figure is used to facilitate the assessment of rental income in relation to the total value of potential leasable area.

EPRA Vacancy rate, %

The rental value of vacant leases divided by the rental value of the entire portfolio.

The key ratio is calculated in accordance with the EPRA definition, which enables comparison with other companies.

Average contract length of community service properties, years

Remaining contract value in relation to annual rent for community service properties.

The key ratio aims to illustrate SBB's rental risk.

Rental income, SEK

Charges for the period with deductions for rental losses.

Rental value, SEK

Refers to contracted rent plus the assessed rent on vacant space.

Market value of properties, SEK

Fair value of the properties at the end of the period.

Surplus ratio, %

Net operating income as a percentage of rental income for the period.

This key ratio shows how much of the rental income remains after direct property costs.

Calculation of alternative performance measures

Return on equity

Amounts in SEKm	2021	2020
Profit for the period	25,601	8,672
Opening Equity	51,756	30,896
Closing Equity	82,971	51,756
Average equity	67,364	41,326
Return on equity	38%	21%

Loan-to-value ratio

Amounts in SEKm	2021	2020
Liabilities to credit institutions	23,732	12,064
Bond loans	53,094	37,783
Commercial papers	11,169	5,418
Cash and cash equivalents/cash investments	-9,890	-13,606
Net debt	78,105	41,659
Balance sheet total	194,517	120,231
Loan-to-value ratio	40%	35%

Yield

Amounts in SEKm	2021	2020
Net operating income according to earnings capacity	5,130	3,487
Investment properties	149,335	90,185
Building rights and ongoing projects	-14,062	-9,056
Property value excl. building rights	135,273	81,129
Yield	3.8%	4.3%

Non-pledged quota

Amounts in SEKm	2021	2020
Intangible assets	6,066	6,319
Non-pledged properties	115,644	66,534
Land lease agreements	639	614
Equipment, machinery and installations	48	22
Deferred tax assets	1,198	1,009
Financial fixed assets, excluding derivatives	24,995	6,625
Cash investments	53	1,793
Accounts receivable and other receivables	2,178	2,489
Derivatives	547	129
Non-pledged assets	151,368	85,533
Unsecured loans	64,263	42,736
Cash and cash equivalents	-9,837	-13,606
Net unsecured senior debt	54,426	29,130
Non-pledged quota	2.78	2.94

Economic letting ratio

Amounts in SEKm	2021	2020
Rental income in current earnings capacity	7,017	4,839
Rental value in current earnings capacity	7,456	5,170
Economic letting ratio	94.1%	93.6%

EPRA Earnings

Amounts in SEKm	2021	2020
Profit from property management	5,690	2,434
Net profit attributable to preference shares	-2	-3
Net profit attributable to ordinary class D shares	-388	-262
Net profit attributable to hybrid bonds	-496	-332
Profit from property management attributable to non-controlling interest	-18	-9
Adjustments for associated companies/joint ventures	-2,443	-
Expenses for loans redeemed in advance	155	199
Paid tax	-247	-165
Profit from property management after taxes paid	2,251	1,862
Average number of ordinary class A and B shares	1,379,982,887	1,270,977,083
Earnings per class A and B ordinary share	1.63	1.47
Average number of ordinary class A and B shares after dilution	1,391,161,963	1,312,784,970
Earnings per series A and B ordinary share after dilution	1.62	1.42

Adjusted equity ratio

Amounts in SEKm	2021	2020
Equity	82,971	51,756
Deferred tax excl. deferred tax related to goodwill	8,647	5,031
Total	91,618	56,787
Balance sheet total	194,517	120,231
Adjusted equity ratio	47%	47%

Earnings per class A and B ordinary share

Amounts in SEKm	2021	2020
Profit for the period	25,601	8,672
Net profit attributable to preference shares	-2	-3
Net profit attributable to ordinary class D shares	-388	-262
Net profit attributable to hybrid bonds	-496	-332
Net profit attributable to non-controlling interest	-1,018	-74
Net profit attributable to ordinary class A and B shares	23,697	8,001
Average number of ordinary class A and B shares	1,379,982,887	1,312,784,970
Earnings per class A and B ordinary share	17.17	6.09
Average number of ordinary class A and B shares after dilution	1,391,161,963	1,312,784,970
Earnings per series A and B ordinary share after dilution	17.03	6.09

