



Samhällsbyggnadsbolaget

SAMHÄLLSBYGGNADSBOLAGET I NORDEN AB (PUBL)



JANUARY-JUNE 2020

73

Property value, SEKbn

19,91

EPRA NRV, SEK/share

2,664

Rental income, SEKm

924

Profit from property management, SEKm

2,595

Interim profit, SEKm

THE PERIOD

The period in brief

- Rental income increased to SEK 2,664m (893).
- The operating surplus increased to SEK 1,817m (560).
- Cashflow from operating activities before changes in working capital was SEK 1,194m (244).
- Profit before tax increased to SEK 2,447m (1,060), of which:
 - Profit from property management is included with SEK 924m (254). The profit from property management includes costs for early repayment of loans and other non-recurring costs of SEK -154m (-123).
 - Changes in value of properties are included with SEK 1,789m (894).
 - Changes in the value of derivatives are included with SEK -266m (-88).
- Profit for the period was SEK 2,595m (933) after deduction of deferred tax of SEK 200m (-90) and current tax of SEK -52m (-37), corresponding to earnings per ordinary share A and B of SEK 1.80 (1.01) before dilution.
- The value of the property portfolio amounted to SEK 73.0bn (79.5).
- Long-term net asset value (EPRA NRV) calculated in accordance with EPRA's new guidelines for net asset value calculations was SEK 25,247m (9,593), corresponding to SEK 19.91 kr (12.69) per share.

SECOND QUARTER

Significant events during the second quarter

- During the quarter, SBB sold office properties and rental apartments in a large number of transactions with a total lettable area of approximately 500,000 sq.m. and a total agreed property value of approximately SEK 9.5bn.
- At the beginning of June, a project property in Gothenburg was acquired at an agreed property value of SEK 400m.
- During the quarter, SBB increased its unutilized credit facilities to a total capacity of approximately SEK 11,4bn. This means that all loan maturities, including commercial papers, are secured for the next 24 months.
- The strategy of repurchasing bonds issued with higher interest rates continues. In June, the subsidiary Hemfosa Fastigheter AB announced that they were using the opportunity to redeem its unsecured bonds maturing in September 2020.
- During the quarter, Fitch Ratings and S&P Global Ratings affirmed SBB's investment grade rating BBB- with stable outlook. During the quarter, both Fitch Ratings and S&P Global Ratings announced short ratings F3 and A3, respectively, which is an investment grade rating for commercial papers.

Significant events after the end of the period

- At the beginning of July, SBB signed an agreement for the acquisition of a larger portfolio of preschools from the Norwegian Laeringsverkstedet, for an agreed property value of NOK 4,250m. The portfolio consists of 138 properties with approximately 114,000 sq.m. of letting area and 601,000 sq.m. of land. Laeringsverkstedet has signed 35-year triple-net agreements for the entire portfolio with a rent of NOK 251.4m.
- After the end of the quarter, SBB has carried out an external valuation of lease agreements that have been signed after the end of the quarter and contracts that will be entered until 30 June 2021. These lease agreements have an average duration of 36 years and a fully indexed operating net income of SEK 325m. The outcome of the valuation shows an extra value that exceeds the acquisition value / investments by SEK 2,242m (fair value gain).

SBB KEY RATIOS

	2020	2019	2020	2019	2019
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Jan-Dec
Property-related key ratios					
Property value (market value), SEKm	72 974	30 331	72 974	30 331	79 542
Number of properties	1 302	790	1 302	790	1 394
Leasable area, sq.m., thousands	3 715	1 797	3 715	1 797	4 233
Surplus ratio, %	68	63	70	69	63
Yield, %	4,6	4,7	4,6	4,7	4,8
Economic letting ratio, %	94,0	95,4	94,0	95,4	94,8
WAULT, social infrastructure properties, yrs	7	7	7	7	7
Financial key ratios					
Rental income, SEKm	2 664	893	1 323	464	1 996
Net operation income, SEKm	1 817	560	922	320	1 265
Interim profit, SEKm	2 595	933	1 223	717	2 624
Cash flow from current operations, SEKm	1 194	244	750	147	745
Equity excluding non-controlling interest, SEKm	24 770	10 622	24 770	10 622	24 304
Return on Equity, %	8	7	3	5	12
Loan-to-value ratio, %	50	43	50	43	41
Secured loan-to-value ratio, %	15	19	15	19	26
Equity ratio, %	38	43	38	43	30
Adjusted Equity ratio, %	42	46	42	46	33
Interest coverage ratio, times	3,1	2,2	-	-	2,6
Equity-related key ratios					
Actual net asset value (EPRA NTA), SEKm *)	18 463	8 473	18 463	8 473	17 931
Actual net asset value (EPRA NTA), SEK/share *)	14,56	11,21	14,56	11,21	14,45
Long-term net asset value (EPRA NRV), SEKm *)	25 247	9 593	25 247	9 593	24 855
Long-term net asset value (EPRA NRV), SEK/share *)	19,91	12,69	19,91	12,69	20,04
EPRA Earnings, SEKm	872	217	601	128	611
EPRA Earnings (EPS), SEK/share	0,69	0,29	0,47	0,17	0,80
EPRA Vacancy Rate	6,0	4,6	6,0	4,6	5,2
Earnings per ordinary class A and class B shares	1,80	1,01	0,86	0,73	2,97
Earnings per ordinary class D shares	1,00	1,00	0,50	0,50	2,00
Average number of ordinary class A and B shares	1 263 712 746	756 049 031	1 268 092 596	756 049 031	762 481 721
Average number of ordinary class D shares	106 285 043	55 938 413	106 519 951	66 698 620	65 967 084
Average number of preference shares	30 713	175 251	30 713	175 251	122 886
Number of ordinary class A and B shares	1 268 092 596	756 049 031	1 268 092 596	756 049 031	1 240 526 587
Number of ordinary class D shares	106 519 951	73 398 336	106 519 951	73 398 336	104 425 359
Number of preference shares	30 713	175 251	30 713	175 251	30 713

*) The key ratios are calculated in accordance with EPRA's new guidelines for calculation of net asset values.

INFORMATION ON THE OPERATIONS IN SAMHÄLLSBYGGNADSBOLAGET I NORDEN

Ilija Batljan founded SBB in March 2016 with a vision to create the best Nordic property company focused on residential and social infrastructure properties. The company's strategy is long-term ownership, management and development of residential properties in Sweden and social infrastructure properties in the Nordics. Further, the company aims to actively carry out project and property development to develop new social infrastructure.

In order to maintain security, an ability to take action and cash flow, approximately 90 percent of the portfolio will consist of community properties in the Nordic region and Swedish rent regulated residential. SBB has regularly exceeded its financial goals for growth and profit generation. On 17 June 2020, SBB presented the goal of achieving a property value of SEK 125bn in 2025 while maintaining a BBB+ rating and that a BBB+ rating will be obtained during the first half of 2021.

SBB operates in a market with stable and strong underlying driving forces (economic development and population growth). SBB's property portfolio is characterised by a high occupancy rate and long lease contracts. Rental income consists of long and safe flows from primarily the state / municipality / county council and from Swedish rent regulated residential. Of the property portfolio, 94 per cent consists of community service properties in the Nordic region and Swedish rent regulated residential - social infrastructure - where cash flows are uniquely stable as three of the Nordic states, as only three out of ten states in the world, have an AAA rating. The stability of cash flows has been shown during the Corona pandemic, where the rental payment rate during the second quarter was 99.8 percent, which is clearly the highest among comparable companies.

In addition to very stable cash flows from the welfare states in the Nordic region, SBB works with three additional value-creating activities in the form of:

- (1) Project and property development
- (2) Renovations
- (3) Property transactions

As of 30 June 2020, the property portfolio comprised 1,302 properties. The properties had a total value of SEK 73.0bn, of which Swedish rent regulated residential amounted to SEK 12.2bn, community service properties SEK 56.0bn and other properties SEK 4.7bn. The total area was approximately 3,715,000 sq.m. with a rental income of SEK 4,537m calculated on 12-month rolling earning capacity corresponding to an average rent of SEK 1,221 / sq.m.

Sustainability

For SBB, working towards a sustainable world is central and therefore SBB has launched Vision 2030 in order to become the most sustainable real estate company in the world in line with the UN's global sustainability goals. As part of achieving this goal, 100 percent of all electricity must be sustainable, wood production must be promoted, property development must take place in conjunction with public transport and young people living in areas with Swedish rent regulated residential must be provided with opportunities for a first job.

Classification	Rental income, SEKm	Total, %
Rent regulated residential	771	17
Sum Rent regulated residential	771	17
Education	1 071	24
Elderly care	497	11
LSS	310	7
Health care	313	7
Police and justice	441	10
Municipality and department	523	12
Public offices	359	8
Office and other	2	0
Sum Community service	3 516	77
Sum Social infrastructure	4 287	94
Other	250	6
Total	4 537	100

Organisation

SBB's management team has significant experience in development and management of both residential and community service properties. The organization is made up of a team of employees where the focus lies on transactions, property development and active property management.

SBB works actively on improving the cash flow in the existing property portfolio through efficient property management by a locally established management organization and an organization with extensive knowledge and experience of property development. SBB's property management organization is in-house. SBB operates a transaction-intensive business with the aim of creating the best long-term return.

CEO ILIJA BATLIJAN



“Our most important asset - our employees - has successfully integrated Hemfosa and our margin in terms of surplus ratio was at the end of the first six months of 2020 approximately seven percentage points higher than the corresponding last year”

Samhällsbyggnadsbolaget i Norden AB (SBB) is today the Nordic region's largest and one of Europe's largest owners of social infrastructure. Thanks to our low risk assets and our strong financial position, we have been able to meet the Covid-19 crisis by working even harder and continuing to invest. We have also ensured that the social infrastructure works well despite the circumstances. By providing deferrals and rental discounts, we have supported tenants with a long-term ability to survive. During the second quarter, we received 99.8 percent of our rental income, which is probably the highest of all listed real estate companies in Europe. We continue to support our tenants and intend to enable deferrals, changed payment periods or provide other types of support corresponding to approximately 0.6–0.8 percent of our quarterly income during the third quarter. We stand up for society through various types of social initiatives and continue to invest in sustainability. Amongst other, we have donated food to vulnerable persons and health care workers and safety masks to the elderly care. SBB has also given summer jobs to 123 youths. Our most important asset, our employees, have successfully integrated Hemfosa and our margin in terms of surplus ratio was for the first half of 2020 approximately seven percentage points higher than the corresponding last year. Net operating income in a comparable portfolio (like for like) increased by seven percent.

Strong result

Profit before tax amounted to SEK 2,447m and profit after tax was SEK 2,595m. Adjusted for non-recurring costs and deductions for earnings attributable to preference shares, D shares and hybrid bonds, the result for the period was SEK 2.08 per ordinary share A and B.

Cash flow from operating activities before changes in working capital increased by 389 percent to SEK 1,194m (244) for the first half of the year.

Adjusted for non-recurring effects for repurchases of expensive loans and restructuring costs, cash flow landed at SEK 1,348m (367).

Profit from property management adjusted for non-recurring costs increased by 247 percent to SEK 1,285m (386) compared with the second quarter of 2019. In addition to costs for the redemption of loans, the non-recurring costs also include restructuring costs and unrealised currency effects. The strong increase in net operating income is the main reason behind the strong increase in profit from property management.

BBB+ rating in focus

At the end of the half-year, our net debt pro forma, adjusted for cash from sold but not divested properties and 12 months' earnings and the acquisition of Laeringsverkstedet in Norway in early July 2020, through total capital according to S&P's loan to value definition, amounted to approximately 50 percent. Thus, according to our calculations, we are close to fulfilling one of the most important key figures for a BBB+ rating. In the long term, the goal is to achieve an A- rating. This is supported by the quality of our assets and the fact that we have the same secure publicly funded cash flows as our competitors in the public rating category. We continue to raise the interest coverage ratio, which at the end of the half-year was 3.1 times, which we expect to land around 4 times for the full year. We have just over SEK 50 billion in non-pledged assets, cash including cash from sold but not closed property transactions and financial assets of SEK 11.3bn and available credit commitments of SEK 11.4bn.

New financial goals

At the SBB Capital Markets Day in June, we presented updated financial targets with a focus on a strong financial position with the goal of a BBB+ rating no later than the first half of 2021, and A- rating in the long term combined with a new performance target. Our new goal is to generate

growth in our property management result per ordinary share A and B, which over a five-year period averages at least 15 percent per year. This goal is possible thanks to our unique value-creating model which, in addition to secure cash flows from property management, also provides recurring revenue streams via property development, renovations and transactions. In property development, we now focus on using our large building rights portfolio to build new housing and community service properties based on the needs of the municipalities, both in our own book through the new organisation after the integration of Hemfosa, but also through joint ventures with parties that take the construction risk.

