

THE SOCIAL INFRASTRUCTURE CHAMPION IN EUROPE

27 April, 2022



ESG
REGIONAL
TOP RATED



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

KEY RATIOS FOR THE FIRST QUARTER 2022

Key take away's – Consolidated income statement	Q1 2022	Q1 2021	Difference
Rental income for the period	1,831m	1,325m	+38%
Net operating income	1,153m	858m	+34%
Cash flow from operating activities before changes in working capital	738m	389m	+90%
Profit from property management	1,446m	615m	+135%
Profit from property management adjusted for changes in value and tax from joint ventures/associated companies	1,326m	618m	+115%
Profit for the period	2,939m	2,735m	+7%
EPRA earnings (EPS), SEK/share	0.64	0.25	+156%

Key take away's – Financials	Q1 2022	Q4 2021
Loan-to-value ratio, %	42	40
Interest-coverage ratio, multiple	5.5x	5.5x
The average period of fixed interest for all interest-bearing liabilities, years	3.7	3.6
Average debt maturity, years	3.9	4.1

Key take away's – Share-related	Q1 2022	Q4 2021
Long-term net asset value (EPRA NRV)	68,794m	64,516m
Long-term net asset value (EPRA NRV) per share	47.31	44.46

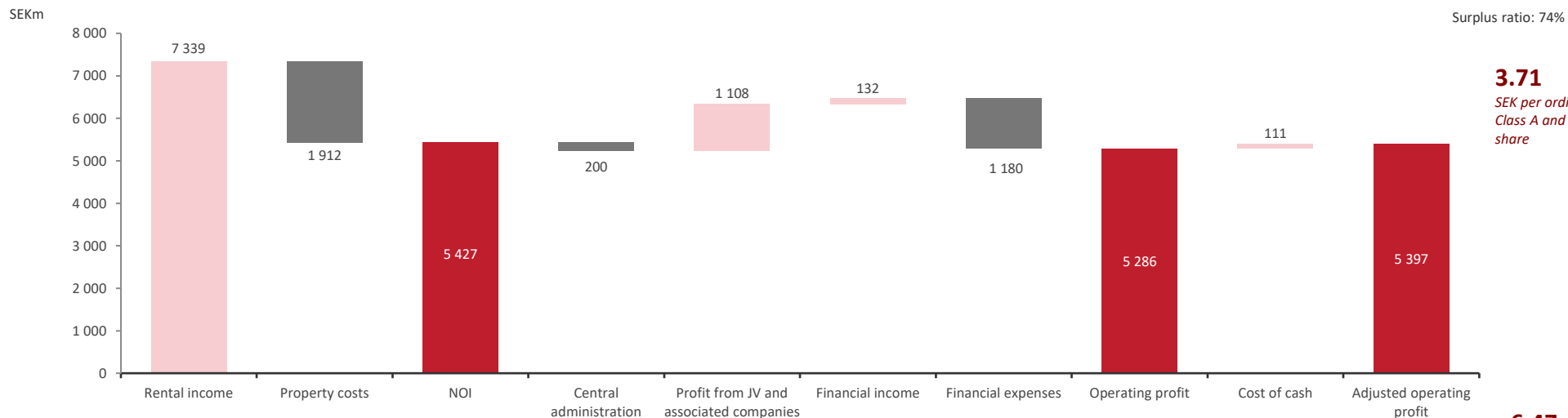
Key take away's – Property-related	Q1 2022	Q4 2021
Market value of properties	158,919m	149,335m
Surplus ratio, %	63	68
Yield,%	3.8	3.8
Valuation yield,%	4.35	4.34
Economic letting ratio, %	94.3	94.1
Average contract length of social infrastructure properties, years	11	11

