

THE SOCIAL INFRASTRUCTURE CHAMPION IN EUROPE

14 July, 2022



ESG
REGIONAL
TOP RATED



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

SBB OVERVIEW AND KEY HIGHLIGHTS

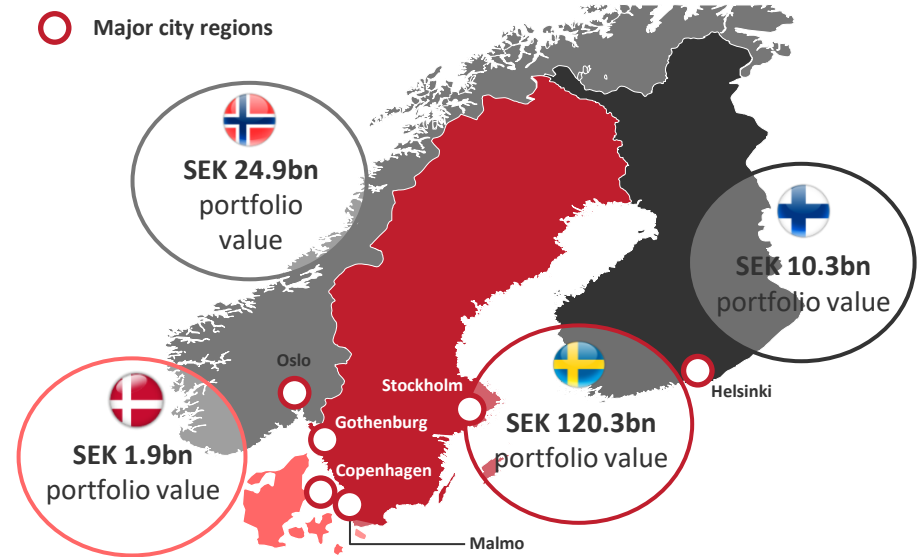
Company snapshot

- ✓ 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**

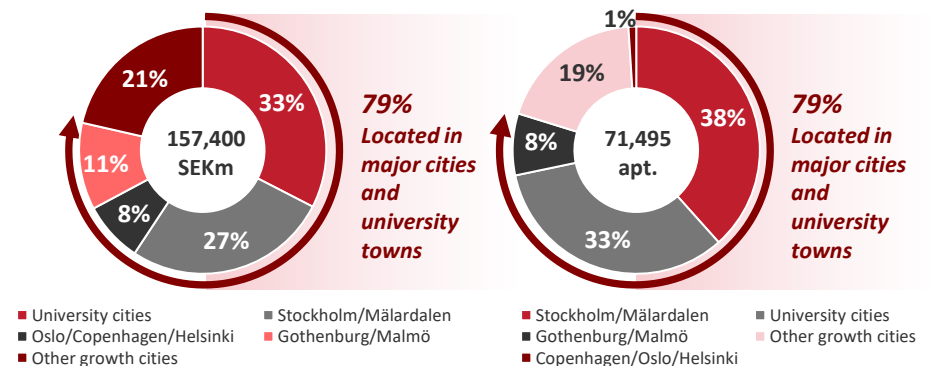
Key figures

SEK 7.3bn passing rent	SEK 157.4bn portfolio book value	11yr WAULT but effectively perpetual	46% net LTV on total assets	BBB- (negative) S&P Global Ratings
	SEK 218m Net profit for the period	3.8% net initial yield ¹	1.46% average interest rate	BBB- (positive) Fitch Ratings
				BBB (stable) SCOPE