The scenario analyses in the project and property development section show a potential for annual earnings in excess of SEK 1bn from property development. In renovations, we continue to deliver on the target of 600 apartments per year. During the first half of the year, we renovated 323 apartments. Among our apartments, there is room for renovations over 75 percent of the portfolio, which together with the need to renovate community service properties creates potential for strong recurring earnings. We continue to use our building rights and renovate our properties to ensure an appropriate and attractive social infrastructure, some examples below:

- Three new police stations (15-year leases)
- New elderly care home in Västerås for Västerås municipality (25-year lease)
- New elderly care home in Ängelholm and new LSS (15-year lease)
- Renovation and extension of Nykvarn's town hall (new 25-year lease)
- Construction of a culture house for Skellefteå municipality (50-year lease)
- Construction of the Social Services building in Västerås (15-year lease)
- Conversion of premises in Haninge to a school and elderly care home for Haninge municipality (a 23-year and a 20-year lease)
- Construction of six LSS properties together with Emrahus and four LSS properties under own management (15-year lease agreement).

In addition to property development and renovations / investments, we continue to deliver within transactions. Under difficult market conditions, we have proven that our assets are among the most liquid in the entire Nordic region. Since the acquisition of Hemfosa, we have sold properties for SEK 10.9bn in line with or higher than book value.

Prospects

SBB's secure cash flows and work towards a BBB + rating have made it possible for us to meet one of the biggest challenges our economy has been subjected to in modern times. We continue to see that in accordance with the result for the first half of the year and the earning's capacity, we are delivering a strong earning's capacity of SEK 2.91 per A and B share this year. We will continue to invest in society, amongst others by offering summer jobs to 123 youths living in SBB:s rent regulated residential.

Covid-19 has gone from being a pandemic to also becoming a greatly increased risk to the world economy that leaves no one indifferent. The great uncertainty that currently prevails around economic development requires focus and hard work. Community service properties and residential are least affected by the crisis, but crisis leaves no one unaffected. On the other hand, this is neither the first nor the last crisis that long-term focused companies have to deal with. Crises come and go and you have to be humble in the face of this, but our task is to be a reliable and long-term societal player that delivers shareholder value, good profitability and strong results in a sustainable way.

Ilija Batljan

CEO and Founder



CONSOLIDATED INCOME STATEMENT

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Rental income	2 664	893	1 323	464	1 996
Operating costs	-539	-223	-257	-89	-471
Maintenance	-142	-51	-67	-25	-115
Property administration	-104	-44	-48	-23	-104
Property tax	-62	-15	-29	-7	-41
Net operating income	1 817	560	922	320	1 265
Central administration	-94	-51	-41	-24	-136
Acquisition and restructuring costs	-41	-	-9	-	-83
Results from associated companies/joint ventures	15	49	-8	37	92
Profit before financial items	1 697	558	864	333	1 138
Financial items					
Interest income and similar items	60	46	32	33	102
Interest expenses and similar items	-502	-217	-210	-110	-482
Expenses for redeemed loans in advance	-113	-123	2	-98	-197
Translation gains/losses	-207	-9	-77	-9	91
Leasing costs	-11	-1	-6	-1	-7
Profit from property management	924	254	605	148	645
Changes in value, property	1 789	894	161	642	2 453
Changes in value, derivatives	-266	-88	-14	-79	39
Profit before tax	2 447	1 060	752	711	3 137
Tax	148	-127	471	6	-513
NET PROFIT FOR THE PERIOD	2 595	933	1 223	717	2 624

CONSOLIDATED STATEMENT OF COMPEHENSIVE INCOME

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Net profit for the period	2 595	933	1 223	717	2 624
Translation gains/losses	-855	206	111	64	163
COMPREHENSIVE INCOME FOR THE PERIOD	1 740	1 139	1 334	781	2 787
Earnings per ordinary share A and B before dilution	1,80	1,01	0,86	0,73	2,97
Earnings per ordinary share A and B after dilution	1,78	1,00	0,85	0,72	2,92
Earnings per ordinary share D (not subject for dilution)	1,00	1,00	0,50	0,50	2,00

COMMENTS ON THE INCOME STATEMENT

Net operating income

Rental income during the period amounted to SEK 2,664m (893) and for the quarter to SEK 1,323m (464). In a comparable portfolio, rental income increased by 3 percent compared with the corresponding period last year. Of the rental income, SEK 442m pertained to residential properties, SEK 2,065m to community service properties and SEK 157m to other properties. The economic occupancy rate at the end of the period was 94.0 percent (95.4). The average contract length for community properties was 7 years (7).

Property costs during the period amounted to SEK -847m (-333) and for the quarter SEK -401m (-144). They mainly consist of tax-related costs, maintenance costs and management administration. An adjustment of Hemfosa's accounting principles to SBB's accounting principles has resulted

in non-recurring effects of SEK 40 million on the outcome for tax-linked costs. In a comparable portfolio, costs decreased by 4 percent compared with the corresponding period last year. The comparable portfolio thus had an increased operating net of 7 percent.

Segment reporting

For reporting and follow-up, SBB has been divided into three segments: Residential, Community service and Other/Property Development. 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, and the information obtained to make strategic decisions.

Segment reporting 01-01-2020 – 30-06-2020

SEK millions	Residential	Community service	Other	Total
Rental income	442	2 065	157	2 664
Property costs	-225	-547	-75	-847
Net operating profit	217	1 518	82	1 817
Surplus ratio	49%	74%	52%	68%
Central administration				-94
Acquisition and restructuring costs				-41
Results from associated companies/joint ventures				15
Net financial				-773
Operating profit	217	1 518	82	924
Changes in value, property	121	1 721	-53	1 789
Changes in value, derivatives				-266
Tax				148
Profit for the period	338	3 239	29	2 595
Investment properties	12 231	56 005	4 737	72 974
Value per sq.m. (SEK)	16 355	21 232	14 375	19 642

Segment reporting 01-01-2019 – 30-06-2019

SEK millions	Residential	Community service	Other	Total
Rental income	339	498	56	893
Property costs	-174	-129	-30	-333
Net operating profit	165	369	26	560
Surplus ratio	49%	74%	46%	63%
Central administration				-51
Results from associated companies/joint ventures				49
Net financial				-304
Operating profit	165	369	26	254
Changes in value, property	517	331	46	894
Changes in value, derivatives				-88
Tax				-127
Profit for the period	682	700	72	933
Investment properties	10 182	17 854	2 295	30 331
Value per sq.m. (SEK)	14 151	20 654	10 753	16 875

Segment reporting 01-04-2020 – 30-06-2020

SEK millions	Residential	Community service	Other	Total
Rental income	222	1 045	56	1 323
Property costs	-98	-273	-30	-401
Net operating profit	124	772	26	922
Surplus ratio	56%	74%	46%	70%
Central administration				-41
Acquisition and restructuring costs				-9
Results from associated companies/joint ventures				-8
Net financial				-259
Operating profit	124	772	26	605
Changes in value, property	-6	306	-139	161
Changes in value, derivatives				-14
Tax				471
Profit for the period	118	1 078	-113	1 223
Investment properties	12 231	56 005	4 737	72 974
Value per sq.m. (SEK)	16 355	21 232	14 375	19 642

Segment reporting 01-04-2019 – 30-06-2019

SEK millions	Residential	Community service	Other	Total
Rental income	187	248	29	464
Property costs	-77	-54	-13	-144
Net operating profit	110	194	16	320
Surplus ratio	59%	78%	55%	69%
Central administration				-24
Results from associated companies/joint ventures				37
Net financial				-185
Operating profit	110	194	16	148
Changes in value, property	314	270	58	642
Changes in value, derivatives				-79
Tax				6
Profit for the period	424	464	74	717
Investment properties	10 182	17 854	2 295	30 331
Value per sq.m. (SEK)	14 151	20 654	10 753	16 875

Profit after tax

In total, the period's costs for central administration amounted to SEK -94m (-51) for the period and SEK -41m (-24) for the quarter. The central administration costs include costs for business development, transaction, property development and financial management. As a result of the acquisition of Hemfosa, the company has had some non-recurring costs during the period. In total, these acquisition and restructuring costs amounted to SEK -41m. Profit from associated companies and joint ventures was SEK 15m (49) for the period.

Net financial items for the period amounted to SEK -773m (-304) and for the quarter SEK -259m (-185). The financial costs include interest for external financing as well as other financial costs such as accrued arrangement fees. The financial costs include non-recurring expenses in the form of costs for early redemption of expensive loans of SEK -113m (-123). During the period, exchange rate differences of SEK -207m (-9) were reported that are attributable to the translation of loans raised in Euro to the extent that they are not matched against hedges in the form of net assets in Euro and fx derivatives.

Value changes for the properties amounted to SEK 1,789m (894), of which SEK -507m (-307) were realized value changes and SEK 2,296m (1,201) were unrealized value changes. The realized changes in value mainly refer to discounts for deferred tax, which is reflected in the tax revenue reported for the period. The unrealized changes in value are explained, among other things, by the fact that SBB has successively renovated 323 apartments during the year, made project investments in existing portfolios such as the reconstruction of Nykvarn's town hall, construction of the Social Services building in Västerås and new and reconstruction of a school and senior housing property in Haninge. The remaining part is explained as a result of increased operating nets as a result of similar investments and leases in the property portfolio as well as reduced yield requirements as a result of increased demand for long and stable cash flows.

Profit after tax for the period was SEK 2,595m (933). Tax on the profit for the period was SEK 148m (-127), of which SEK -52m (-37) pertained to current tax and SEK 200m (-90) pertained to deferred tax related to properties and loss carryforwards. The positive tax is attributable to the dissolution of deferred tax for sold properties.

CONSOLIDATED BALANCE SHEET

Amount in SEK, millions	30-06-2020	30-06-2019	31-12-2019
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	6 272	24	6 687
Total intangible assets	6 272	24	6 687
Tangible assets			
Investment properties	72 974	30 331	79 542
Land lease agreements	437	134	445
Equipment, machinery and installations	20	4	21
Total tangible fixed assets	73 431	30 469	80 008
Financial fixed assets			
Shares in associated companies/joint ventures	1 213	514	909
Receivables from associated companies/joint ventures	1 259	1 293	1 142
Derivatives	15	-	73
Financial fixed assets at fair value	1 643	233	459
Other long-term receivables	22	12	24
Total financial fixed assets	4 152	2 052	2 607
Total fixed assets	83 855	32 545	89 302
Current assets			
Current receivables			
Accounts receivable	9	25	53
Current assets at cost	-	465	-
Other receivables	7 045	706	791
Prepaid expenses and accrues income	286	112	158
Total current receivables	7 340	1 308	1 002
Short-term investments	-	-	1 041
Cash and cash equivalents	1 330	2 691	12 858
Sum current assets	8 670	3 999	14 901
TOTAL ASSETS	92 525	36 544	104 203
EQUITY AND LIABILITIES			
Equity	35 164	15 641	30 896
Long-term liabilities			
Liabilities to credit institutions	12 768	5 532	22 073
Bond loans	32 347	9 848	23 720
Derivatives	355	99	25
Deferred tax liabilities	5 441	1 175	6 237
Liabilities leasing	437	134	445
Other long-term liabilities	35	64	22
Total long-term liabilities	51 383	16 852	52 522
Current liabilities			
Liabilities to credit institutions	198	131	3 912
Commercial papers	2 553	2 718	4 944
Bond loans	100	87	1 442
Accounts payable	70	35	131
Current tax liabilities	120	11	126
Other liabilities	1 650	601	8 822
Accrued expenses and prepaid income	1 287	468	1 408
Total current liabilities	5 978	4 051	20 785
TOTAL EQUITY AND LIABILITIES	92 525	36 544	104 203

COMMENTS ON THE BALANCE SHEET

Investment properties

The value of the properties amounted to SEK 73bn as of 30 June 2020. The value of the property portfolio has been based on external valuations made by Newsec, JLL, Savills 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 the need for investments. The yield requirements used in the valuation are in the range of 2.30 percent to 15.0 percent. The value of the properties includes SEK 2,726m 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 on page 14.

Associated companies and joint ventures

SBB's engagement in associated companies and joint ventures consists partly of a holding in the companies and in some cases financing to the companies. As of 30 June 2020, participations in associated companies and joint ventures amounted to SEK 1,213m (909) and receivables from associated companies and joint ventures amounted to SEK 1,259m (1,142). Some of the companies conduct property development projects, while other companies own investment properties. The largest holdings consist of the companies KlaraBo Förvaltning AB, Valerum Fastighets AB and Publik Eiendom AS.

Goodwill

The goodwill item of SEK 6,272m (6,687) 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 the form of a company that must be reported in the so-called business combinations such as the acquisition of Hemfosa. For this accounted goodwill of SEK 1,963m, there is a corresponding amount in the item deferred tax. As a result of the sale of properties, this part has decreased during the period. A small part of the goodwill arose through the acquisition of the company SBB Förvaltning Sverige AB (formerly Hestia Sambygg AB) with 70 employees made in 2018. The goodwill item that arose at the time of the acquisition is connected to the employees.

