

CAPITAL MARKETS DAY

17th June 2020



Ulricehamn Svalan 7 – Care home



Linköping Adjunkten 2 – Elderly care



Sigtuna 2:227 – Pre-school



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TODAY'S PRESENTERS – TEAM OF STRONG TRACK RECORD



Ilija Batljan
CEO and
Founder



Lars Thagesson
Deputy CEO and
COO



Krister Karlsson
Deputy CEO and
Property Development
Manager



Eva-Lotta Stridh
CFO



Oscar Lekander
Business
Development
Manager



Rosel Ragnarsson
Head of Finance



Peter Olausson
Chief Technical
Officer



Annika Ekström
Head of Asset
Management,
Community
Service



Fredrik Holm
Head of Asset
Management,
Residential



Marika Dimming
Investor
Relations and
Head of
Sustainability



Jenny Asmundsson
Head of
Business
Development
for Property
Development



Erik Hävermark
Head of Project
Development



Carl Lundh Mortimer
Project
Development
Manager



AGENDA FOR TODAY

Topic		Presenter
I.	SBB Introduction	Ilija Batljan, Lars Thagesson
II.	Our business model – How we create shareholder value	
	Income from property management	Annika Ekström, Fredrik Holm
	Income from property development	Krister Karlsson, Jenny Asmundsson, Erik Hävermark
	Income from renovations and sustainability	Peter Olausson, Marika Dimming
	Income from real estate transactions	Oscar Lekander, Carl Lundh Mortimer
III.	Balance Sheet Strength and Treasury Update	Eva-Lotta Stridh, Rosel Ragnarsson
IV.	New goals	Ilija Batljan
V.	Appendix	



I.

SBB Introduction



Ilija Batljan
CEO and Founder



Lars Thagesson
Deputy CEO and COO



SBB TODAY

Company snapshot

- ✓ SBB operates in the world's safest real estate asset classes – community service properties in the Nordics where tenants are government-funded and highly regulated Swedish residentials
- ✓ The first private member ever of Public Housing Sweden
- ✓ Strongest cash flow in the Nordic region

Key figures

SEK 5.2bn
passing rent²

SEK 80.2bn
portfolio book value

7yr WAULT
but
*effectively perpetual*¹

94.3%
Economic occupancy
(due to renovation program)