Portfolio book value by country



Portfolio book value and building rights portfolio



SBB CREATES VALUE FROM “AAA” ASSETS

Income overview

Classification	Rental Income, SEKm	% of Total
Regulated rent residentials	2 395	33
Building rights for regulated rent residentials	78	1
Sum rent regulated residentials	2 473	34
Apartments for elderly care	813	11
Apartments for specialist residential care (LSS)	429	6
Building rights for publicly funded residentials	0	0
Sum publicly funded residentials	1 242	17
Education	2 096	29
Pre school	862	12
Compulsory/Upper secondary school	888	12
University	346	5
Hospitals and health centres	460	6
Government infrastructure and City Halls	410	6
Public offices	306	4
Other	0	0
Building rights for community service	168	2
Sum community service	3 440	47
Sum social infrastructure	7 154	98
Other	137	2
Total	7 291	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

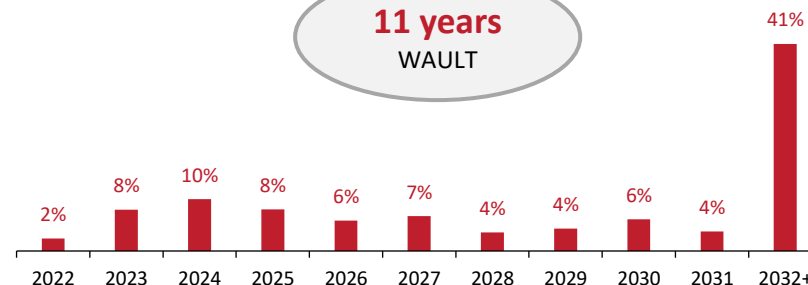
S&P Global Ratings **AAA** (Stable)
FitchRatings **AAA** (Stable)
Moody's **Aaa** (Stable)

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



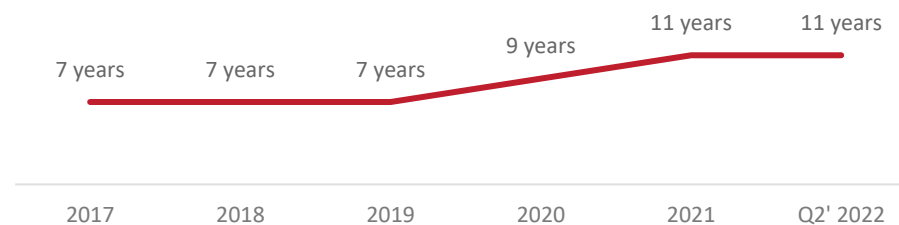
OVERVIEW OF PROPERTY PORTFOLIO

Dynamics of SBB's Property Portfolio

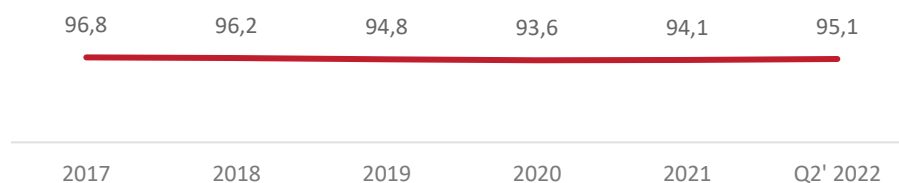
Credit Worthy Tenants	Majority of income directly from Nordic states or local, government backed, municipalities	✓
Tax Financed	Community service properties either directly or indirectly tax financed	✓
Regulation	Residential & Community service properties subject to government regulation	✓
Long Lease Terms	Average WAULT of 11 years for community service properties ¹	✓
Low Vacancy Rates	Economic letting ratio around 95% for last 5 years. Vacancies due to elective vacancy by upgrading properties to generate higher returns	✓
Inflation Hedged	Rental contracts is tied to the Consumer Price Index	✓
Limited Rental Receivables	Limited rental receivables, with 99.8% rent collection during the Covid crisis in FY 2020	✓