Equity

Equity as of 30 June 2020 amounted to SEK 35,164m (30,896). The equity includes issued hybrid bonds with a book value of SEK 10,020m and preference shares in the Norwegian subsidiary Nye Barcode 121 Bidco AS and a minority in Hemfosa Fastigheter AB (publ) as SBB does not own all the shares in the company. As shares in Hemfosa have been acquired during the period, the minority interest has decreased by SEK 1.6bn. During the period, SBB carried out issues of ordinary shares of series B and D of SEK 719m after issue costs that were used as consideration for the acquisition of shares in Hemfosa. In addition, a perpetual hybrid bond of EUR 500m was issued with a fixed coupon of 2.624 percent.

Translation differences in the translation of net assets in subsidiaries in Norway, Finland and Denmark from local currency to SEK amounted to SEK -855m (206) of the change in equity during the period. The effect is mainly explained by the negative development of the Norwegian krona against the Swedish krona during the period.

The equity ratio was 38 percent (30), the adjusted equity ratio was 42 percent (33) and the loan-to-value ratio was 50 percent (41).

Deferred tax

Deferred tax is calculated in Sweden with a nominal tax of 20.6 percent on differences between the reported and tax value of assets and liabilities. The corresponding tax rates in Norway and Denmark are 22 percent and in Finland 20 percent. The deferred tax liability as of 30 June 2020 amounted to SEK 5,441m (6,237) and is largely attributable to investment properties and loss carryforwards. The loss carryforwards amount to approximately SEK 3.9bn as of 30 June 2020.

Debt and cash and cash equivalents

Interest-bearing liabilities in the Group at the end of the period amounted to SEK 47,966m (56,091), of which SEK 12,966m (25,985) pertained to liabilities to credit institutions, SEK 32,447m (25,162) pertained to bond loans and SEK 2,553m (4,944) pertained to commercial paper. See further under the section Financing on page 21. Cash and cash equivalents amounted to SEK 1,330m (12,858).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount in SEK, millions

	Share capital	Other contributed capital	Retained earnings	Hybrid bonds	Non-controlling interest	Total equity
Total equity 01-01-2019	80	4 345	4 585	1 873	314	11 197
Share issue	3	971				974
Issue hybrid bonds				3 115		3 115
Redeemed preference shares			-54		-292	-346
Dividends			-344	-93	-1	-438
Net profit for the period			839	93	1	933
Other comprehensive income			197	-10	19	206
Total equity 30-06-2019	83	5 316	5 223	4 978	41	15 641
Share issue	51	12 381				12 432
Issue hybrid bonds				1 485		1 485
Issue warrants		3				3
Dividends			-13	-105		-118
Redeemed preference shares		-93			-3	-96
Repurchased hybrid bonds			-283	-1 873		-2 156
Acquired minority interests					1 930	1 930
Tax effects equity		51		76		127
Net profit for the period			1 582	105	4	1 691
Other comprehensive income			3	-37	-9	-43
Total equity 31-12-2019	134	17 658	6 512	4 629	1 962	30 896
Total equity 01-01-2020	134	17 658	6 512	4 629	1 962	30 896
Share issue	3	716				719
Issue hybrid bonds				5 273		5 273
Redeemed minority interests			-731		-1 640	-2 371
Dividends			-976	-166	0	-1 142
Tax effects equity		6		43		49
Net profit for the period			2 377	166	52	2 595
Other comprehensive income			-929	75	-1	-855
Total equity 30-06-2020	137	18 380	6 253	10 020	373	35 164

CONSOLIDATED CASH FLOW STATEMENT

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Operations					
Profit from property management	924	254	605	148	645
<i>Adjustments for non-cash flow items</i>					
Depreciations	1	-	-	-	3
Net financial items	773	304	259	185	493
Interest paid	-505	-321	-136	-197	-459
Interest received	53	44	26	31	97
Income tax paid	-52	-37	-4	-20	-34
Cash flow from operations before changes in working capital	1 194	244	750	147	745
Cash flow from changes in working capital					
Changes in current receivables	-6 330	-488	-5 772	-428	-644
Changes in current liabilities	-8 502	268	-484	91	9 443
Cash flow from operations	-13 638	24	-5 506	-190	9 544
Investment activities					
Investments in properties ¹⁾	-2 906	-9 091	-1 448	-7 430	-58 258
Divestments in properties	10 051	5 370	8 420	5 043	6 672
Investments/divestments in equipment, machinery and installations	-	1	1	-	-19
Investments in associated companies/joint ventures	-344	-300	-90	-288	-698
Investments in intangible fixed assets	-	-	4	-	-4 295
Changes in receivables from associated companies/joint ventures	-125	281	-68	308	432
Changes in financial assets	-94	-636	-12	-636	-1 459
Changes in other long-term receivables	31	-1	30	-1	-13
Cash flow from investment activities	6 613	-4 376	6 837	-3 004	-57 638
Financing activities					
Share issue ¹⁾	719	974	-4	716	13 406
Issue hybrid bonds	5 273	3 115	-8	3 115	4 600
Redeemed preference shares	-	-	-	-	-83
Repurchased hybrid bonds	-	-	-	-	-2 156
Issue warrants	-	-	-	-	3
Dividends paid	-163	-277	-104	-256	-426
Acquired minority shares	-	-	-	-	1 930
Redeemed minority shares ¹⁾	-2 371	-346	-	-346	-349
New loans	14 639	13 660	5 138	10 478	53 766
Amortization of loans	-22 560	-10 280	-8 898	-8 153	-12 362
Changes in other long-term liabilities	-31	39	63	-67	2 467
Cash flow from financing activities	-4 494	6 885	-3 813	5 487	60 796
Cash flow for the period	-11 519	2 533	-2 482	2 293	12 702
Cash and cash equivalents at the beginning of the period	12 858	157	3 820	398	157
Translation difference of cash and cash equivalents	-9	1	-8	0	-1
Cash and cash equivalents at the end of the period	1 330	2 691	1 330	2 691	12 858

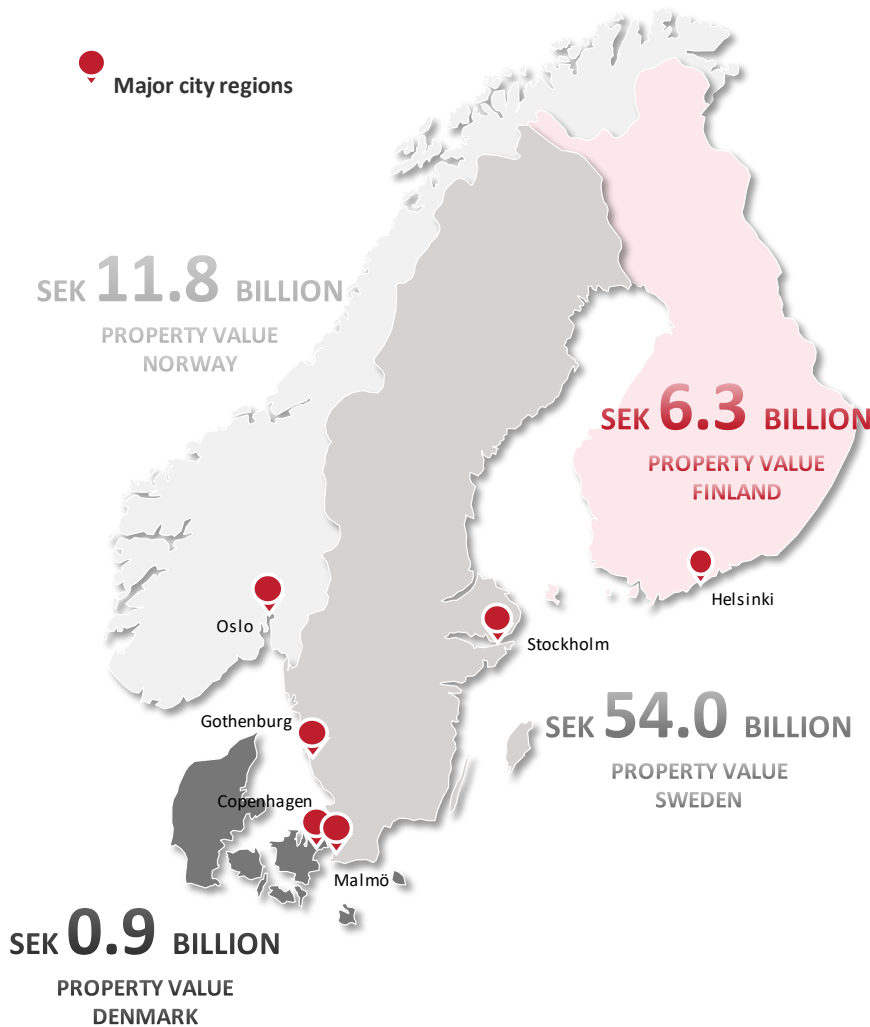
¹⁾ The amount above also include share issues without contribution of cash. Investments in subsidiaries also includes investments made by direct share issues.

PROPERTY PORTFOLIO

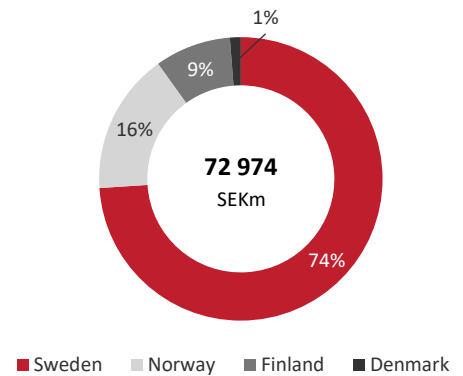
Community service properties, which together with Swedish rent regulated residentials are defined as social infrastructure, constitute SBB's core holdings and over time shall comprise around 90 percent of the company's total property value. The combination of community service properties and Swedish rent regulated residentials is unique among listed companies in the Nordic region. SBB's properties are among the most secure of investments, comprising community service properties with tenants financed by AAA sovereigns, as well as Swedish rent regulated residentials in markets with major supply deficits attributable to regulations and growing populations. SBB's average lease duration of seven years is, in practice, clearly longer because publicly financed tenants relocate very seldom due to the nature of their operations.

SBB's community service properties include properties leased by tenants conducting tax-financed operations of the Nordic welfare states. These tenants conduct operations in areas including education, elderly care, support for the disabled, 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, schools, and group housing for people with disabilities.

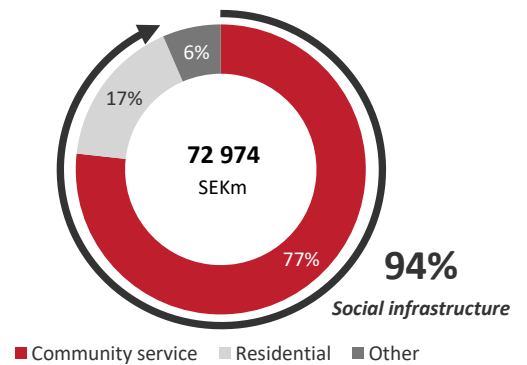
PROPERTY VALUE BY GEOGRAPHY:



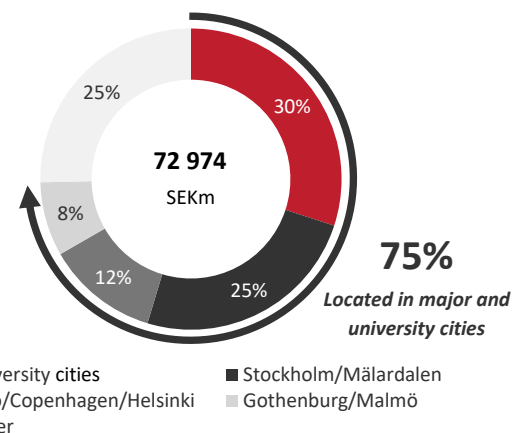
Property value per country



Property value per segment



Property value per region



94%

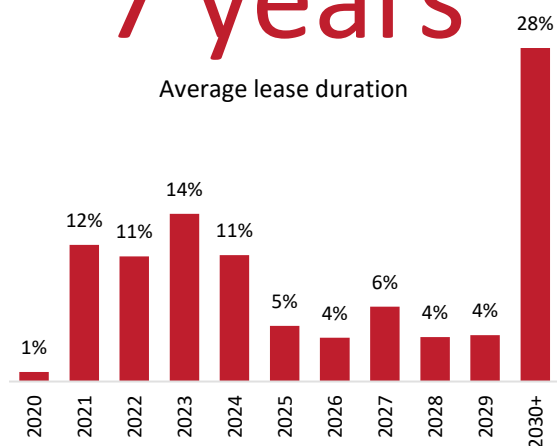


OF THE PROPERTY PORTFOLIO IS SOCIAL INFRASTRUCTURE PROPERTIES IN AAA RATED COUNTRIES IN THE NORDICS

COMMUNITY SERVICE PROPERTY PORTFOLIO

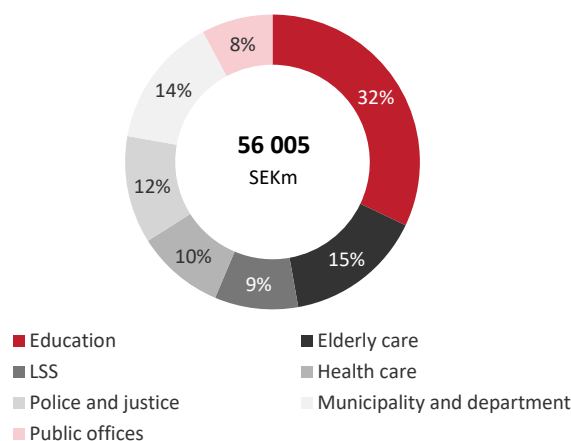
7 years

Average lease duration



Community service property portfolio per use

Market value



Biggest tenants in the Community service property portfolio

	Rental income, SEKm	% of total
Swedish State	560	15,9
Norwegian State	296	8,4
Finnish State	132	3,7
Municipality of Härnösand	131	3,7
Academedia	112	3,2
Norwegian National Association for Heart and Lung Disease	104	2,9
Municipality of Haninge	63	1,8
Ambea	63	1,8
Västra Götaland County Council	57	1,6
Municipality of Boden	54	1,5
Sum 10 largest	1 571	44,7
Other	1 945	55,3
Total rental income	3 516	100,0