Comments

- **Rental income in comparable portfolios (like for like) increased by 3.8 percent in the first quarter.**
- **Despite a cold winter quarter, the increase in net operating income for comparable portfolios (like-for-like) was strong at 2.4 percent.**
- **SBB had an average interest rate of 1.24 percent at the end of the first quarter**
Interest rates are on the rise and that is precisely why we have taken out long-term fixed-rate loans over the past two years. To put it quite simply, we have paid a premium to let inflation do the work.
- **The valuation yield is unchanged**
Value changes for the properties amounted to SEK 2,362m (2,333), of which SEK 53m (121) were realized value changes and SEK 2,309m (2,212) were unrealized value changes. Combined, our value-add-strategies have contributed about three fourths of the change in value. The general rent trend, given increased inflation expectations, re-negotiations and newly signed leases, resulting in higher net operating income, contributed with the rest of the change in valuation.

THE GROUP'S EARNINGS CAPACITY GOING FORWARD – ROLLING 12 MONTHS

Current earnings capability for the Group for 12 months



1

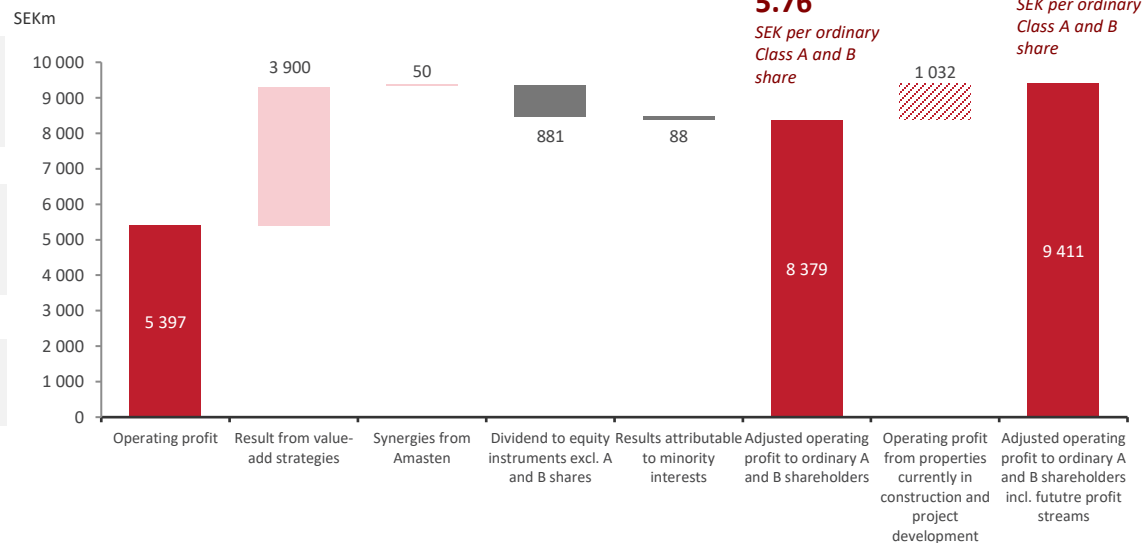
Profit after tax for the period was SEK 2.9bn, a strong increase compared to the corresponding period of the previous year. Corresponding to 1.86 SEK per ordinary Class A and B share (1.75).

2

Rental income increased like for like by 3.8 percent compared to the corresponding period last year. Net operating income increased like for like by 2.4 percent.

3

For the full year 2022, earnings per ordinary share A and B are estimated to be **SEK 8.10**. SEK 5.76 are illustrated in earnings capacity 12m rolling.