Low risk, stable, inflation-linked cash flow

WAULT, community service properties¹, yrs



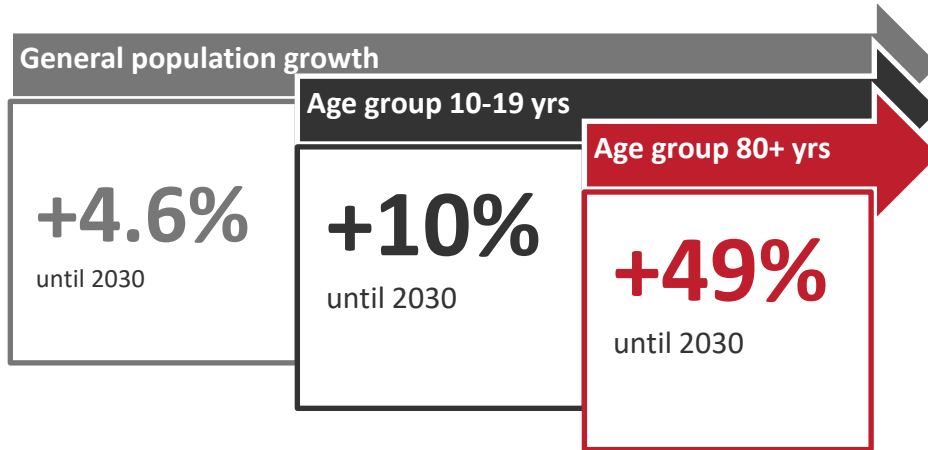
Economic letting ratio², %



Notes: ¹Community Service Properties including Publicly Funded Residentials. ²Rental income as a percentage of rental value

DEMOGRAPHIC NEEDS AND SUPPLY SHORTAGE OF SOCIAL INFRASTRUCTURE PROPERTIES IN SWEDEN

Shortage



- ✓ **560** new elderly care units until 2026
- ✓ **74** new health care centers until 2026
- ✓ **1,000** new schools and pre-schools until 2030
- ✓ **30** new police stations until 2024

Public procurement in Sweden

- ✓ **18,000** new public procurements per year
- ✓ **13%** canceled before signed agreements
- ✓ **7%** appealed
- ✓ **20%** only 1 tender
- ✓ **60%** 1-3 tenders



Age group 80+ years will increase by 49% until 2030

KEY RATIOS FOR THE SECOND QUARTER 2022

Key take away's – Consolidated income statement	Q2 2022	Q2 2021	Difference
Rental income for the period	1,878m	1,451m	+29%
Net operating income	1,290m	1,019m	+27%
Cash flow from operating activities before changes in working capital	1,045m	750m	+39%
Profit from property management	-147m	827m	neg
Profit from property management adjusted for non-cash flow exchange rate changes, non-recurring costs and changes in value and tax in the JV business	1,024m	697m	47%
Profit for the period	-2,721m	6,558m	neg
EPRA earnings (EPS), SEK/share	-0.39	0.27	neg

Key take away's – Financials	Q2 2022	Q4 2021
Loan-to-value ratio, %	46	40
Interest-coverage ratio, multiple	5.6x	5.5x
The average period of fixed interest for all interest-bearing liabilities, years	3.2	3.6
Average debt maturity, years	4.0	4.1

Key take away's – Share-related	Q2 2022	Q4 2021
Long-term net asset value (EPRA NRV)	62,115m	64,516m
Long-term net asset value (EPRA NRV) per share	42.72	44.46

Key take away's – Property-related	Q2 2022	Q4 2021
Market value of properties	157,400m	149,335m
Surplus ratio, %	69	68
Yield,%	3.8	3.8
Valuation yield,%	4.31	4.34
Economic letting ratio, %	95.1	94.1
Average contract length of social infrastructure properties, years	11	11

Comments

- **Rental income in comparable portfolios (like for like) increased by 4.1 percent in the first half of 2022.**
- **Despite a cold winter quarter, the increase in net operating income for comparable portfolios (like-for-like) was strong at 3.5 percent for the first half of 2022.**
- **SBB had an average interest rate of 1.46 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.
- **Profit from property management**
The profit from property management adjusted for non-cash flow exchange rate changes, non-recurring costs and changes in value and tax in the JV business was SEK 2,139m for the first half of the year and SEK 1,024m for the second quarter.