Community service property portfolio per use

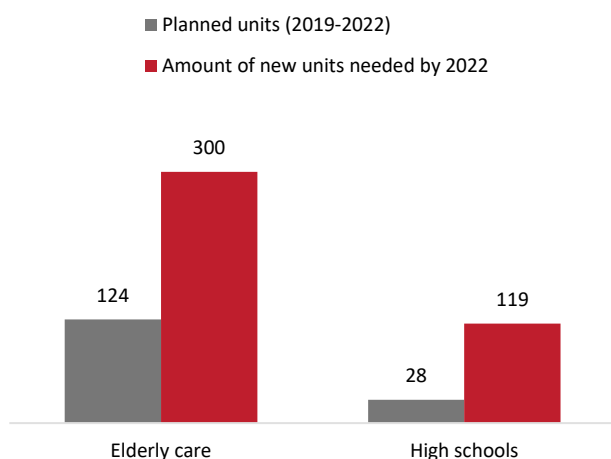
Rental income

Use	Rental income, SEKm	% of total
Education	1 071	30,5
Elderly care	497	14,1
LSS	310	8,8
Health care	313	8,9
Police and justice	441	12,5
Municipality and department	523	14,9
Public offices	359	10,2
Office and other	2	0,1
Total	3 516	100,0

Supply and demand for social infrastructure

The need for community service properties is very large. The graph below illustrates the number of planned elderly care units and upper-secondary schools up until 2022 in relation to the actual need. The market for Swedish rent regulated residentials is also characterized by an extensive supply deficit, with the average queue time for an apartment in the Stockholm region being about ten years.

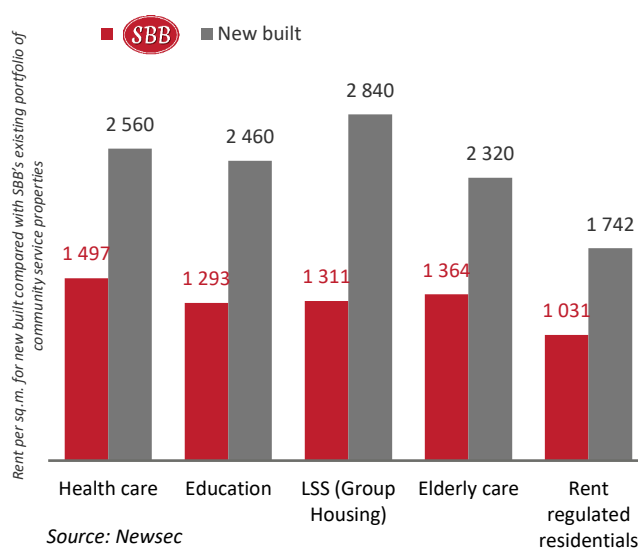
Planned and needed community service properties



Source: SKL

In addition to a major deficit of social infrastructure properties, there is also considerable potential for further letting of the existing portfolio. In the autumn of 2019, leading property adviser Newsec analyzed rent levels for newly produced community service properties in Sweden. The graph below shows rent levels for new production in relation to average rent levels for SBB's portfolio.

Rent per sq.m. for new built compared with SBB's existing portfolio of community service properties



Source: Newsec

Sensitivity analysis

The property valuations are made in accordance with accepted principles based on certain assumptions. The table below presents how the value has been impacted in a change of certain parameters assumed for the appraisal. The table provides a simplified illustration as one single parameter probably does not change in isolation.

	Change	Value impact
Rental value	+/- 5 %	SEK 3 483 /-3 478m
Discount rate	+/- 0,25 %	SEK -1 972 / 2 140m
Exit yield	+/- 0,25 %	SEK -2 441 / 2 674m

Property portfolio change

Opening fair value 2020-01-01	79 542
Acquisitions	2 063
Investments	844
Disposals	-10 574
Translation difference	-1 197
Unrealized changes in value	2 296
Fair value at end of the period	72 974

RECURRING INCOME STREAMS FROM SBB'S BUSINESS MODEL

In addition to working with traditional active property management with income from AAA-government funded tenants and Swedish rent regulated apartments, SBB works with three additional value-generating activities:

- (1) Project and property development
- (2) Renovations
- (3) Property transactions

1. PROJECT AND PROPERTY DEVELOPMENT

Project and property development within SBB is to generate an average annual profit of SEK 500 – 700m over a business cycle. Profit from project and property development amounted to SEK 258m for the period and SEK 180m for the quarter.

For SBB, project and property development entails developing building rights and the development of properties to be managed by the company itself and where the contractor assumes complete responsibility for the implementation of the project.

On the following pages, SBB's portfolio of building rights and its portfolio of properties for development for management by the company itself are presented in a table.

As of 30 June 2020, SBB's portfolio of building rights amounted to approximately 2,093,000 sq.m. GFA for social infrastructure, corresponding to approximately 28,000 apartments, making SBB one of the Nordic region's leading property developers. Because SBB has a strong balance sheet, the company can choose to develop properties for its own management and is not affected by market fluctuations to any significant extent.

In line with the UN's global sustainability goals, as part of SBB's sustainability initiative, *Vision 2030*, SBB's project and property development centres on locations close to transport hubs, where land that has already been exploited is refined rather than taking up important green areas. SBB is driven by modern housing enabling people to live without needing a car of their own, and where transport options, local services, healthcare, schools, and residential care are available in the vicinity.

Most of SBB's development properties are located close to designated priority transport hubs, such as commuter rail stations and important regional rail stations. In addition, most of the development projects include housing, as well as schools, elderly care units and other community services.

Development of building rights

As of 30 June 2020, SBB had development projects in various phases of detailed planning with a total of approximately 2,093,000 sq.m. GFA. SBB divides the development process into four phases: Project concept (phase 1), Pre-planning approval (phase 2), With planning approval (phase 3) and – Legally enforceable detailed planning (phase 4). The tables on the following page give details of SBB's building rights projects by phase.

Projects in progress for management by the company

As of 30 June 2020, the total volume of projects in progress for management by the company was approximately SEK 4,194m, of which approximately SEK 3,065m pertains to a new production project and SEK 1,129m to remodelling and tenant adaptations in the existing portfolio. SBB makes the assessment that the projects in progress will be completed within the next 12 – 36 months. In the following tables, the projects in progress for management by the company are summarized by region and type.

Selection of projects in progress for management by the company

- Renovation and extension of the municipal building in Nykvarn (new 25-year lease)
- Construction of cultural centre for the Municipality of Skellefteå (50-year lease)
- Construction of the Social Services Building in Västerås for the Municipality of Västerås (15-year lease)
- Renovation of premises in Haninge as a school and elderly care unit for the Municipality of Haninge (one 23-year lease and one 20-year lease)
- Construction of six group housing units for people with disabilities together with Emrahus and four similar properties developed by SBB (15-year lease).

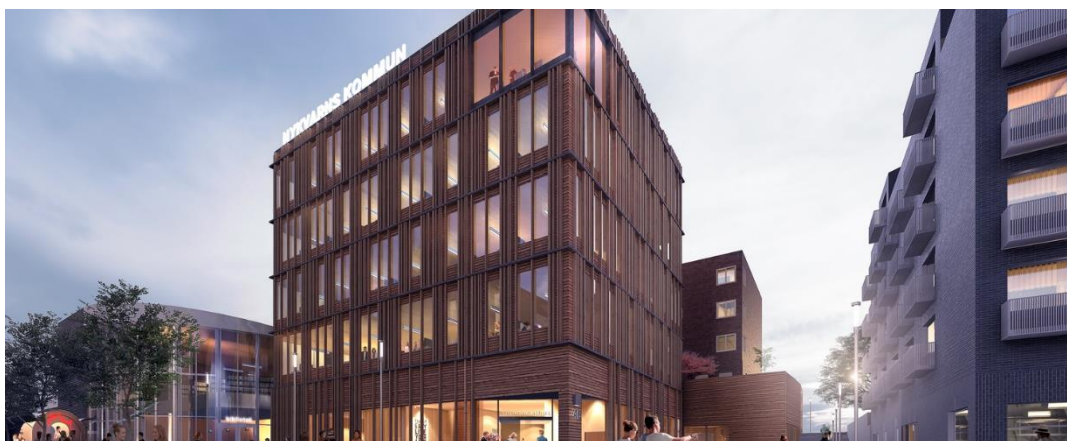


Illustration of the municipal building in Nykvarn, where a 25-year lease has been signed with the municipality in connection with the renovation and extension of the building

Figure 1 – Development of building rights

Planning process						GFA building rights (sq.m.)	External valuation (SEKm)	SEK per sq.m.
Planning phase	Internal planning committee	Sent to planning authorities	Decision from planning authorities to initiate zoning plan	Political decision to approve zoning	Legal force			
Phase 1 – Project concepts	✓					819,372	693	846
Phase 2 – Prior to a decision on planning notification	✓	✓				23,000	16	689
Phase 3 – With planning notification	✓	✓	✓			846,727	1,140	1,347
Phase 4 – Legally enforceable detailed development plans	✓	✓	✓	✓	✓	403,787	877	2,172
Total						2,092,886	2,726	1,302

Sales Status	GFA building rights (sq.m.)	Estimated Market Value (SEKm)	SEK per sq.m.
Sold, but not divested building rights	443,600	1,553	3,502
Unsold building rights	1,649,286	5,457	3,308
Total	2,092,886	7,010	3,349

Figure 2 – Scenario analysis

Illustrative scenarios		
Usage of building rights	Building right sales	Development for own management
GFA building rights (million sq.m.)	2,092,886	2,092,886
Sold building rights (million sq.m.)	443,600	443,600
Building rights still in portfolio for development for own management (sq.m.)	1,649,286	1,649,286
Value (SEKm) – already sold to external parties	1,553	1,553
Proceeds (SEKm) – to be sold to external parties	5,457	-
Value (SEKm) – developed for own management (NOI 1 700 SEK/sq.m., yield 4,25 %)	-	56,076
Estimated Market Value (SEKm)	7,010	57,629
(-) Exploitation costs, other investments in building rights, and external valuation of building rights and cash-flow properties (SEKm)	(4,265)	(4,265)
(-) Production costs in development for own management (SEKm)	-	(42,057)
(+) Profits from already agreed JV collaborations (SEKm)	1,434	1,434
Estimated Profits (SEKm)	4,179	12,741
Estimated time to receive profits (years)	4	8
Estimated Recurring Profits p.a. (SEKm)	1,045	1,593

Input, development for own management	
NOI (SEK/sq.m. lettable area)	1 700
Valuation yield (%)	4,25 %
Property value (SEK/sq.m. lettable area)	40 000
Production costs (SEK/sq.m. lettable area)	30 000
Result (SEK/sq.m. lettable area)	10 000
Efficiency ratio (GFA/lettable area)	0,85
Result (SEK/sq.m. GFA)	8 500