50.2%
net LTV on total assets³

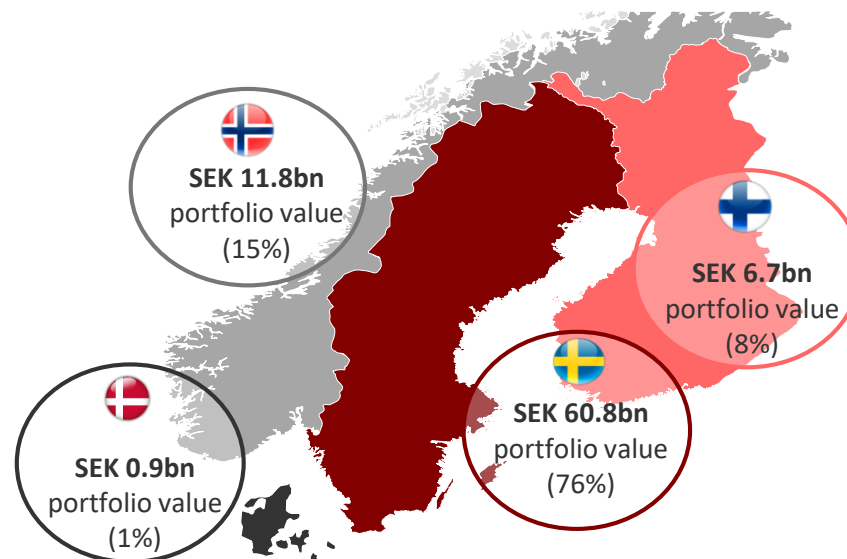
SEK 1,372m
Net profit Q1 2020

4.7%
net initial yield⁴

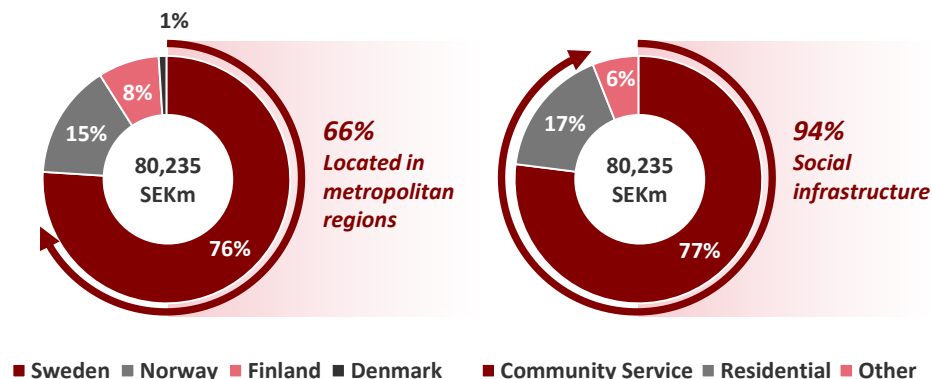
SEK 19,188
book value per sq.m.

BBB-Stable
S&P Global Ratings
FitchRatings

Portfolio book value by country



Portfolio book value by category



Source: Company information, reported figures as of Q1 2020

Notes: ¹ Refers to community service properties segment only; ² Passing rental income on a 12-month rolling basis based on current lease contracts per Q1 2020; does not include the result effect of unrealised value changes; operating and maintenance costs are based on budget; property tax has been calculated based on the property's current tax assessment value per Q1 2020; property administration costs have been calculated based on existing organisation; ³ Net LTV as of Q1 2020 reported, taken as a % of total assets and hybrids treated at 100% equity; ⁴ Calculated as passing NOI divided by GAV, excluding SEK 2,590m of building rights

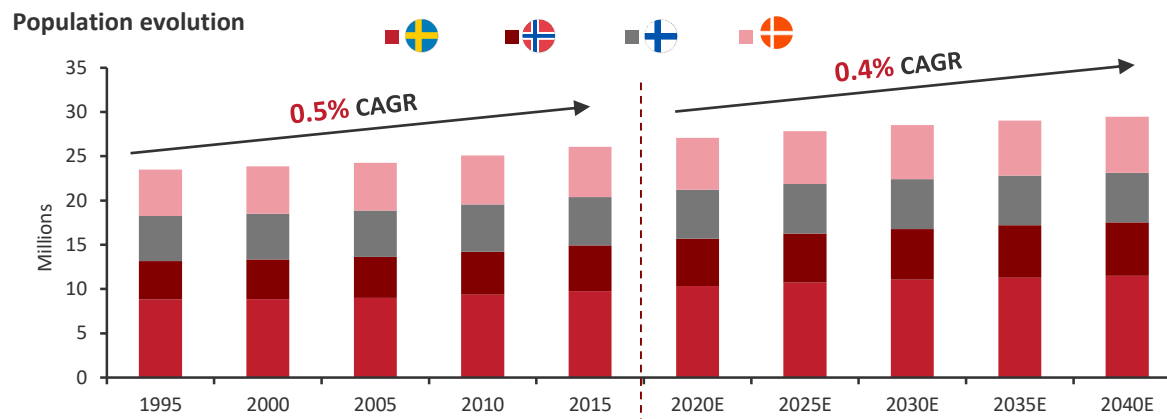
FAVOURABLE DEMOGRAPHIC TRENDS DRIVING DEMAND FOR SBB'S UNDERLYING ASSETS

Key considerations

- ✓ **Strong population growth** expected in the Nordic countries (c.2.4m additional inhabitants up to 2040), concentrated in the urban and intermediate regions, with population growth across all age classes
 - In Sweden alone, there is a need for c.600k new homes by 2040 and c.7.7m sq.m. of new area in community service properties by 2030

- ✓ **Trend of ageing population:**
 - OADR¹ increased from c.24% in 1990 to 30% in 2017, and expected to reach c. 40% by 2040 – i.e. 100 people in the working-age population will support 40 people of retirement ages
 - Clear demand growth for community service properties such as healthcare and retirement homes