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

Current earnings capability for the Group for 12 months



Current cash earnings for the Group for 12 months



THE STRENGTHENING OF THE BALANCE SHEET CONTINUES

Break down over disposals with focus on a stronger balance sheet

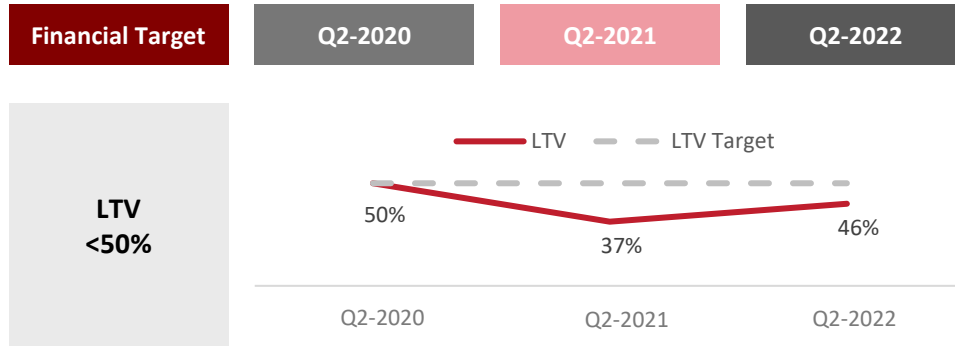
<u>Property sales April-July 2022</u>	<u>SEKm</u>
Total property value	9,503
Deduction for deferred tax	-326
Net after deduction of deferred tax	9,177
Book value	9,275

SBB has sold properties, equity-linked instruments and financial assets **totaling SEK 9.5bn**. This can be compared to the book value of the same assets of SEK 9.3bn. The net value of the disposals after the deduction of deferred tax was SEK 9.2bn.

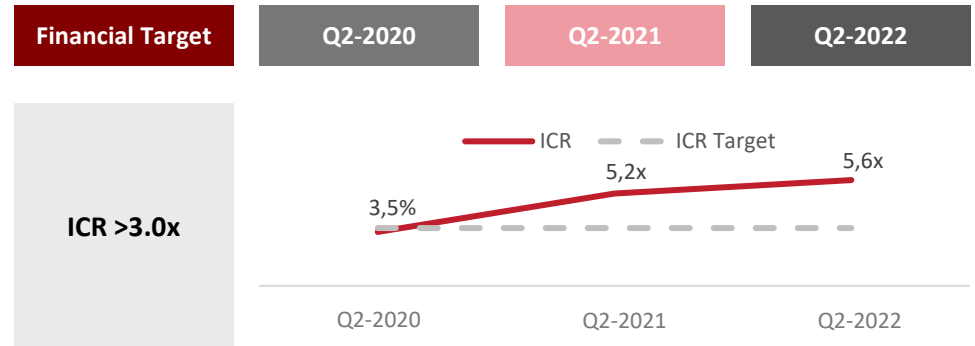
Our values for rent regulated residentials are **marginally affected** despite the crisis. Our community service properties are not affected due to the fact that **inflation-adjusted rental income** clearly dampens any changes in yields. Our properties are needed and that is also why they are so liquid.