FOCUS ON A STRONGER RATING AND A LOWER LOAN-TO-VALUE RATIO

Key notes from the quarter

- ✓ ICR at the end of the quarter was **5.5x**
- ✓ Like for like – rental growth – corresponding to an **increase of 3.8%**
- ✓ Like for like – net operating income – corresponding to an **increase of 2.4%**
- ✓ **Operating profit** increased by 831m to **SEK 1,446m (SEK 615m)**. Adjusted for value changes and tax in Joint Ventures, the operating profit was **SEK 1,326m (SEK 618m)** corresponding to an **increased of 115%**
- ✓ EPRA NRV **increased to SEK 47.31** per ordinary A and B share
- ✓ **WAULT of 11 years**
- ✓ **At the end** of the first quarter, the interest maturity was **3.7 years**.
- ✓ **Profit after tax** was **SEK 2,939m**. The valuation yield is **unchanged**.
- ✓ EPRA earnings, that is, profit from property management adjusted for earnings attributable to preference shares, Series D shares, hybrid bonds and minority interests, was **SEK 0.64 (0.25)** per **ordinary Series A and B share**.
- ✓ **Value-add strategies continuing to deliver over expectation and paves the way for future organic growth:**
 - Result from building rights development and new production – **SEK 1,642bn**
 - Completed renovations during the quarter – **304 apartments**
 - Investments in existing portfolio of SEK 2,003m – **Yield on cost of 5.3%**

FIXED INTEREST IS AN INSURANCE PREMIUM FOR TIMES LIKE THESE

Scenario assumption

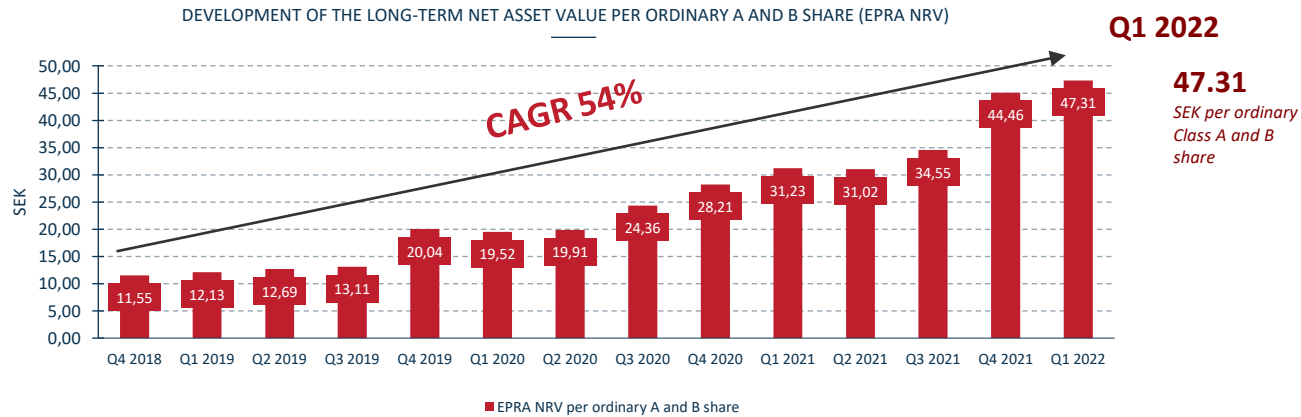
Scenario assumption			Effect, avg. interest and prof. from prop. mgt.				
STIBOR 3M today	Increase	New STIBOR 3M	2022	2023	2024	2025	2026
0.10%	1.40%	1.5% (Effective interest rate 2.8%)	1.55%	1.62%	1.69%	1.78%	1.83%
0.10%	1.90%	2.0% (Effective interest rate 3.3%)	1.67%	1.78%	1.86%	2.01%	2.08%
0.10%	2.40%	2.5% (Effective interest rate 3.8%)	1.79%	1.93%	2.03%	2.24%	2.33%
CPI			4%	3%	2.5%	2%	2%
SBB rental income			7,339	7,706	8,014	8,295	8,544
Interest expenses, STIBOR 2.5%			1,538	1,664	1,745	1,928	2,006
Class A & B shares, profit from property management STIBOR 2.5%			4,010	4,419	4,632	4,710	4,860
Interest expenses, STIBOR 1.5%			1,334	1,396	1,457	1,530	1,573
Class A & B shares, profit from property management STIBOR 1.5%			4,214	4,670	4,907	5,097	5,288
Plus profit from property development			2,500	2,500	2,500	2,500	2,500

The fact is that SBB could manage to **keep the dividend** and **raise it with inflation** even if the **nominal interest rose to 10 percent** (real interest two to three percent). If SBB would lower the net debt by **SEK 5bn**, it would be possible raise the dividend with inflation even if the nominal interest rose to 10 percent **and** the real interest was **four to five percent**.