Interest coverage ratio

Amounts in SEKm	2021	2020
Profit from property management (rolling 12 months)	5,690	2,434
Adjustments for associated companies/joint ventures	-2,443	-
Adjusted profit from property management (rolling 12 months)	3,247	2 434
<i>Reversal of net financial items</i>		
Interest income and similar items	-274	-166
Interest expenses and similar items (rolling 12 months)	1,011	973
Expenses for redeemed loans in advance (rolling 12 months)	155	199
Exchange rate differences (rolling 12 months)	-118	-118
Land lease payments (rolling 12 months)	21	25
Total reversal of net financial items	795	913
Profit from property management (rolling 12 months) excl. net financial items	4,042	3,347
<i>Net interest income</i>		
Interest income and similar items	274	166
Interest expenses and similar items (rolling 12 months)	-1,011	-973
Total net interest items	-737	-807
Interest coverage ratio (multiple)	5.5	4.1

Equity ratio

Amounts in SEKm	2021	2020
Equity	82,971	51,756
Balance sheet total	194,517	120,231
Equity ratio	43%	43%

Equity ratio

Amounts in SEKm	2021	2020
<i>Equity excluding non-controlling interest</i>		
Equity	82,971	51,756
Hybrid bond	-16,750	-14,480
Non-controlling interest	-4,073	-411
Equity excluding non-controlling interest	62,148	36,865
Preference share capital	-	-15
D share capital	-5,964	-5,531
Reversal of derivatives	-517	138
Goodwill attributable to deferred tax	-1,781	-2,044
Other goodwill	-4,285	-4,275
Reversal of debt component of mandatory convertible bonds	-	541
Stamp tax Finnish properties	202	148
Reversal of deferred taxes	10,428	7,075
Deferred tax deduction (5.5%)	-2,877	-2,236
Current net asset value (EPRA NTA)	57,354	30,665
Current net asset value (EPRA NTA), SEK/share	39.52	23.07
Current net asset value (EPRA NTA), SEK/share (diluted)	39.52	21.52
Reversal of other goodwill	4,285	4,275
Reversal of deferred tax deduction (5.5%)	2,877	2,236
Long-term net asset value (EPRA NRV)	64,516	37,176
Long-term net asset value (EPRA NRV), SEK/share	44.46	27.96
Long-term net asset value (EPRA NRV), SEK/share (diluted)	44.45	26.09
Number of ordinary class A and B shares	1,451,141,898	1,329,482,358
Number of ordinary class A and B shares after dilution	1,451,410,953	1,425,117,900

Secured loan-to-value ratio

Amounts in SEKm	2021	2020
Liabilities to credit institutions	23,732	12,064
Secured bond loans	-	465
Total secured loans	23,732	12,529
Balance sheet total	194,517	120,231
Secured loan-to-value ratio	12%	10%

Surplus ratio

Amounts in SEKm	2021	2020
Net operating income	4,047	3,479
Rental income	5,930	5,121
Surplus ratio	68%	68%

Investor relations

Samhällsbyggnadsbolagets IR's activities should, through clear information disclosure, responsiveness and clear availability, promote good relations with the capital market's players, create trust in the company and thereby contribute to cost-effective financing in terms of a fair market valuation. IR activities and associated information disclosure shall be in accordance with applicable legislation, the Nasdaq regulations, the Swedish Financial Supervisory Authority's guidelines for stock exchange and MTF companies, the Swedish Code of Corporate Governance and SBB's guidelines for communication.

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Press releases, interim reports and annual reports are published and can be downloaded, in both Swedish and English (most), at the SBB's website (www.sbbnorden.se). There is also continuous information about the company, the share and financial statistics and the opportunity to subscribe to press releases and reports.





Calendar

Interim report Jan-March 2022	27-04-2022
Annual General Meeting	27-04-2022
Interim report Jan-June 2022	14-07-2022
Interim report Jan-Sept 2022	27-10-2022



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