STRONG BALANCE SHEET WITH DELEVERAGING IN FOCUS

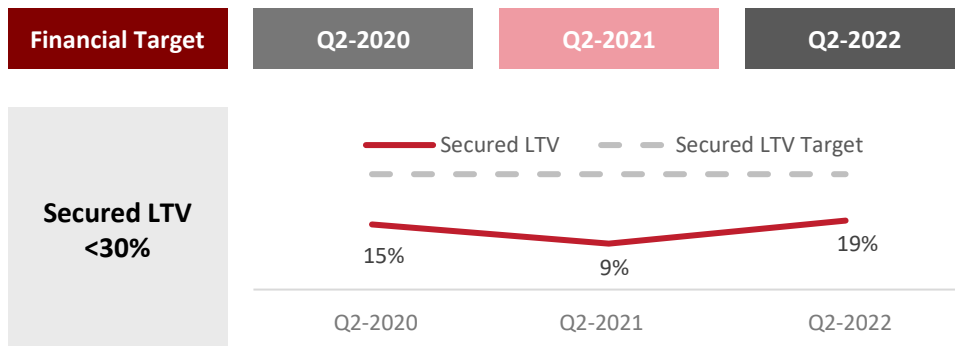
Loan-to-Value



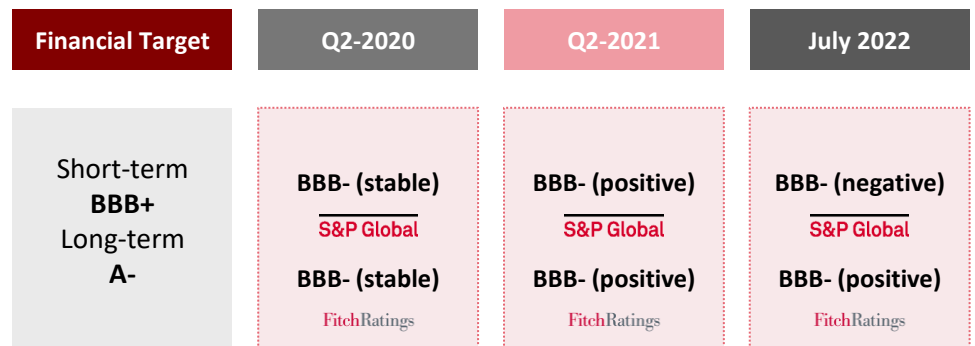
Interest Coverage Ratio



Secured Loan-to-Value



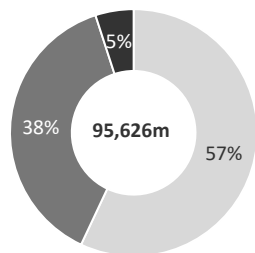
Ratings (S&P / Fitch)



STRONG BALANCE SHEET WITH A LOW COST OF DEBT AND LONG-DATED MATURITY PROFILE

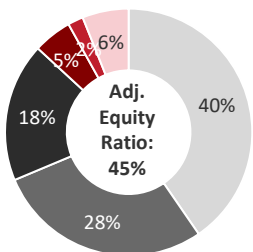
Diverse debt and capital structure

Debt structure



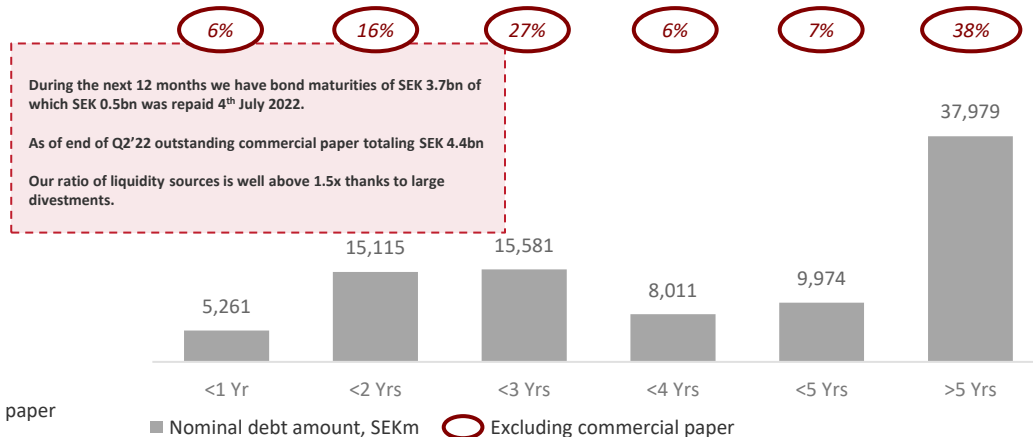
■ Unsecured bonds ■ Other loans ■ Commercial paper

