

Building a strong platform

May 2024



PRESENTERS



LEIV SYNNES
CEO



DANIEL TELLBERG
Finance Director



HELENA LINDAHL
Treasury Director

HIGHLIGHTS

- Executing on the new structure and strategy
- Reduced debt SEK 38.7bn last 21 months. Financial stability and liquidity remain a priority
- 3.0 percent like-for-like NOI growth in Q1
- Attractive interest rate hedges – Average interest rate at 2.22% and maturity of 3.6 years
- Property valuation decrease, signs of levelling off. Value decrease of 2.8 percent in the quarter

SEK **67.3**bn
Property Value

55 %
Loan-to-Value

6.2
EPRA Vacancy Rate

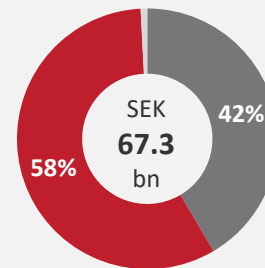
2.3x
Interest Coverage Ratio

4.9 %
Yield

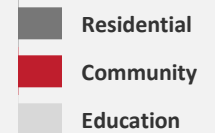
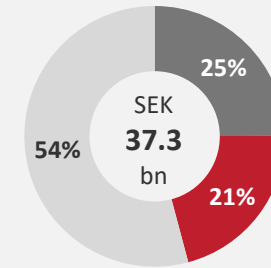
Properties

SEK **104.6** bn
Property exposure including share of significant holdings

Property Value



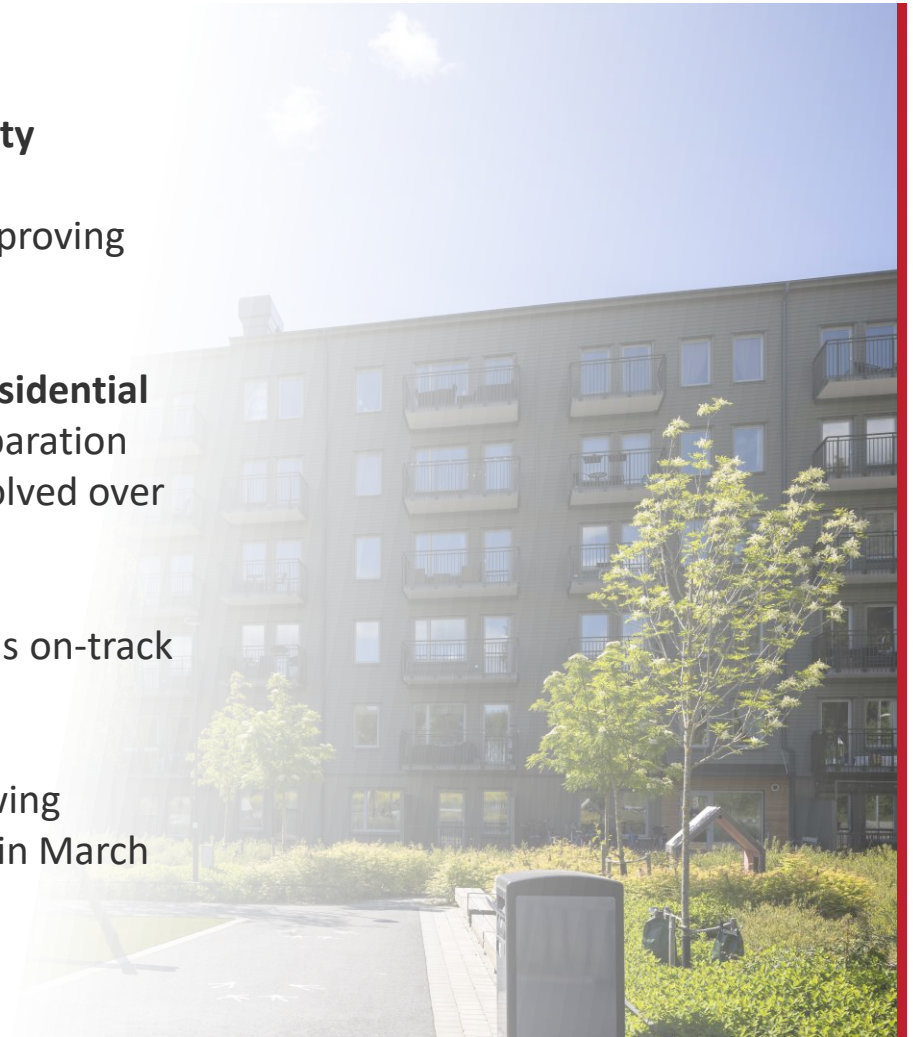
Share of property value, significant holdings