Figure 3 – Development of properties for management by the company

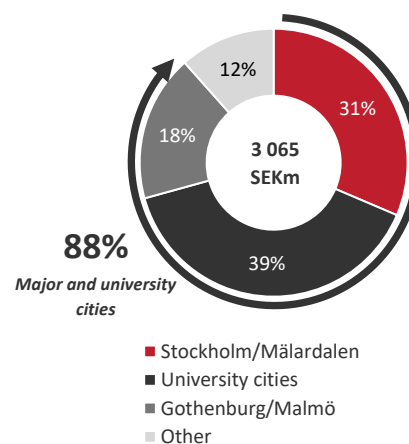
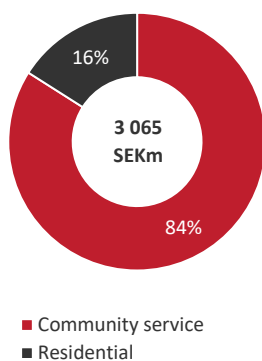
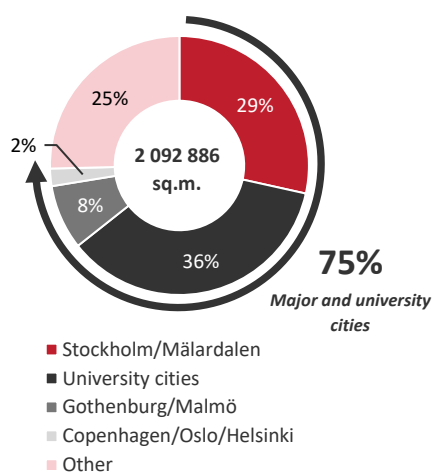
	WAULT (år)	Investment CS (%)	Investment RE (%)	Lettable area (sq. m.)	Investment (mSEK)	Fair value as per 2020-06-30 (mSEK)	Accrued as per 2020-06-30 (mSEK)	Increased NOI (mSEK)	Yield on cost (%)		
New development for own management											
Stockholm/Mälardalen	19	61 %	39 %	24,424	963			51	5,3 %		
University cities	43	100 %	0 %	36,444	1,205			59	4,9 %		
Gothenburg/Malmö	15	64 %	36 %	14,905	543			23	4,3 %		
Copenhagen/Oslo/Helsinki	-	-	-	-	-			-	-		
Other	15	100 %	0 %	10,171	355			20	5,5 %		
Sum	29	81 %	19%	85,943	3,065	200	66	153	5,0 %		
Renovation excl apartment renovations											
Renovations/ Tenant improvements	18	93 %	7 %	88,594	1,129	N/A	285	75	6,7 %		
Total, projects for own management	25	84 %	16 %	174,537	4 194	N/A	351	228	5,4 %		
Agreed JV-collaborations											
Residential projects	N/A	0	100	247,411	7,798	N/A	N/A	N/A	10,555	45 %	1,247
Other	N/A	N/A	N/A	108,000	378	N/A	N/A	N/A	750	51 %	187
Total JV-collaborations											1,434

Figur 4 – Distribution by region and segment

Regional distribution building rights

Ongoing new construction projects per segment

Ongoing new construction projects per region



Information on ongoing projects in the interim report is based on assessments of the size, focus and scope of such 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. The information on ongoing projects is reviewed regularly and assessments and assumptions are adjusted as a result of projects in progress being completed, of new projects being added, or of conditions changing.

2. RENOVATIONS

During the first two quarters of the year, SBB finished renovating 323 apartments. A further 93 apartments are currently being renovated and the leases on 188 apartments have been terminated, with renovation planned to commence within a three-month period.

In accordance with SBB’s green framework, the company has initiated energy efficiency enhancing measures in another four properties in Swedish university towns. In addition to the projects that have commenced, a feasibility study is also underway regarding an energy efficiency enhancement project at a property in Stockholm that is anticipated to commence in the autumn of 2020.

In addition to renovations of apartments, SBB has a larger volume of remodelling projects and tenant adaptations involving the company’s community service properties. The total volume of these projects is approximately SEK 1,129m, as detailed in a table in the earlier sections on Project and property development.

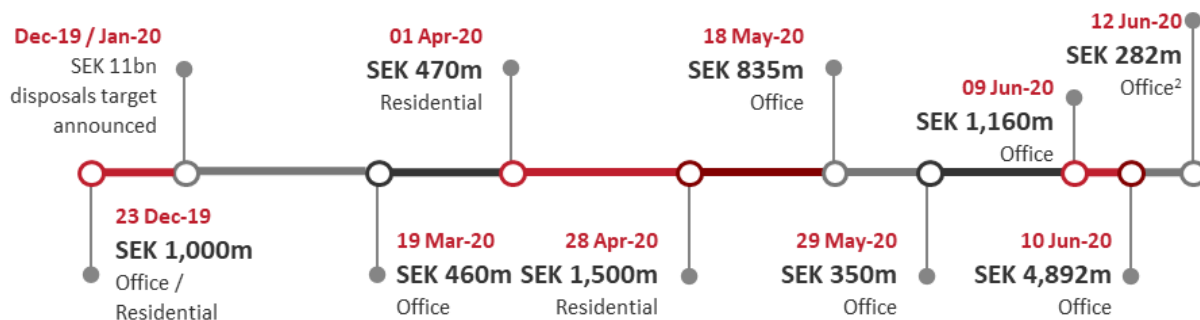
3. TRANSACTIONS

SBB’s principal focus is always on 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 sold. SBB continuously assesses the portfolio to identify potential and focus resources on the properties offering the greatest potential. SBB continuously works to sell properties assessed as fully developed or not assessed to be core holdings. Selling such properties entails capital being recovered and resources being freed up to facilitate additional attractive acquisitions whereby the quality of the portfolio is gradually raised.

The company’s history of property transactions has made it a market leader in the Nordic region 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 AAA cash flows and considerable 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.

The graph below illustrates how, despite very challenging times amidst a global crisis, the company has successfully completed a large number of transactions at price levels above book value, demonstrating both the company’s extensive transaction expertise, strong networks in the sector, as well as the liquidity of the company’s AAA assets.



✓ **Total of SEK 10.9bn, c.100% of SEK 11.0bn announced disposal target already achieved**

FINANCING

FINANCING HIGHLIGHTS

50% Loan-to-value ratio

15% Secured Loan-to-value ratio

1,61% Average interest

BBB- Stable outlook (S&P)
BBB- Stable outlook (Fitch)

Significant events during the period

Due to the Coronavirus pandemic, activity in the capital markets during the second quarter was low. Liquidity problems have led to many companies finding it difficult to finance their operations via the capital markets. SBB has enjoyed a strong financial position, however, and has, accordingly, been able to handle the market's liquidity problems during the period by repaying loans in the amount of SEK 2,210m, bonds in the amount of SEK 452m and commercial papers in the amount of SEK 1,715m. Despite the prevailing circumstances in Sweden and the rest of the world, on 3 April, SBB was able to issue a 20-year unsecured bond (private placement) of EUR 50m at a fixed interest rate of 2.75 percent and maturing on 3 April 2040.

During the period, SBB agreed with its Nordic banks to renegotiate bank loans and credit facilities with a volume of approximately SEK 20 billion in which Hemfosa Fastigheter AB has been the borrower. SBB has continued its strategy of repurchasing bonds issued at high interest rates. SBB has repurchased a total of SEK 452m in bond XS2093118953, bond XS1997252975 and bond XS2050862262. To further secure the refinancing risk in the company, a EUR 400m Euro Commercial Paper program was launched in May.

In June, liquidity began to return to the market, bringing downward pressure on credit spreads. SBB has again begun to issue short-term securities, while on 26 June, SBB issued a new bond (XS2194790429) of NOK 800m with a maturity of five years and at an interest rate, fully hedged against SEK, of 1.99 percent. During the quarter, SBB also extended its unutilized credit facilities and bank commitments totaling approximately SEK 11.4bn at the end of the period.

Following the end of the period, SBB has repurchased additional bonds totaling SEK 196m.

Interest-bearing liabilities

Interest-bearing liabilities amounted to SEK 47,966m (56,091) at the end of the period, of which SEK 12,966m (25,985) pertained to liabilities to credit institutions, SEK 32,447m (25,162) pertained to bond loans and SEK 2,553m (4,944) pertained to commercial paper.

The loan-to value ratio was 50 percent (41). The secured loan-to-value ratio was 15 percent (26). The fair value of the liabilities and other financial instruments as of 30 June 2020 is deemed to correspond to the carrying amount.

SBB continues to work to lower the average interest rate for the interest-bearing liabilities. The average interest rate for the interest-bearing liabilities amounted to 1.61 percent at 30 June 2020 (1.76) and the proportion of interest-bearing liabilities with fixed interest was 100 percent. The average period of fixed interest for all interest-bearing liabilities was 4,2 years (2,8) and the average debt maturity was 4.8 years (3,4). The maturity structure for the interest-bearing liabilities is presented in the table on the right. Excluding commercial paper, SEK 568m falls due within one year. To manage the refinancing risks, commercial paper has

been secured through back-up facilities, which at all times cover all outstanding commercial paper.

At the end of the period, the proportion of capital market financing amounted to 73 percent of the total interest-bearing liabilities. SBB also issued hybrid bonds of EUR 500m during the first quarter. As at 30 June 2020, SBB now has hybrid bonds of SEK 1,500m and EUR 800m which in the balance sheet are classified as equity.

SBB has assets in Sweden, Norway, Finland and Denmark, which means that the company is exposed to currency risks. SBB hedges mainly currency risks by having assets and interest-bearing liabilities in the same currency.

Working capital and liquidity

SBB's available liquidity amounted to SEK 1,330m and financial investments amounted to approximately SEK 1,643m. SBB has SEK 11,420m in the form of unutilized credit facilities. No further securities need to be pledged for the use of the credit facilities.

Change in value of derivatives

SBB has continued to repay expensive loans from credit institutions and repurchased bonds during the period. In order to limit the interest rate risk for loans with variable interest and increase predictability in the company's profit from property management, interest-rate swaps are used with a total nominal value of SEK 14,300m with a duration of between one and ten years. Through interest-rate swaps, caps and loans with fixed interest, SBB has hedged 100 percent of its floating rate interest-bearing liabilities, which comprises loans with variable interest and commercial paper, as well as liabilities that expire within one year. The interest-rate derivatives and FX derivatives had a fair value of SEK -355m (-25) at the end of the period.

Rating

During the second quarter both Fitch Ratings and Standard & Poor's Global Ratings affirmed SBB's investment grade rating BBB- with stable outlook. Both Fitch Ratings and Standard & Poor's Global Ratings have during the second quarter given SBB short ratings of F3 and A3, respectively, which corresponds to investment grade rating for commercial paper.

Maturity structure (excluding commercial paper)

Maturity year	Nominal amounts, SEKm	Percentage
< 1 yr	568	1%
< 2 yr	8 377	18%
< 3 yr	6 493	14%
< 4 yr	2 862	6%
< 5 yr	10 282	22%
> 5 yr	17 238	38%
Total	45 820	100%

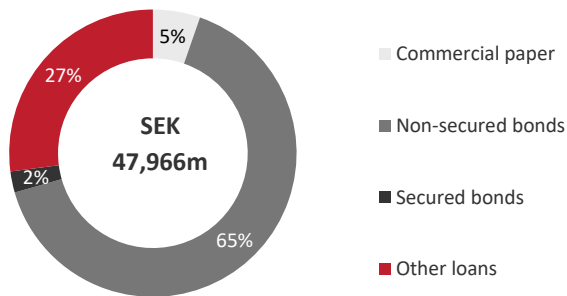
Listed bonds as at 2020-06-30

Issuer	Maturity	SEKm	Repurchased by SBB		Interest	Maturity date	ISIN code	Green/Secured
			(SEKm)					
SBB	2018-2022	1 000	944		Stibor 3M + 3,60%	2022-10-03	SE0011725514	
SBB	2018-2021	474	466		Stibor 3M + 3,65%	2021-05-17	SE0010985713	
SBB	2018-2021	750	711		Stibor 3M + 3,90%	2021-01-29	SE0010414581	
SBB	2019-2024	500	228,75		Stibor 3M + 3,30%	2024-02-14	SE0012256741	Green
SBB	2019-2024	200	26,25		Stibor 3M + 3,25%	2024-02-19	SE0012313245	
SBB	2019-2025	600	50		Stibor 3M + 1,90%	2025-01-14	XS1997252975	
SBB	2020-2025	500	86		Stibor 3M + 1,03%	2025-01-14	XS1997252975	
SBB	2019-2023	200			Stibor 3M + 1,40%	2023-05-22	XS2000538699	
SBB	2016-2021	546			Stibor 3M + 1,85%	2021-12-23	NO963342624	Secured
SBB	2019-2022	500			Stibor 3M + 1,20%	2022-07-22	XS2021634675	Green
SBB	2019-2021	1 960	25		Stibor 3M + 0,93%	2021-07-05	XS2022418243	
SBB	2019-2023	500	80		Stibor 3M + 1,150%	2023-09-06	XS2050862262	Green
SBB	2019-2022	600	40		Stibor 3M + 0,95%	2022-10-03	XS2059787049	
SBB	2019-2023	1 000			Stibor 3M + 1,01%	2023-02-01	XS2066041661	
SBB	2019-2022	300			0,85%	2022-03-11	XS2078676322	
SBB	2019-2021	500			Stibor 3M + 0,66%	2021-11-08	XS2078691123	
SBB	2019-2023	600			1,07%	2023-05-11	XS2078737306	
SBB	2019-2021	800	325		Stibor 3M + 0,66%	2021-11-08	XS2078371486	
SBB	2019-2020	400	150		0,80%	2021-06-14	XS2093118953	
SBB	2019-2024	1 000			1,66%	2024-11-28	XS2085870728	
SBB	2019-HYB	1 500			3,50%	Hybrid	SE0013359148	
SBB	2020-2027	500			Stibor 3M + 1,50%	2027-01-30	XS2111589219	Green
SBB	2020-2025	785			Stibor 3M + 2,008	2025-06-26	XS2194790429	
Hemfosa	2017-2020	208			Stibor 3M + 2,75%	2020-09-01	SE0009664337	
Hemfosa	2019-2022	1 300	606		Stibor 3M + 2,40%	2022-05-16	SE0012596203	Green
Hemfosa	2019-2022	800	401,25		Stibor 3M + 2,10%	2022-10-03	SE0013109444	Green