Capital structure



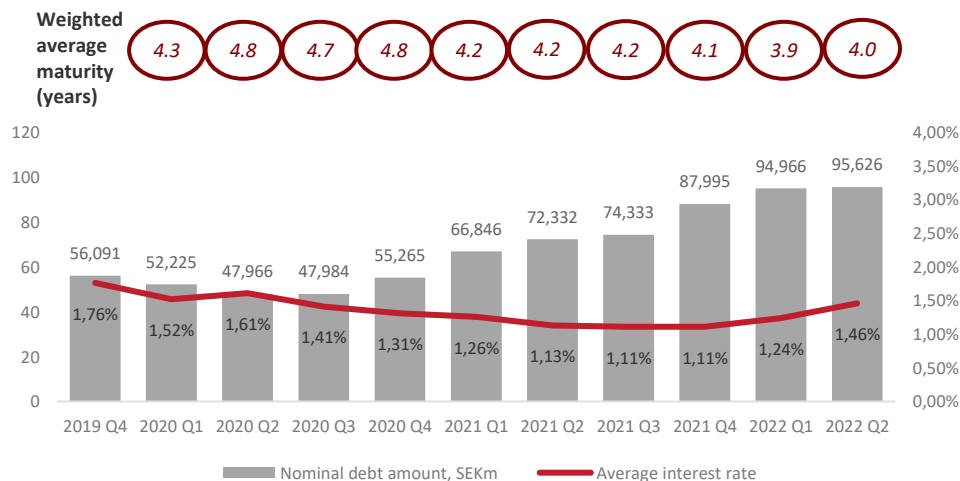
■ Equity ■ Bond loans ■ Liabilities to credit institutions ■ Deferred tax ■ Commercial paper ■ Other

Long-dated maturity profile



During the next 12 months we have bond maturities of SEK 3.7bn of which SEK 0.5bn was repaid 4th July 2022.
As of end of Q2'22 outstanding commercial paper totaling SEK 4.4bn
Our ratio of liquidity sources is well above 1.5x thanks to large divestments.

Progressively lower cost of debt



Latest Developments

SBB has, on 13th July, successfully priced its inaugural US Private Placement (“USPP”) transaction with US-based purchasers.

The social USPP was executed in two fixed rate senior unsecured tranches with a maturity of five and ten years, respectively.

The new USPP was priced with a spread to maturity of Treasuries plus 325 bps and Treasuries plus 350 bps, respectively.

At the time of pricing, these levels were equivalent to a 5-year EUR yield of 4.36% or MS+279 bps and a 10-year EUR yield of 4.87% or MS+290 bps.

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 15.7bn
Net operating income:	SEK 616m
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 38,400 apartments and some 7,823 homes currently under production.

Profit before tax 2021:	SEK 2,158m
Shareholding:	30.6%
Dividend to 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:	34.8%
Anticipated dividend SBB 2022:	SEK 10m

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 10.4bn
Net operating income:	SEK 547m
Shareholding:	44.8%

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 14.9bn
Net operating income:	SEK 313m
Shareholding:	22.0%
Dividend to 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:	31.2%
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 30 June 2022, SBB Kåpan had a property portfolio of 2,766 apartments, of which 1,493 apartments are under production. The remainder of the company is owned by Kåpan Pensioner.

Property value:	SEK 6.2bn
Property value on completion:	SEK 8.1bn
Net operating income:	SEK 118m
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.

Profit before tax 2021:	SEK 293m
Shareholding:	49.8%

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 years.