SEKbn	Property Value	Share of property value, significant holdings
Residential	28.0	9.3
Community	38.8	7.8
Education	0.6	20.2
Total	67.3	37.3

STRATEGY EXECUTION ON-TRACK

- Company structures to own the assets in the **Community** business area
 - PPI successfully listed on Oslo Stock Exchange, improving access to growth capital
- Final steps taken to structure Sveafastigheter within **Residential**
 - Unobo dissolved with SBB as sole owner after separation
 - Remainder of jointly owned structures to be dissolved over time
- **Education** remains a strong business area with Nordiqus on-track for stand-alone investment grade rating
- Strengthened equity and improved debt position following successful **tender offer** on hybrid and senior securities in March



GROUP STRUCTURE



Residential

Total property exposure

SEK **37.3** bn

Property value

SEK **28.0** bn

SBB's share of property portfolios in significant holdings

SEK **9.3** bn

Community

Total Property exposure

SEK **46.6** bn

Property value

SEK **38.8** bn

SBB's share of property portfolios in significant holdings

SEK **7.8** bn

Education

Total property exposure

SEK **20.8** bn

Property value

SEK **0.6** bn

SBB's share of property portfolios in significant holdings

SEK **20.2** bn

RESIDENTIAL

- Rent development for Swedish regulated tenancies have outpaced inflation over time
- Strong potential - demographics and development opportunities
- Long term opportunity for increased rental income
- Occupancy rate of 95 percent for the quarter
- Strong organization and prudent capital structure enable growth
- IPO or strategic partnership in 2024 to enhance funding opportunities



Consolidated properties

SEK **28.0** bn
Property value

4.02 %
Yield

SEK **1,333**
Avg. rent per sq.m

JV and Associate companies

SEK **9.3** bn
SBB's share of property
portfolios in significant holdings

SEK **4.5** bn
Net Investment in
significant holdings

COMMUNITY

- Government-funded tenants, minimal risk of rent loss
- Leading and scalable platform - facilitates sourcing opportunities
- Rental income close to 100% CPI-linked
- Sustainability at the core of the business model
- Elderly care as largest property type at ca 31%
- Partnership confirms the strong value of the portfolio



Consolidated properties

SEK **38.8** bn

Property value

5.47 %

Yield

7 years

WAULT

JV and Associate companies

SEK **7.8** bn

SBB's share of property portfolios in significant holdings

SEK **1.8** bn

Net Investment in significant holdings

EDUCATION

- SBB owns 49.84% of Nordiqus with total property value of SEK 40.5 billion
- Nordiqus is co-owned with Brookfield, one of the world's largest and most competent infrastructure investors
- Nordiqus is Europe's leading public education property platform with growth potential
- Government-backed income, high lease renewal rate and close to 100% CPI-linked
- Excellent asset quality with predictable earnings is expected to lead to an investment grade credit rating and attractive dividend yield over time