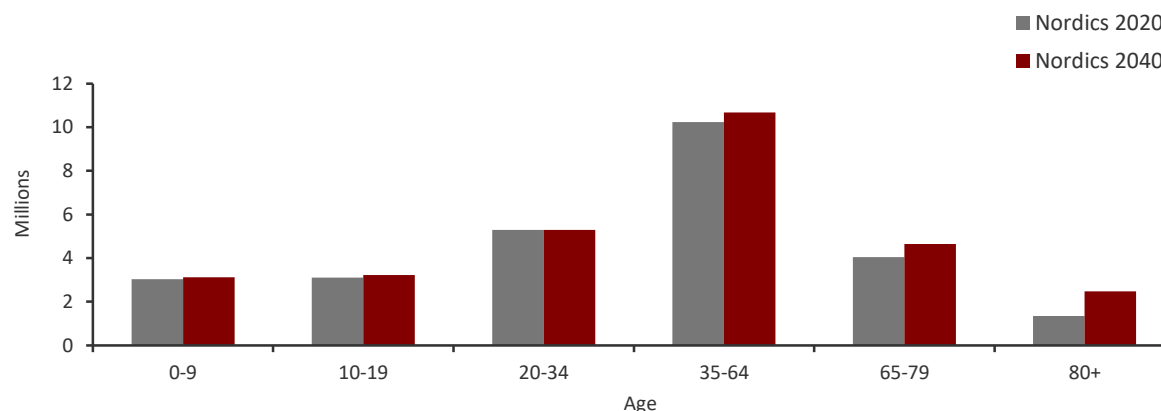
Population growth across all the Nordics



Source: Nordics Statistics database

Elderly population expected to grow the most in the Nordics by 2040

Projection of population by age in the Nordics

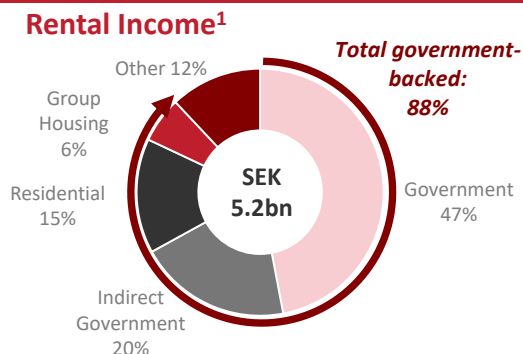


Source: Nordics Statistics database

HIGHLY LIMITED COVID-19 IMPACT TO DATE

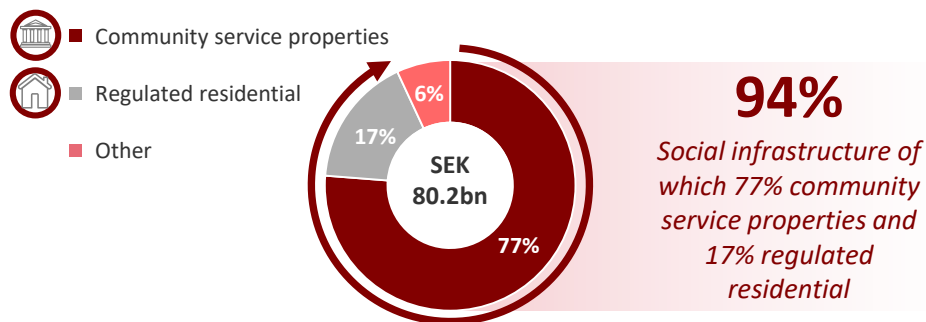
Almost unaffected by COVID-19

- ✓ 7 years WAULT
- ✓ Deferred payments of only SEK 12m and discounts corresponding to only SEK 1m YTD, in relation to total rental income of SEK 1.3bn in Q1 2020
- ✓ Rent collection in May >99%
- ✓ Most liquid assets in the Nordics, proven by SEK 9bn in disposals in Q2 2020