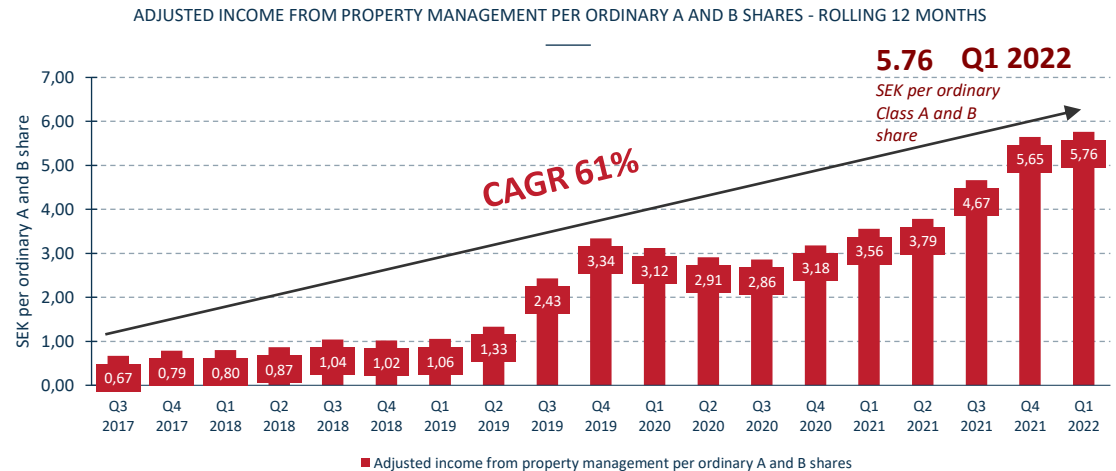
Inflation adjusted rental income and long-term fixed interest rates offers stable cash flow and dividend.