Consolidated properties

SEK **0.6** bn
Property value

JV and Associate companies

SEK **20.2** bn
SBB's share of property portfolios in significant holdings

SEK **15.6** bn
Net Investment in significant holdings



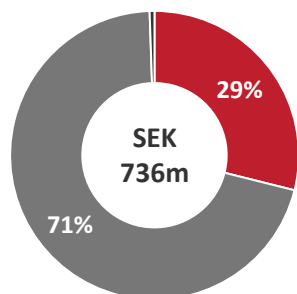
FINANCIAL STATEMENTS

NET OPERATING INCOME

SEKm	Period Like for Like		Change, %
	1 Jan 24 - 31 Mar 24	1 Jan 23 - 31 Mar 23	
Rental income	861	829	3.9
Operating costs	-217	-197	-9.9
Maintenance	-32	-29	-8.9
Property tax	-12	-19	38.1
Net operating income	601	583	3.0
<i>Surplus ratio</i>	<i>69.8%</i>	<i>70.4%</i>	

NOI for the period

1 January 2024 – 31 March 2024



■ Residential ■ Community ■ Education

3.9%

Rental income increase
Like for Like for the
period

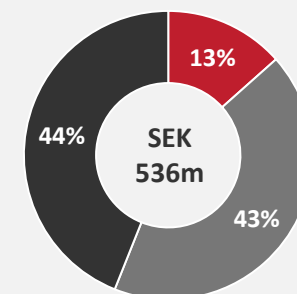
3.0%

Net operating income
increase Like for Like
for the period

JV and Associate companies

Share of NOI for the period in significant holdings

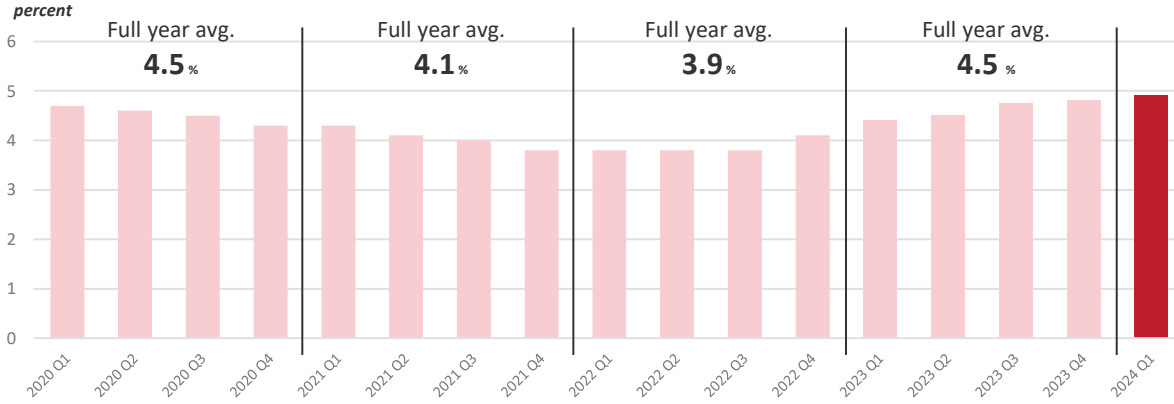
1 January 2024 – 31 March 2024



■ Residential ■ Community ■ Education

INCREASED YIELD AND STABLE OCCUPANCY

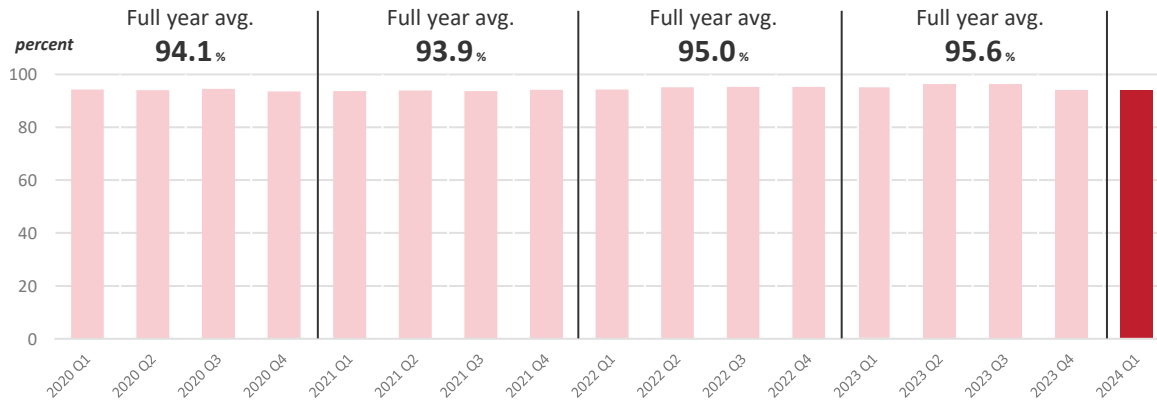
Yield



4.9%

Yield Q1 2024

Rental Occupancy Rate



94%

Rental Occupancy Rate Q1 2024

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

SEK m	2024-01-01 2024-03-31	2023-01-01 2023-03-31	Difference	Like-for-like change	Comments
Net operating income	736	742	-6	+3.0%	<ul style="list-style-type: none"> NOI was protected like-for-like despite less income due to divestment Property value decrease following higher yield
Admin & Restructuring expenses	-213	-150	-63		
Profit before financial items, value changes in properties and goodwill	514	593	-79		
Changes in value, property	-1,984	-2,223	+239		
Other	-1	-2	+1		
Operating profit	-1,471	-1,632	161		<ul style="list-style-type: none"> Rising interest rates on the back of increased inflation which we are now seeing tendency of decreasing Net interest improved due to increased interest income Other financial items includes profit from repurchase of bonds SEK 797m and SEK 1,974m is reported changes in equity as a result of hybrid bonds buyback. Both relating to the Tender offer
Results from associated companies/joint ventures	-192	-369	+177		
Net interest	-262	-373	+58		
Other financial items	623	-1,803	+2,426		
Tax	145	98	+47		
Profit for the period, Continued operations	-1,158	-4,024	+2,866		
Profit for the period, Discontinued operations	-	126	-126		
Profit for the period	-1,158	-3,898	-2,740		