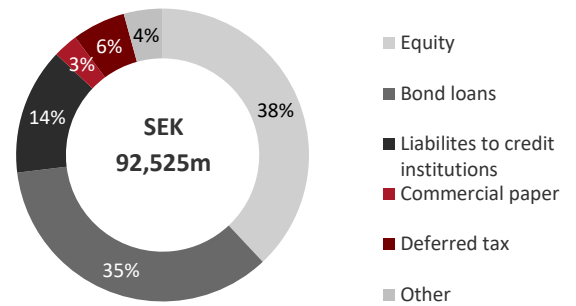
Issuer	Maturity	EURm	Repurchased by SBB		Interest	Maturity date	ISIN code	Green/Secured
			(EURm)					
SBB	2019-HYB	300			4,625%	Hybrid	XS1974894138	
SBB	2019-2025	550	3		1,750%	2025-01-14	XS1993969515	
SBB	2019-2026	500			1,125%	2026-09-04	XS2049823680	
SBB	2020-2027	750			1,000%	2027-08-12	XS2114871945	
SBB	2020-HYB	500			2,624%	Hybrid	XS2010032618	
SBB	2020-2040	50			2,750%	2040-04-03	XS2151934978	

Issuer	Maturity	NOKm	Repurchased by SBB		Interest	Maturity date	ISIN code	Green/Secured
			(NOKm)					
SBB	2016-2023	620			3%	2023-11-01	NO0010777683	Secured
SBB	2020-2023	400			Nibor 3M + 0,72%	2023-02-24	XS2124186508	

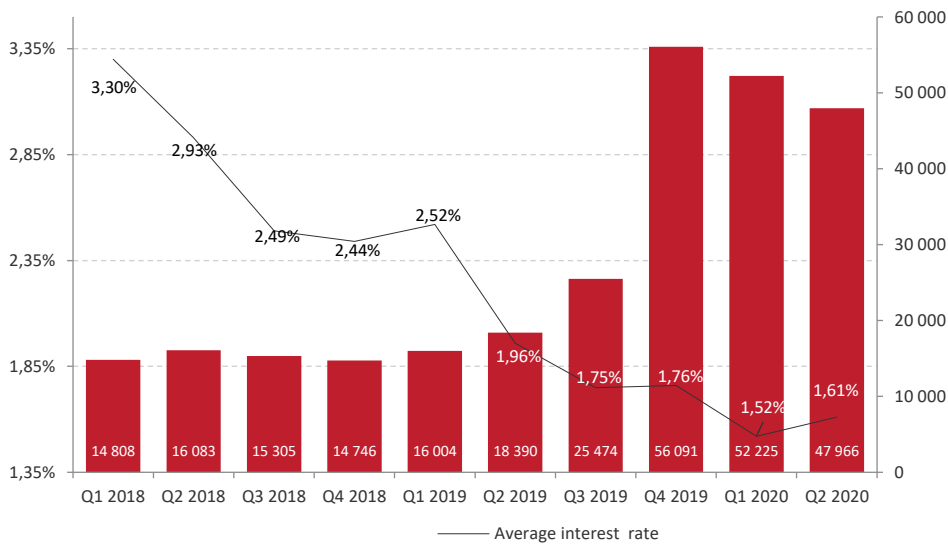
Sources of financing



Capital structure



Development of the SBB's average interest rate



SUSTAINABILITY

At the UN summit in September 2015, the world's national leaders adopted 17 global sustainable development goals. The countries of the world have committed to lead the world to a sustainable and fair future from 1 January 2016 until 2030. The 2030 Agenda for Sustainable Development covers the three dimensions of sustainability: social, economic and ecological – Eradicating extreme poverty, reducing inequality and injustice, solving the climate crisis. Sustainability is a natural part of our business model and we strive to be the most sustainable property company in the world.

Focus on sustainability

It is pleasing to note that SBB's long-term sustainability efforts give great results, which is shown by SBB's efforts within ecological, social and economic sustainability.

Ecological sustainability

As an intermediate goal in becoming climate neutral by 2030, SBB has established new working methods for how future energy monitoring and energy analysis will take place. The whole process will be automated where consumption data will be retrieved from the energy suppliers' My Pages using search robots as well as developing a functionality to identify the electricity meter, the meter number and consumption statistics from invoices using an AI robot. The purpose is to automate the entire process; the structure and the collection process to instead free up more time for analysis, follow-up and actions to be taken.

In accordance with SBB's green framework, SBB has commenced the installation of energy efficiency measures in a further three properties: Veteaxet 1, Ärtskidan 1 and Klövervallen 1 in Borlänge. It has also been decided to implement an energy project in the property Västland 26:39 in Sundvall and a feasibility study for an energy project in the property Kvarnluckan 1 in Stockholm with a possible start in the autumn of 2020.

During the second quarter, SBB evaluated a pilot project with AVY, where a housing app was offered to the residents of the Borås Våpnaren 6 property. The app offers digital rental notification and several different options for easier payment of the rent with, for example, Swish. With the app, it will also be possible to create additional revenue streams by offering optional services and services. The pilot project has turned out well and the tenants have given positive feedback on the project. A decision on whether or not to roll out the app in the rest of the portfolio will be made after the summer.

Social sustainability

This year, SBB has employed 123 youths who have all been given summer jobs. It is young people who live in SBB's rent regulated residentials that have been offered summer jobs. It helps these young people to enter the labour market and improves the well-being locally for SBB's tenants.

SBB initiated a collaboration with Stockholm's Stadsmission during the first quarter to help mitigate the consequences of the spread of COVID-19. This has continued during the second quarter. SBB has financed the purchase of food from various restaurants in Stockholm via Food4Heroes, where SBB was one of the founders together with Nassos Ikonoum, which has then been donated to organisations that work to help people at risk. Stockholm's Stadsmission has been the initial beneficiary and the food has been delivered to their operations for the elderly in the church St Paul, Södermalm in Stockholm. In addition, food has been delivered to health care workers at two hospitals in Stockholm with emergency wards.

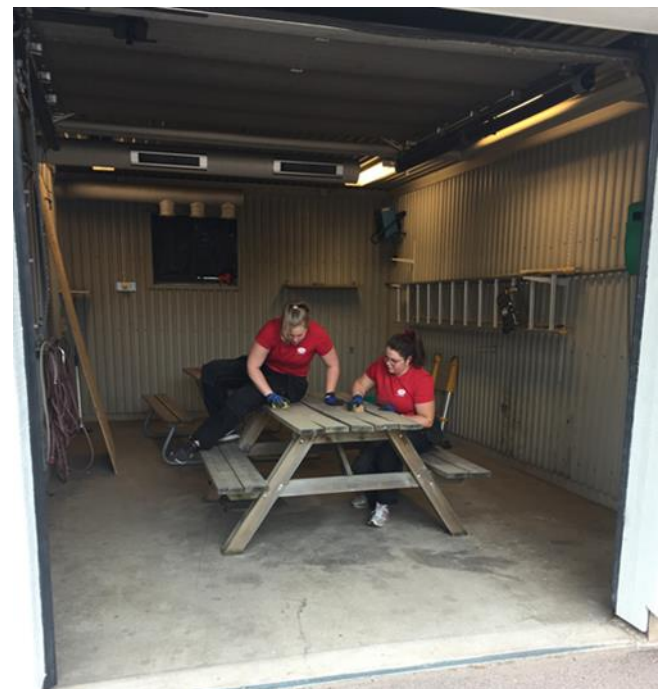
Food4Heroes (which is now supported by a number of companies, organisations and private individuals), in collaboration with Stockholm's Stadsmission and the Salvation Army, has so far delivered 13,101 meals during the COVID-19 pandemic. SBB has also bought 400 meals during the spring in Oskarshamn where SBB is a large property owner for delivery to the elderly care.

During the second quarter of 2020, SBB donated N95 protective masks to the municipality of Finspång. They were distributed at Storängsgården's elderly care home, Tegelbacken's elderly care home, Hårstorp's elderly care home and Betaren's elderly care home.

Economic sustainability

In June 2020, SBB updated its green financing framework in order to be able to issue green financing instruments. The green financing framework has been subject to an independent external assessment by the Center for International Climate and Environmental Research in Oslo, Norway (CICERO).

SBB's green financing framework is in line with the so-called Green Bond Principles, which have been developed by the International Capital Market Association (ICMA). In light of CICERO's assessment of project types, steering documents goals and reporting standards, SBB's green financing framework has received a "Medium Green" assessment by CICERO.



THE SHARE

SBB's Class B share (ticker SBB B) and Class D share (ticker SBB D) are traded on Nasdaq Stockholm, Large Cap. SBB's preference share (ticker SBB PREF) is traded on Nasdaq First North Premier Growth Market. As at 30 June 2020, the number of ordinary Class B shares totalled 1,058,115,105 and Class D totalled 106,519,951. The preference shares totalled 30,713 and in addition, SBB had 209,977,491 ordinary Class A shares. The price of the ordinary share of Class B was SEK 23.80, Class D was SEK 28.90 and for the preference share the price was SEK 695 at 30 June 2020. The market capitalization of the ordinary Class B share (including the value of unlisted Class A ordinary shares at the same price) was SEK 30,180m, Class D was SEK 3,078m and for the preference share it was SEK 21m.

SBB's share price fluctuated between SEK 13.54 and 31.65 over the first half of the year and closed the first half of the financial year at SEK 23.80. This is an increase of 88 percent in comparison with 30 June 2019 (SEK 12.66).

During the first half year, the liquidity of the SBB share has increased. The average daily volume was approx. SEK 205m, which compared to the same period in the previous year was SEK 14.2m. This amounts to an increase of 1,343 percent. SBB works actively with broadening its investor base by attending roadshows, presentations, and events for private and institutional investors.

CLASS B SHARE DEVELOPMENT LAST 12 MONTHS



TRADING WITH THE SHARES ON NASDAQ & FIRST NORTH

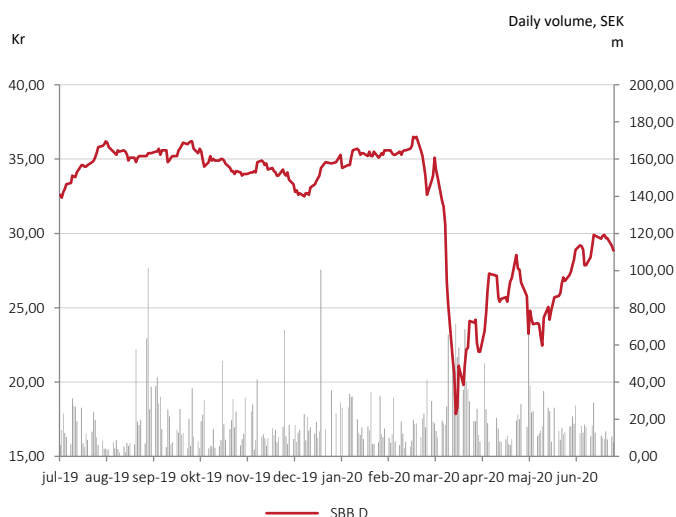
	Share price, SEK	
	2020-06-30	2019-06-30
Class B	23,80	12,66
Class D	28,90	32,70
Preference shares	695,00	660,0

	Average trading volume per trading day, SEK m	
	Jan-Jun 2020	Jan-Jun 2019
Class B	205,00	14,20
Class D	20,40	12,1
Preference shares	0,1	0,2

PREFERENCE SHARE DEVELOPMENT LAST 12 MONTHS



CLASS D SHARE DEVELOPMENT LAST 12 MONTHS



Ownership

The share capital amounted to SEK 137,464,326 on 30 June 2020, with a quotient value of SEK 0.10. Shareholding entitles the holder to one vote per Class A ordinary share and 0.1 votes per Class B ordinary share, Class D ordinary share and preference share at the General Meeting. The preference shares have a preferential right over the ordinary shares to an

annual dividend of SEK 35 per preference share divided into quarterly payments. Holders of the ordinary shares of Class D are entitled to five times the total dividend on the ordinary shares of Class A and B, however no more than SEK 2 per share and year.