THE HIGHEST NET ASSET VALUE GROWTH 2019-2022 YTD

EPRA NRV per share



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

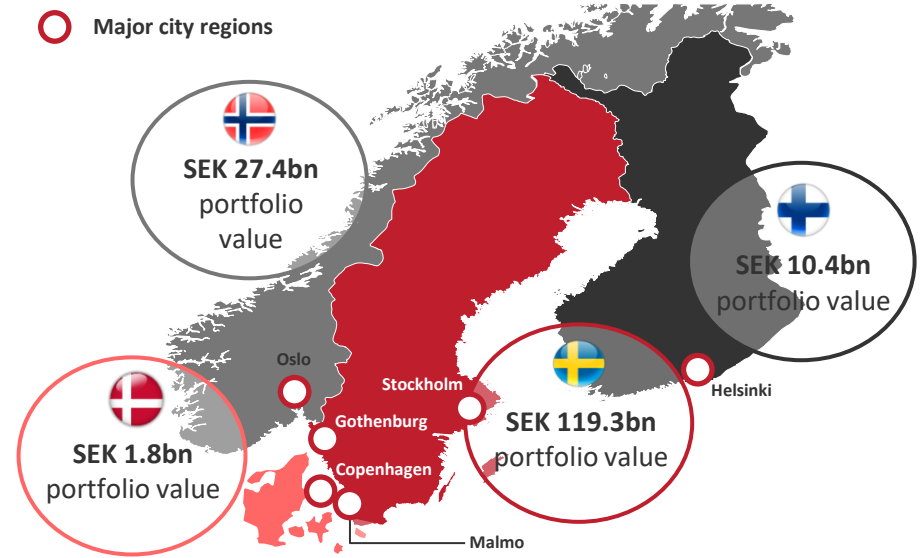


SBB OVERVIEW AND KEY HIGHLIGHTS

Company snapshot

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

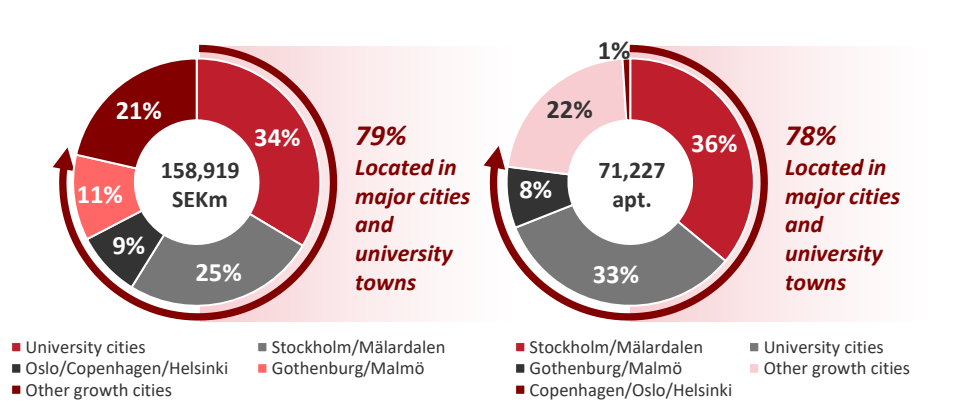
Portfolio book value by country



Key figures

SEK 7.3bn passing rent	SEK 158.9bn portfolio book value	11yr WAULT but effectively perpetual	42% net LTV on total assets	BBB- (positive) S&P Global Ratings FitchRatings
	SEK 2,939m Net profit for the period	3.8% net initial yield	1.24% average interest rate	
				BBB (stable) SCOPE

Portfolio book value and building rights portfolio



SBB CREATES VALUE FROM “AAA” ASSETS

Income overview

Classification	Rental Income, SEKm	% of Total
Regulated rent residentials	2 320	32
Building rights for regulated rent residentials	79	1
Sum rent regulated residentials	2 400	33
Apartments for elderly care	806	11
Apartments for specialist residential care (LSS)	425	6
Building rights for publicly funded residentials	0	0
Sum publicly funded residentials	1 231	17
Education	2 097	29
Pre school	810	11
Compulsory/Upper secondary school	880	12
University	406	6
Hospitals and health centres	461	6
Government infrastructure and City Halls	470	6
Public offices	355	5
Other	0	0
Building rights for community service	162	2
Sum community service	3 545	48
Sum social infrastructure	7 176	98
Other	163	2
Total	7 339	100



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



We create value from underutilised land



Legislation prohibits local governments from declaring default: tenant sovereign risk



We improve our assets to generate additional value



Sovereign credit risk exposure in community service

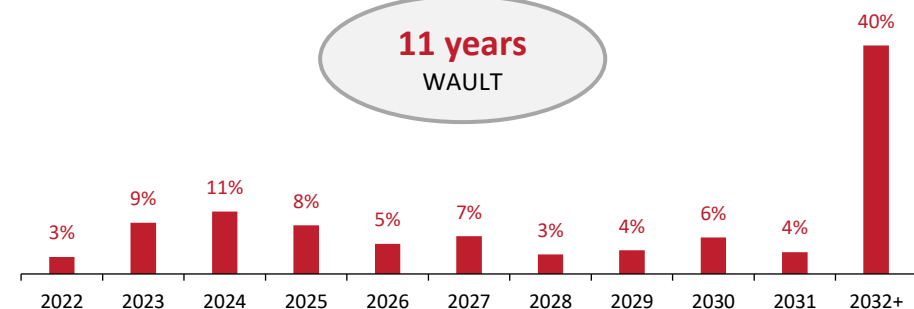
Government and government-backed tenants



Sovereign credit rating

	S&P Global Ratings	AAA (Stable)
	FitchRatings	AAA (Stable)
	MOODY'S	Aaa (Stable)
	S&P Global Ratings	AAA (Stable)
	FitchRatings	AAA (Stable)
	MOODY'S	Aaa (Stable)
	S&P Global Ratings	AA+ (Stable)
	FitchRatings	AA+ (Stable)
	MOODY'S	Aa1 (Stable)
	S&P Global Ratings	AAA (Stable)
	FitchRatings	AAA (Stable)
	MOODY'S	Aaa (Stable)