FINANCING IN NEW MARKET CONDITIONS

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

55%

LTV Q1 2024

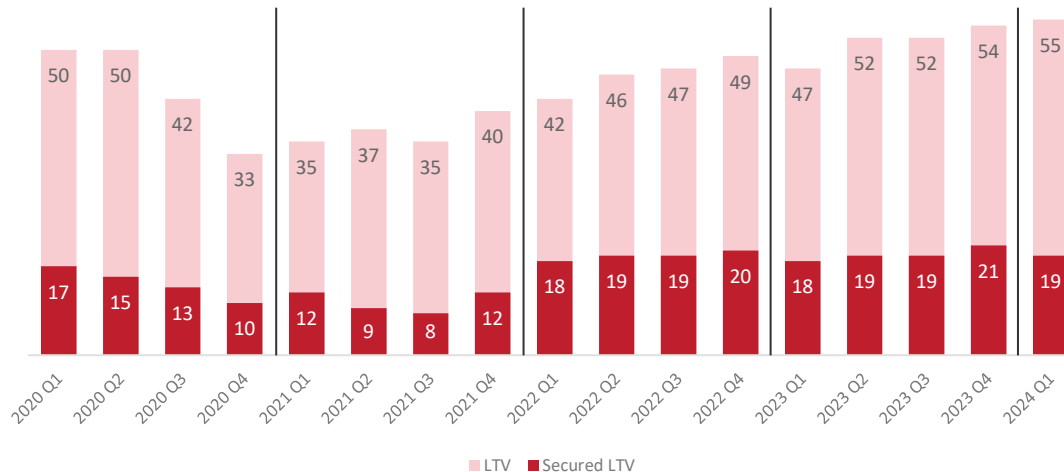
19%

Secured LTV Q1 2024

2.3x

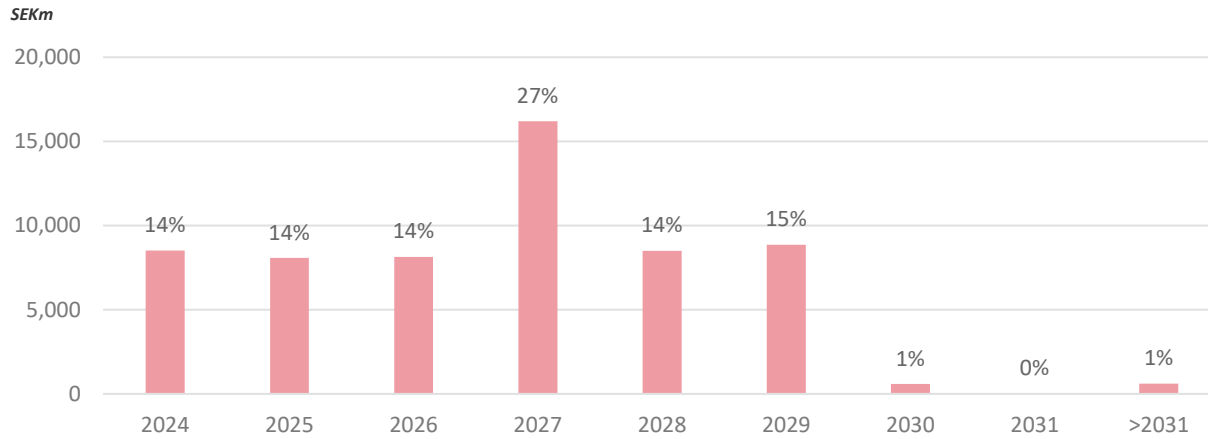
Interest coverage ratio Q1 2024

Loan to value, %



ATTRACTIVE LONG-TERM FUNDING

Interest Rate Maturity



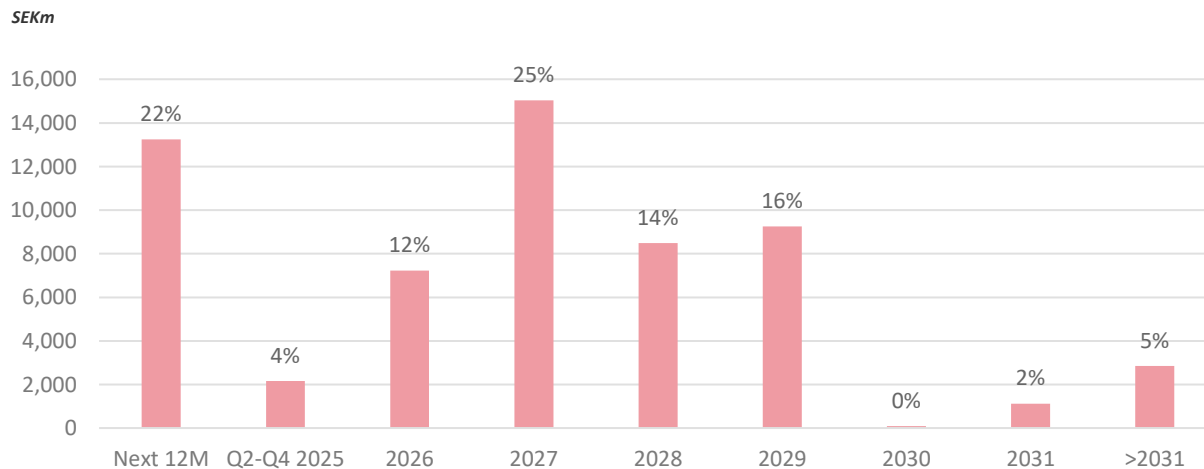
3.2 years

Average interest maturity

2.22%

Average interest rate

Debt Maturity



3.6 years

Average debt maturity

62%

With maturity later than 2026

2.26%

Average interest of debt with maturity later than 2026

LIQUIDITY HAS FACILITATED NOMINAL DEBT REDUCTION

Nominal Debt, FX like for like



Methods for Continued debt reduction and Liquidity Improvements

- No additional dividend
- Limited investments
- No new acquisitions

- Refinance maturing debt
- Divestment of financial assets
- Direct sale of real estate

- IPO or strategic equity partner for Sveafastigheter (Residential properties)
- Evaluate capital sources for Community properties

TO SUMMARIZE



Q&A

THANK YOU!



Samhällsbyggnadsbolaget