Shareholders	Class A shares	Class B shares	Class D shares	Preference shares	Share capital, %	Votes, %
Ilija Batljan	109 053 868	12 732 874			8,9%	33,8%
Dragfast & Marjan Dragicevic	36 163 467	83 000 000			8,7%	13,6%
Arvid Svensson Invest	41 809 742	23 043 281			4,7%	13,5%
Sven-Olof Johansson	22 315 456	29 481 315			3,8%	7,7%
Länsförsäkringar Fonder		93 672 444			6,8%	2,9%
Michael Cocozza		49 036 071			3,6%	1,5%
Vanguard		31 641 539	2 216 552		2,5%	1,0%
Avanza Pension		26 337 443	7 111 466	1 719	2,4%	1,0%
Stiftelsen för strategisk forskning		32 651 810			2,4%	1,0%
Gösta Welandson with company		28 250 983	1 974 271		2,2%	0,9%
Lennart Schuss		20 074 872	190 000		1,5%	0,6%
BlackRock		18 232 749	629 736		1,4%	0,6%
Nordnet Pensionsförsäkring		12 361 115	2 458 405	740	1,1%	0,5%
ICA-handlarnas Förbund		10 000 000	2 500 000		0,9%	0,4%
Others	634 958	587 598 609	89 439 521	28 254	49,3%	20,9%
Total	209 977 491	1 058 115 105	106 519 951	30 713	100%	100%



INCOME STATEMENT OF PARENT COMPANY

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Net sales	-	-	-	-	-
Personnel costs	-19	-14	-11	-7	-31
Other operation expenses	-39	-24	-19	-9	-147
Operating profit	-58	-38	-30	-16	-178
Financial items					
Profit from shares in group companies	-	-	-	-	-44
Interest income and similar items	414	347	266	230	649
Interest expenses and similar items	-284	-291	-56	-217	-570
Translation gains/losses	-455	-	-	-	126
Changes in value, derivatives	-248	-86	-75	-86	21
Profit after financial items	-632	-68	105	-89	4
Appropriations	-	-	-	-	453
Profit before tax	-632	-68	105	-89	457
Tax	13	18	68	19	-81
NET PROFIT FOR THE PERIOD	-619	-50	173	-70	376

STATEMENT OF COMPREHENSIVE INCOME OF PARENT COMPANY

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Net profit for the period	-619	-50	173	-70	376
Other comprehensive income	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-619	-50	173	-70	376

BALANCE SHEET OF PARENT COMPANY

Amount in SEK, millions	30-06-2020	30-06-2019	31-12-2019
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in group companies	26 731	3 700	24 232
Shares in associated companies/joint ventures	3	-	-
Receivables from group companies	32 331	15 521	18 822
Receivables from associated companies/joint ventures	0	61	-
Deferred tax assets	107	19	45
Financial fixed assets at fair value	1 933	698	239
Derivatives	-	-	21
Other long-term receivables	-	1	1
Total financial fixed assets	61 105	20 000	43 360
Total fixed assets	61 105	20 000	43 360
Current assets			
Current receivables			
Other receivables	154	128	18
Prepaid expenses and accrues income	54	4	5
Total current receivables	208	132	23
Short-term investments	-	-	1 041
Cash and cash equivalents	710	2 352	11 664
Total current assets	918	2 484	12 728
TOTAL ASSETS	62 024	22 484	56 088
EQUITY AND LIABILITIES			
Equity	27 197	10 818	22 917
Untaxed reserves	-	2	-
Long-term liabilities			
Bond loans	29 755	8 447	20 387
Liabilities to associated companies/joint ventures	245	-	287
Derivates	273	86	-
Total long-term liabilities	30 273	8 533	20 674
Current liabilities			
Bond loans	260	177	444
Commercial papers	2 553	2 718	3 486
Accounts payable	15	5	12
Current tax liabilities	-	1	-
Other liabilities	1 353	159	8 103
Accrued expenses and prepaid income	374	71	452
Total current liabilities	4 555	3 131	12 497
TOTAL EQUITY AND LIABILITIES	62 024	22 484	56 088

STATEMENT OF CHANGES IN EQUITY OF PARENT COMPANY

Amount in SEKm				
	Share capital	Share premium	Retained earnings	Total equity
Total equity 01-01-2019	80	7 211	-65	7 226
Share issue	3	971		974
Issue hybrid bonds		3 115		3 115
Dividends		-437		-437
Net profit for the period			-50	-50
Other comprehensive income		-10		-10
Total equity 30-06-2019	83	10 850	-115	10 818
Share issue	51	12 381		12 432
Issue hybrid bonds		1 485		1 485
Redeemed preference shares		-93		-93
Dividends		-132		-132
Repurchased hybrid bonds		-1 873	-284	-2 156
Tax effects equity			127	127
Net profit for the period			426	426
Other comprehensive income		10		10
Total equity 31-12-2019	134	22 629	154	22 917
Total equity 01-01-2020	134	22 629	154	22 917
Share issue	3	716		719
Issue hybrid bonds		5 273		5 273
Dividends			-1 142	-1 142
Tax effects equity			49	49
Net profit for the period			-619	-619
Other comprehensive income				-
Total equity 30-06-2020	137	28 618	-1 558	27 197

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 ten employees. The costs, incl. personnel costs during the period, amounted to SEK -58 million (-38).

During the period, SBB issued ordinary shares of series B and D, which provided SBB with SEK 719m after costs relating to the issue. In addition, a hybrid bond was issued, which provided the company with SEK 5,273 million after costs relating to the issue.

CASH FLOW STATEMENT OF PARENT COMPANY

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Profit after financial items	-632	-68	570	-89	4
Net financial items	574	30	-427	73	-205
Interest paid	-144	-244	22	-170	-449
Interest received	408	346	-	229	831
	-	-	24	-	-
Cash flow from operations before changes in working capital	205	64	189	43	181
Cash flow from changes in working capital					
Changes in current receivables	-179	-118	-1 189	-108	-10
Changes in current liabilities	-7 857	-113	232	-56	8 120
Cash flow from operations	-7 831	-167	-769	-121	8 291
Investment activities					
Investments in subsidiaries	-2 499	-	-	-	-20 532
Investments in associated companies/jv	-3	-	-	-	-
Changes in receivables from group companies	-13 509	-7 573	-2 185	-6 943	-10 874
Changes in receivables from associated companies/jv	-	95	165	4	156
Changes in assets at fair value	-632	-636	160	-636	-1 239
Changes in other long-term receivables	-62	-	-59	-	-
Cash flow from investment activities	-16 705	-8 114	-1 919	-7 575	-32 489
Financing activities					
Share issue	719	974	-4	716	13 406
Issue hybrid bonds	5 273	3 115	-9	3 115	4 600
Repurchased hybrid bonds	-	-	-	-	-2 156
Redeemed warrants	-	-	-	-	-93
Group contributions	-	-	-	-	453
Dividend paid	-163	-265	-104	-234	-419
Changes in interest-bearing loans	7 796	6 803	548	6 366	20 065
Changes in other loans	-42	-	-	-	-
Cash flow from financing activities	13 583	10 627	431	9 963	35 856
Cash flow for the period	-10 954	2 346	-2 257	2 267	11 658
Cash and cash equivalents at the beginning of the period	11 664	6	2 743	85	6
Cash and cash equivalents at the end of the period	710	2 352	486	2 352	11 664

¹⁾ The amount above also include share issues without contribution of cash. Investments in subsidiaries also includes investments made by direct share issues.

ADDITIONAL INFORMATION

General information

Samhällsbyggnadsbolaget i Norden AB (publ) (SBB), corp. ID no. 556981-7660, with its subsidiaries conducts operations in property management and property development. The Parent Company is a limited liability company registered in Sweden and based in Stockholm.

Accounting principles

Principles for the consolidated accounts

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRIC). In addition, the Swedish Annual Accounts Act and "RFR1 Supplementary Accounting Rules for Groups" have been applied. The Parent Company applies the same accounting principles as the Group with the exceptions and additions stated in the recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. This interim report was prepared in accordance with IAS 34 Interim Reporting. The same accounting and valuation principles were applied as in the latest Annual Report; refer to SBB's 2018 Annual Report, pages 50-117, except that stated below.

Information on new standards

Amendments to IFRS 3

On 22 October 2018, IASB issued amendments regarding the definition of a business combination in IFRS 3. Among other things, the changes mean that a company may choose to carry out a so-called concentration test that if it indicates that the acquisition is an asset acquisition it means that no further assessment is required. However, the test never answers the question of whether an acquisition is a business acquisition and can only show if it is an asset acquisition. This voluntary test means that if substantially all of the fair value of the gross assets acquired can be attributed to an asset or group of similar assets, the acquisition constitutes an asset acquisition. The changes, if introduced in IFRS 3, are expected to result in more acquisitions being reported as asset acquisitions compared to current guidance. SBB estimates that the change will not affect the share of asset acquisitions in relation to business acquisitions to any great extent, since the majority of the acquisitions made relate to asset acquisitions. The amendment shall apply for fiscal years beginning on 1 January 2020 and is decided by the EU.

Hedge accounting

Since 1 January 2018, the Group applies hedge accounting for currency loans. Currency loans issued in EUR have been used as hedges against net assets in Finland. The effect of the hedge accounting is that the unrealized exchange rate differences of SEK 154m net after tax in the translation of the loan at the closing day rate were recognized in other comprehensive income. In the Swedish Group, there is also a currency loan in NOK that is used as a hedge against net assets in Norway. The effect of the hedge accounting is that the unrealized exchange rate differences of SEK 28m net after tax in the translation of the loan at the closing day rate were recognized in other comprehensive income.

Related-party transactions

In addition, SBB acquired the company Hestia Sambygg AB on 26 March 2018, of which 49 percent was previously owned by the principal owner Ilija Batljan Invest AB. The purchase price paid to Ilija Batljan Invest AB was SEK 1. Until the acquisition, SBB purchased consulting services relating to financial and technical property management from the company. The pricing for the services was based on a market-based square metre price. After the acquisition, these services are conducted in-house.

SBB has an incentive programme for the company's current and future employees, which comprises 20,000,000 warrants that entitle the holder to subscribe for the corresponding number of Class B shares in the company. The subscription price for new subscription of B shares corresponds to 130 percent of the average of the company's B shares' volume-weighted last price during the 10 trading days from 24 October 2017 through 6 November 2017. Subscription of B shares on the basis of warrants may take place in the period from on 1 October 2020 until 31 October 2020.

The Board of Directors and CEO provide their assurance that this interim report provides an accurate overview of the operations, position and performance of the Group and the Parent Company, and that it also describes the significant risks and uncertainty factors that affect the Parent Company and the companies within the Group.

Stockholm 14 July 2020

Lennart Schuss
Chairman of the Board

Ilija Batljan
CEO

Sven-Olof Johansson
Board Member

Fredrik Svensson
Board Member

Hans Runesten
Board Member

Eva Swartz Grimaldi
Board Member

Anne-Grete Strøm Erichsen
Board Member

This information is such that Samhällsbyggnadsbolaget i Norden AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted by the below contact persons for publication on 14 July 2020 at 8:00 a.m. CET.

Ilija Batljan, VD, ilija@sbbnorden.se

Marika Dimming, IR, +46 70-251 66 89, marika@sbbnorden.se

Certified advisor for the company's preference share is Erik Penser Bank AB (www.penser.com).

DEFINITIONS

Financial definitions

Actual net asset value (EPRA NTA), SEK

Equity attributable to the ordinary share, excluding equity related to preference and D shares, non-controlling interests and hybrid bonds, adjusted for estimated actual deferred tax at 5.5 percent and reversal of goodwill and derivatives.

The key figure provides an adjusted and complementary measure of the size of equity calculated in a manner consistent with listed property companies.

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 figure shows SBB's return on equity during the period.

Loan-to-value ratio, %

Net debt in relation to total assets. *The key figure 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 less estimated current tax attributable to the profit from property management. Taxable profit from property management refers to profit from property management less tax deductible depreciation and renovations. *The key figure provides information on profit from property management calculated in a uniform manner for listed property companies.*

Profit from property management

Profit before changes in value and tax.

The key figure 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 figure 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.

The key figure is used to illustrate SBB's financial risk.

Adjusted equity/assets ratio, %

Reported equity including owner loans and convertibles, with reversal of reported deferred tax liability as a percentage of total assets. *The key figure is used to illustrate SBB's financial stability.*

Tied-up capital, year

Remaining maturity of interest-bearing liabilities. *The key figure 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 related to preference and D shares, non-controlling interests and the hybrid bond, adding back deferred tax liability, goodwill attributable to deferred tax and derivatives.

The key figure provides an adjusted and complementary measure of the size of equity calculated in a manner consistent with listed property companies.

Net debt, SEK

Interest-bearing liabilities less cash and cash equivalents.

Earnings per ordinary share A and B, SEK

Net profit for the period after dividend to preference shareholders and holders of D shares and interest on hybrid bonds in relation to the average number of ordinary shares A and B for the period.

Interest-coverage ratio, multiple Profit from property management (past 12 months) after return of financial costs in relation to financial costs excluding costs for early repayment of loans and leasing costs. *The key figure is used to illustrate financial risk.*

Equity/assets ratio, %

Reported equity as a percentage of total assets. The key figure is used to illustrate SBB's financial stability.

Secured loan-to-value ratio, % Secured liabilities as a percentage of the total assets. The key figure 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

Net operating income, SEK

Rental income less property costs.