11 years
WAULT



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

Svenska Myndighetsbyggnader AB

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

Property value:	SEK 12.4bn
Net operating income:	SEK 461m
Shareholding:	50.0%

JM AB

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

Company value ¹ :	SEK 37.1bn
Profit before tax 2021:	SEK 2,158m
Shareholding:	27.7%
Anticipated dividend SBB 2022:	SEK 260m

Preservium property AB

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

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

Public Property Invest AS

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

Property value:	SEK 9.1bn
Net operating income:	SEK 449m
Shareholding:	48.4%
Anticipated dividend SBB 2022:	SEK 85m

Heba Fastighets AB

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

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

One Publicus Fastighets AB

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

Property value:	SEK 711m
Net operating income:	SEK 24m
Shareholding:	32%
Anticipated dividend SBB 2022:	SEK 5m

SBB Kåpan AB

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

Property value:	SEK 6.0bn
Property value on completion:	SEK 8.2bn
Net operating income:	SEK 117m
Net operating income upon compl.:	SEK 270.5m
Shareholding:	50.0%

Solon Eiendom ASA

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

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

Origa Care AB

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

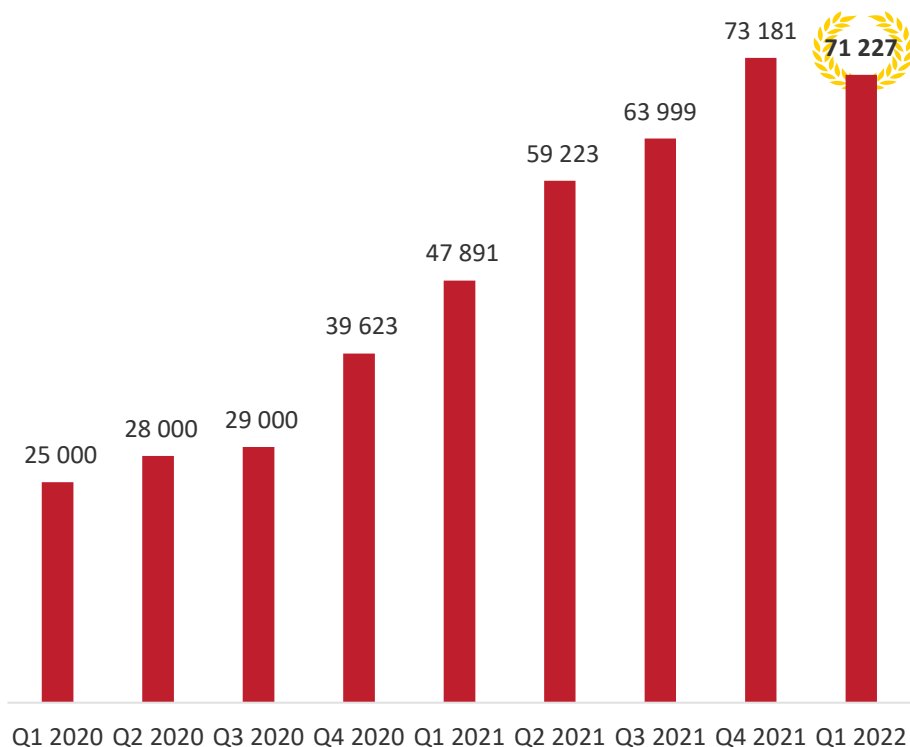
Property value:	SEK 571m
Net operating income:	SEK 31m
Shareholding:	34.7%
Anticipated dividend SBB 2022:	SEK 7m

NO. 1 PROPERTY DEVELOPER IN EUROPE

No. 1 property developer

Top property developer by project portfolio
(no. of apartments, c. 70 sq.m. per apartment)