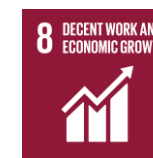
Property value:	SEK 571m
Net operating income:	SEK 31m
Shareholding:	34.7%
Anticipated dividend SBB 2022:	SEK 7m

✓ "Norwegian competition authority has approved the sale of 25% of the shares to OBOS"

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

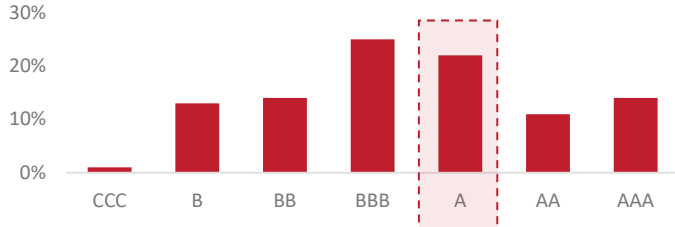
- ✓ Achieve investment grade BBB+ in the short term and A- in the long term
- ✓ 100% sustainable financing
- ✓ SBB to be classified as a green share on Nasdaq Stockholm

RECOGNITION OF ESG PERFORMANCE

ESG ratings



Upgraded from BB to A



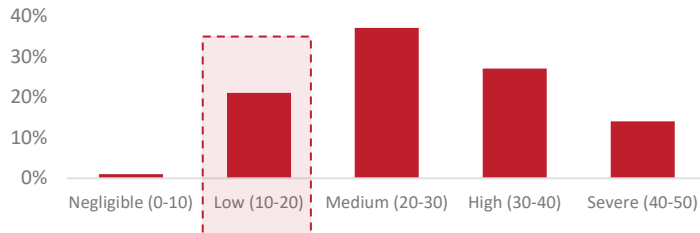
MSCI
ESG RATINGS



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

KEY HIGHLIGHTS IN SUMMARY

1 CPI-linked rental income - strong increase of rental income during the first half of the year, exceeds base inflation by 1.3 percent

- SBB has as an internal goal that our average annual increases of rental income in comparable holdings **shall exceed CPI with 100 basis points**. We have **surpassed that goal every year since the company was started** and the average outcome of 12m rolling for the past three years is an average of about **1.2 percent above the CPI**.
- The inflation is increasing as of the latest numbers, given that inflation stands on these levels, that our revenues could increase next year with **SEK 400-500m**.

2 Disposals with the continued focus to strengthen the balance sheet

- Since the beginning of Q2, **SBB has sold properties and financial assets totaling SEK 9.5bn**. This can be compared to the book values, prior to the disposals, of the same assets of **SEK 9.3bn**. **The net value of the disposals after the deduction of deferred tax was SEK 9.2bn**.
- SBB intends to systematically reduce the proportion of JV operations through divestments of JV and the divestments of financial investments in order to strengthen the balance sheet, increase transparency and focus on core operations.

3 Strong balance sheet with deleveraging in focus

- LTV and ICR at end of Q2 2022 of 46% and 5.6x, respectively.
- Strong balance sheet: BBB- from S&P (negative outlook) and Fitch (positive outlook) and a BBB rating from Scope
- We can assure our shareholders and our credit investors that we will do everything necessary to get a better rating.

4 Sustainability core to business model with ambitious 2030 climate targets

- Sustainability vision for 2030 - becoming climate positive in the entire value chain
- Strong ESG ratings: A rating from MSCI & Low risk classification from Sustainalytics with a Score of 10.7
- SBB has offered 300 young people summer jobs in SBB

5 Fixed interest is an insurance premium for times like these

- SBB had an average interest rate of 1.46 percent at the end of the first half of the year. 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. Simply put, we have paid a premium to let inflation do the work. At the end of Q2, our fixed interest rate was 3.2 years. This means that it takes some time before higher interest rates have an effect on SBB's earnings and thus have time to be offset by inflation-adjusted rental income. We will thus be able to continue to deliver a strong interest coverage ratio.



THANK YOU!



Samhällsbyggnadsbolaget