Economic letting ratio, %

Passing rent as a percentage of Rental value

The key figure is used to illustrate the level of return on the operating net in relation to the value of the properties

EPRA Vacancy rate, %

The rental value of available leases divided by the rental value of the entire portfolio.

The key figure is calculated in accordance with the EPRA definition, which enables comparison with other companies.

EPRA Earnings, SEK

Profit from property management less estimated current tax attributable to the profit from property management. Taxable profit from property management refers to profit from property management less tax deductible depreciation and renovations.

The key figure provides information on profit from property management calculated in a uniform manner for listed property companies.

Average contract length of social infrastructure properties, years

Remaining contract value in relation to annual rent for social infrastructure properties.

The key figure aims to illustrate SBB's rental risk.

Rental income, SEK

Charges for the period with deductions for rental losses.

Passing rent, SEK

Contracted rental income (including additions and rent discounts) and other real estate-related income on a rolling 12 months basis based on current lease contracts as of the period end.

Rental value, SEK

Passing rent plus estimated Passing rent for vacant contracts.

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. The key figure shows how much of the rental income remains after direct property costs.

Yield, %

Net operating income (rolling 12 months) in relation to the sum of the properties fair value at the end of the period excl. the value for building rights.

The key figure is used to illustrate the level of return on the net operating income in relation to the value of the properties.

CALCULATION OF ALTERNATIVE PERFORMANCE MEASURES

Return on equity

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Net profit for the period	2 595	933	1 223	717	2 624
IB Equity	30 896	11 197	34 875	11 782	11 197
OB Equity	35 164	15 641	35 164	15 641	30 896
Average equity	33 030	13 419	35 019	13 712	21 047
Return on Equity	8%	7%	3%	5%	12%

Loan-to-value ratio

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Liabilities to credit institutions	12 966	5 663	12 966	5 663	25 985
Bond loans	32 447	9 935	32 447	9 935	25 162
Commercial papers	2 553	2 718	2 553	2 718	4 944
Cash and cash equivalents	-1 330	-2 691	-1 330	-2 691	-12 858
Net debt	46 636	15 625	46 636	15 625	43 233
Total assets	92 525	36 544	92 525	36 544	104 203
Loan-to-value ratio	50%	43%	50%	43%	41%

Yield

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Net operating income according to earnings capacity	3 248	1 362	3 248	1 362	3 713
Investment properties	72 974	30 331	72 974	30 331	79 542
Building rights	-2 726	-1 463	-2 726	-1 463	-2 893
Property value excl. building rights	70 248	28 868	70 248	28 868	76 649
Yield	4,6%	4,7%	4,6%	4,7%	4,8%

Economic letting ratio

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Rental income in current earnings capacity	4 537	1 999	4 537	1 999	5 217
Rental value in current earnings capacity	4 827	2 095	4 827	2 095	5 502
Economic letting ratio	94,0%	95,4%	94,0%	95,4%	94,8%

EPRA Earnings

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Profit from property management	924	254	605	148	645
Income tax paid	-52	-37	-4	-20	-34
EPRA earnings	872	217	601	128	611
Average number of ordinary class A and B shares	1 263 712 746	756 049 031	1 268 092 596	756 049 031	762 481 721
Earnings per ordinary class A and class B share	0,69	0,29	0,47	0,17	0,80

Adjusted equity ratio

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Equity	35 164	15 641	35 164	15 641	30 896
Deferred tax liabilities	3 478	1 175	3 478	1 175	3 869
Sum	38 642	16 816	38 642	16 816	34 765
Total assets	92 525	36 544	92 525	36 544	104 203
Adjusted Equity ratio	42%	46%	42%	46%	33%

Earnings per ordinary Class A and Class B shares

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Net profit for the period	2 595	933	1 223	717	2 624
Net profit attributable to preference shares	-1	-15	-1	-8	-11
Net profit attributable to ordinary class D shares	-106	-60	-52	-37	-150
Net profit attributable to hybrid bonds	-166	-93	-76	-124	-198
Net profit attributable to non-controlling interest	-52	-	-8	-	-4
Net profit attributable to ordinary class A and B shares	2 270	765	1 086	549	2 261
Average number of ordinary class A and B shares	1 263 712 746	756 049 031	1 268 092 596	756 049 031	762 481 721
Earnings per ordinary class A and class B shares	1,80	1,01	0,86	0,73	2,97

Interest coverage ratio

Amount in SEK, millions	01-07-2019 30-06-2020	01-07-2018 30-06-2019	01-01-2019 31-12-2019
Profit from property management (rolling 12 months)	1 315	393	645
Interest expenses and similar items (rolling 12 months)	767	509	482
Expenses for redeemed loans in advance (rolling 12 months)	187	214	197
Translation gains/losses (rolling 12 months)	107	9	-91
Land lease expenses (rolling 12 months)	17	3	7
Sum	2 393	1 128	1 240
Interest expenses and similar items (rolling 12 months)	767	509	482
Interest coverage ratio, times	3,1	2,2	2,6

Equity ratio

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Equity	35 164	15 641	35 164	15 641	30 896
Total assets	92 525	36 544	92 525	36 544	104 203
Equity ratio	38%	43%	38%	43%	30%

Net asset value

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
<i>Equity excluding non-controlling interest</i>					
Equity	35 164	15 641	35 164	15 641	30 896
Hybrid bonds	-10 020	-4 978	-10 020	-4 978	-4 629
Non-controlling interest	-373	-41	-373	-41	-1 963
Equity excluding non-controlling interest	24 770	10 622	24 770	10 622	24 304
Equity attributable to Preference share investors	-15	-88	-15	-88	-15
Equity attributable to D-share investors	-3 326	-2 215	-3 326	-2 215	-3 255
Derivation of derivatives	340	99	340	99	-48
Goodwill attributable to deferred tax	-1 963	-	-1 963	-	-2 368
Other goodwill	-4 309	-24	-4 309	-24	-4 319
Reversal of deferred taxes	5 441	1 175	5 441	1 175	6 237
Deferred tax deduction (5.5%)	-2 475	-1 096	-2 475	-1 096	-2 604
Current net assets value (EPRA NTA)	18 463	8 473	18 463	8 473	17 931
<i>Current net assets value (EPRA NTA), SEK/share</i>	<i>14,56</i>	<i>11,21</i>	<i>14,56</i>	<i>11,21</i>	<i>14,45</i>
Derivation of derivatives	4 309	24	4 309	24	4 319
Reversal of deferred tax deduction (5.5%)	2 475	1 096	2 475	1 096	2 604
Long-term net asset value (EPRA NRV)	25 247	9 593	25 247	9 593	24 855
<i>Long-term net asset value (EPRA NRV), SEK/share</i>	<i>19,91</i>	<i>12,69</i>	<i>19,91</i>	<i>12,69</i>	<i>20,04</i>
Number of ordinary class A and B shares	1 268 092 596	756 049 031	1 268 092 596	756 049 031	1 240 526 587

Secured Loan-to-value

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Liabilities to credit institutions	12 966	5 663	12 966	5 663	25 985
Secured bond loans	1 143	1 350	1 143	1 350	1 334
Total secured loans	14 109	7 013	14 109	7 013	27 319
Total assets	92 525	36 544	92 525	36 544	104 203
Secured loan-to-value ratio	15%	19%	15%	19%	26%

Surplus ratio

Amount in SEK, millions	01-01-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2020 30-06-2020	01-04-2019 30-06-2019	01-01-2019 31-12-2019
Net operating income	1 817	560	922	320	1 265
Rental income	2 664	893	1 323	464	1 996
Surplus ratio	68%	63%	70%	69%	63%

APPENDIX 1 – 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 30 June 2020. 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 earning impact of unrealized and realized value changes.

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 30 June 2020.
- Operating and maintenance costs are based on budget.
- The property tax is calculated from the properties current tax assessment value as of 30 June 2020.
- Cost for central administration is based on the current organization.
- Financial expenses are based on contracted interest rates and include interest on external loans.

THE GROUP'S EARNINGS CAPACITY

Numbers in SEKm	Community service	Residential	Other	Total	Adjusted ¹⁾
Rental income	3 516	771	250	4 537	4 537
Operating costs	-468	-225	-68	-761	-761
Maintenance	-231	-68	-18	-317	-317
Property administration	-73	-32	-12	-117	-117
Property tax	-65	-14	-15	-94	-94
Net operating income	2 680	432	137	3 248	3 248
Central administration				-150	-150
Result from Joint Ventures				63	63
Financial income				100	100
Financial costs				-777	-756 ¹⁾
Operating profit before dividend				2 484	2 506
<i>per Class A and B shares</i>				<i>1,96</i>	<i>1,98</i>
Result from synergies with Hemfosa				130	130
Dividend hybrid bonds				-335	-335
Dividend Class D shares				-213	-213
Dividend Preference shares				-1	-1
Operating profit attributable to ordinary shareholders				2 065	2 086
<i>per Class A and B shares</i>				<i>1,63</i>	<i>1,65</i>

1) Adjusted for non-long-term surplus liquidity held by the Group at the end of the period with an estimated average interest rate of 1.61%, which is the weighted average in the debt portfolio as of 30-06-2020.

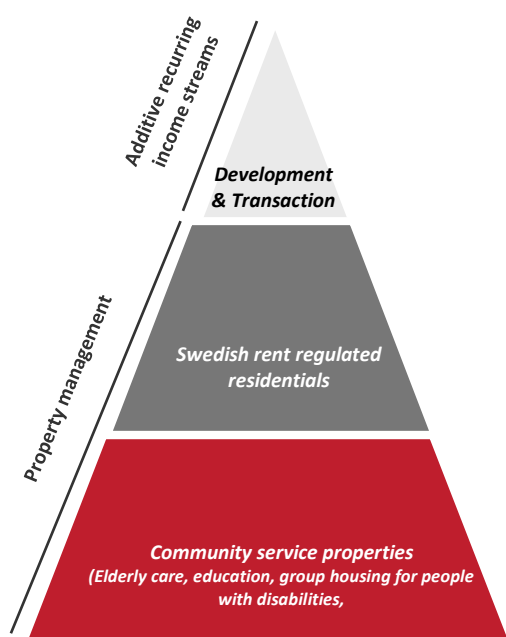
APPENDIX 2 – CURRENT EARNINGS CAPACITY INCLUDING ADDITIVE RECURRING INCOME STREAMS

THE GROUP'S EARNINGS CAPACITY OF ADDITIVE RECURRING INCOME STREAMS

Numbers in SEKm	Total	Adjusted ¹⁾
Operating profit attributable to ordinary shareholders	2 065	2 086
<i>per Class A and B shares</i>	1,63	1,65
Result from property development	600	600
Result from transaction	400	400
Result from renovations/investments	600	600
Adjusted operating profit to ordinary shareholders with additive income streams	3 665	3 686
<i>per Class A and B shares</i>	2,89	2,91

1) Adjusted for non-long-term surplus liquidity held by the Group at the end of the period with an estimated average interest rate of 1.61%, which is the weighted average in the debt portfolio as of 30-06-2020.

2) Based on historical profit generation from transaction of approximately SEK 700m per year.



Sensitivity analysis

Return asset value and earnings including long-term value change

Return asset value and earnings including long-term value change in companies that manage so-called real assets, such as properties; the profit from property management only reflects a part of the overall earnings. The definition of real assets states that they are value-protected, meaning over time and with good maintenance they have a value growth trend that compensates for inflation. The net asset value, i.e. the denominator in the return ratio profit/capital, is adjusted annually through the IFRS rules with regard to value changes. To provide a correct return, the numerator, i.e. profit, must also be adjusted in the same way. The recognized profit from management operations must accordingly be supplemented with a value change component and effective tax to provide an accurate picture of profit and return.

One problem is that value changes can vary strongly between years and quarters and entail volatile results. For a long-term actor with a stable cash flow and a well-composed property portfolio, the long-term value change (or when lacking this, the long-term average inflation rate) can be used to adjust the numerator in the equation. Given our brief history, we have chosen to use inflation averages for the previous ten years.

	Profit Property development = SEK 500m			Profit Property development = SEK 700m		
	Change in value			Change in value		
	-1% point		+1% point	-1% point		+1% point
Operating profit (rolling 12 months)	2 484	2 484	2 484	2 484	2 484	2 484
Profit Property development	500	500	500	700	700	700
Change in property value (10 years average CP)	803	73	1 532	803	73	1 532
D:o %	1,10%	0,10%	2,10%	1,10%	0,10%	2,10%
Current tax, 10%	-248	-248	-248	-248	-248	-248
Profit after tax	3 538	2 809	4 268	3 738	3 009	4 468
Profit per share	2,79	2,21	3,37	2,95	2,37	3,52
Return on net asset value	14,02%	11,13%	16,91%	14,81%	11,92%	17,70%
Profit/share price	14,69%	11,66%	17,72%	15,52%	12,49%	18,55%
P/E	7	9	6	7	8	5



UPCOMING REPORT DATES

Interim report Jan-Sept 03-11-2020

Year-end report 2020 23-02-2021

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