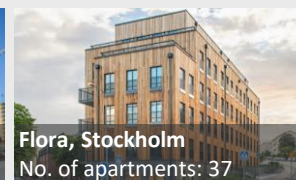
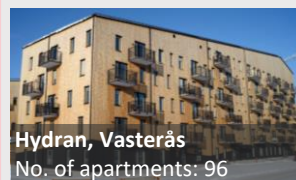
The No. 1 Real Estate Developer in Europe



Utilising building rights to create value throughout the value chain

- ✓ Annual target: **SEK 2,000 – 2,500m**
YTD 2022: **SEK 1,642m**
- ✓ Building rights volume: **3.3m sq.m.**
- ✓ No. apt. under project development: **15,787**
No. apt. under construction: **4,905**
- ✓ Community service properties under construction: **56,397 sq.m.**
- ✓ Estimated potential profit from building rights portfolio: **SEK 21.4bn** without need for new investments.

Selected development projects

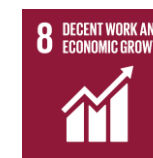


No. 1 developer with **4,905** apartments under construction. Estimated recurring earnings effect per year: **SEK 2,000–2,500m**

VISION 2030 - BECOMING CLIMATE POSITIVE IN THE ENTIRE VALUE CHAIN

Vision 2030

- ✓ Climate positive in the entire value chain
- ✓ At least 90% social assets in the property portfolio
- ✓ Climate-adapted property portfolio that can cope with climate risks



E Environmental targets

- ✓ Reduce energy usage and climate impact by 5% per year
- ✓ At least 50% of SBB's new construction shall consist of wooden buildings from certified forestry
- ✓ The entire portfolio and all new construction shall be within 10 minutes' walking distance to commuting
- ✓ Reduce water usage by 1% per year
- ✓ Assess the entire property portfolio in relation to climate-related risks

S Social targets

- ✓ At least 90% social assets in the property portfolio
- ✓ All municipalities where SBB owns apartments are offered support in the form of apartments to their social work related to housing
- ✓ Contribute with at least 200 summer jobs to youths living in our residential areas
- ✓ Contribute with at least 10 Better shelter and 100 tents via UNHCR to help refugees

G Governance and financial targets

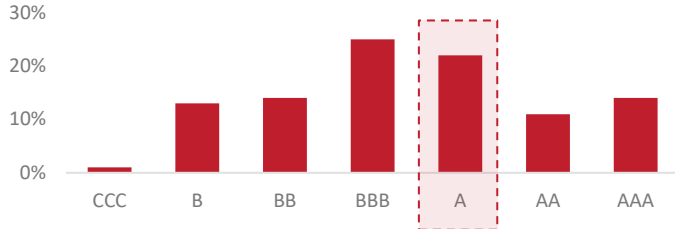
- ✓ Achieve investment grade BBB+ in the short term and A- in the long term
- ✓ 100% sustainable financing
- ✓ SBB to be classified as a green share on Nasdaq Stockholm

RECOGNITION OF ESG PERFORMANCE

ESG ratings



Upgraded from BB to A



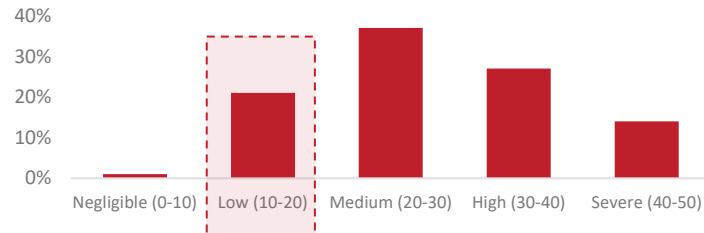
MSCI
ESG RATINGS



CCC B BB **BBB A AA AAA**



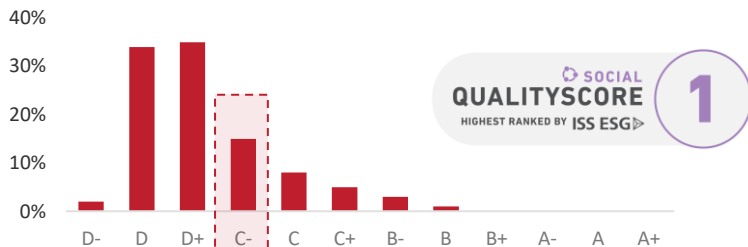
Risk reduced by 2.4 to 11.5,
threshold for negligible ESG-Risk is 10.0



Peers (Market cap \$7.6-\$9.6bn)	Exposure	Management	ESG-Risk Rating
1. Samhällsbyggnadsbolaget i Norden AB	27.2 Low	58.5 Strong	11.5 Low
2. Castellum AB	27.9 Low	57.2 Strong	12.2 Low
3. Swiss Prime Site AG	28.9 Low	39.5 Average	17.6 Low



Quality score 1 in
Social Sustainability: **Industry Leader**¹



Regional Top Rated 2022



ESG REGIONAL TOP RATED



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



Notes: ¹ As of 21st August 2021

THE SOCIAL INFRASTRUCTURE CHAMPION IN EUROPE



- 1** Inflation adjusted rental income and long-term fixed interest rates offers stable cash flow – Backed by AAA-countries
- 2** Growth fueled by unique investment platform combining property management with our three value-add strategies – Building right development and new production, investments in existing portfolio and value-adding transactions
- 3** Dividend – Proposed dividend of SEK 1.32 per A- and B class share (increase by 1,220% since 2017) to be paid monthly.
- 4** Focus on a stronger rating and a lower loan-to-value ratio – Key ratios delivered for BBB+
- 5** Strategic sustainability – The core of our business model

IN SUMMARY...

... focus on a stronger rating and a lower loan-to-value ratio...

1

SBB is stronger than ever. SBB's rolling 12-month earnings capacity **rose by 64 percent** compared with the first quarter of 2021 and amounted to **SEK 8,379m** (5,065) **at the end of the period.** Earnings capacity per Series A and B shares **increased by 62 percent** to **SEK 5.76.**

For the 2022 full year, we **forecast earnings of SEK 8.10 per series A and B ordinary share, and that stands firm.**

2

SBB owns properties for **SEK 159bn** and to this can be added **SBB's share** of the value in **joint ventures/associated companies**, corresponding to about **SEK 35bn.** **The investments made** by SBB in the **past three years** provide a good opportunity for SBB to now **prioritize** higher credit ratings clearly over acquisitions. All in all, this provides a very good opportunity for SBB to **reduce** the **loan-to-value ratio** through **sales and loan repayments** and to use its strong position in property development for organic growth.

We believe that a **stronger rating** and a **lower loan-to-value ratio** is **the best choice** for delivering the **highest return.** Let me therefore be clear: **A BBB+ rating is SBB's priority objective.**

3

Our value-add-strategies **continue to deliver** on all levels. For the first quarter, **profit from building rights development and new production** amounted to **SEK 1,642m,** compared with the **target of SEK 2.0-2.5bn** on an **annual basis.**

At the end of the year, we had **4,905 apartments** and **99,447 m²** of **community service properties** currently in **production** and **15,787 apartments** currently in **project development.** At the same time, **we sold properties with building rights** for **SEK 184m** in the first quarter, demonstrating our capacity to derive considerable cash flow from our building rights portfolio year after year, and to reinvest in cash flow properties.

4

SBB had an **average interest rate** of **1.24 percent** **at the end of the first quarter.** Interest rates are on **the rise** and that is precisely why we have taken out **long-term fixed-rate** loans over the past two years. To put it quite simply, we have paid a premium to let inflation do the work.

At the end of the first quarter, our **interest maturity** was **3.7 years.** This means that it will take some time before higher interest rates have an impact on SBB's earnings. **The fact is** that **SBB could** manage to **keep the dividend and raise it with inflation** even if the **nominal interest rose** to **10 percent.**

THANK YOU!



Samhällsbyggnadsbolaget