Low Risk Assets

Property value² split by type



Low risk municipality and governmental tenants



Strong Balance Sheet and Liquidity Position

Further net disposals of SEK 9bn agreed since 31-Mar-2020

Unencumbered assets:
SEK 50bn+

Available liquidity³:
SEK 3,820m

LTV:
50%

Interest coverage ratio⁴:
5.1x

S&P Global Ratings
Rating: BBB-
FitchRatings

Avg. interest rate:
1.52%

WAM⁶:
4.3 years

Unutilized credit facilities⁵:
SEK 9.1bn



Source: Company information, figures as of Q1 2020

Notes: ¹ Contracted rental income on an annual basis (including supplements and rental discounts) and other property-related revenues on the basis of current lease contracts as of 31 March 2020; ² Property value including building rights; ³ Denotes cash and cash equivalents as of 31-Mar-2020; ⁴ Calculated as earnings capacity EBITDA (NOI less central costs, including share of profit from JVs and result from Hemfosa synergies) over adjusted financial costs; ⁵ Adjusted for extension of available credit limits by a further SEK 2bn announced on 05-Jun-2020; ⁶ Weighted average maturity

SBB PILLARS OF STRATEGY

Key pillars to deliver attractive returns



Unique and difficult to replicate long-term relationships with municipalities and other market participants



SEK 80bn and growing low-risk Nordic social infrastructure property portfolio

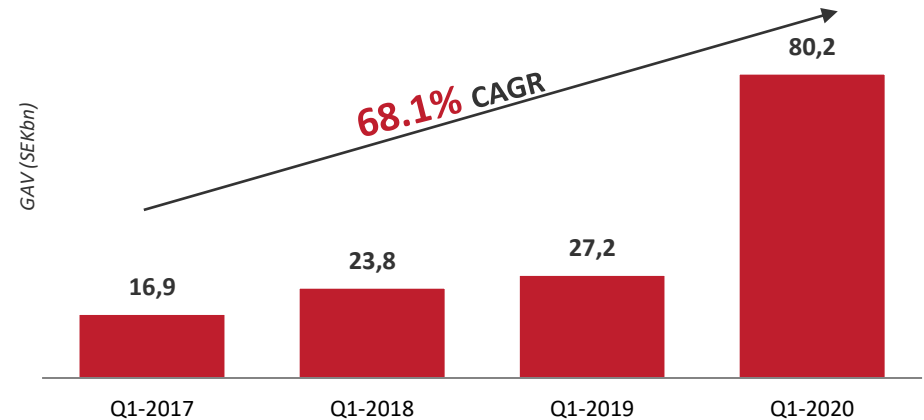


Strong financial position, demonstrated stability of cash flows and Investment Grade rating

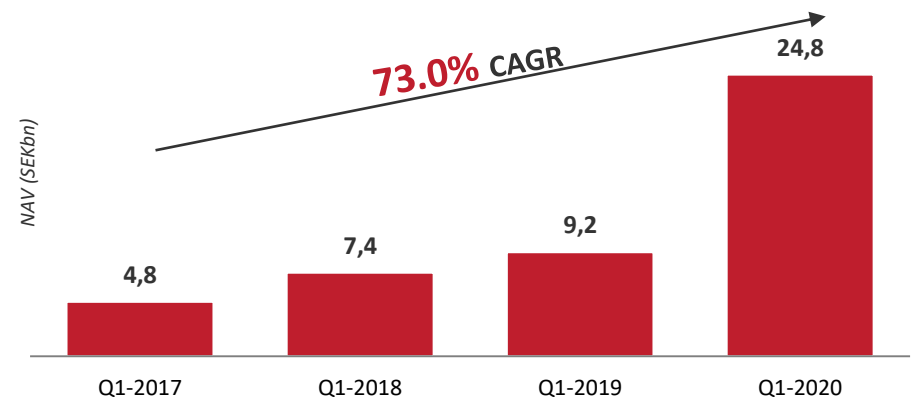


Delivered compelling NAV growth – 73% CAGR over the last three years

Portfolio has grown from SEK 16.9bn to SEK 80bn+ over 3 years...

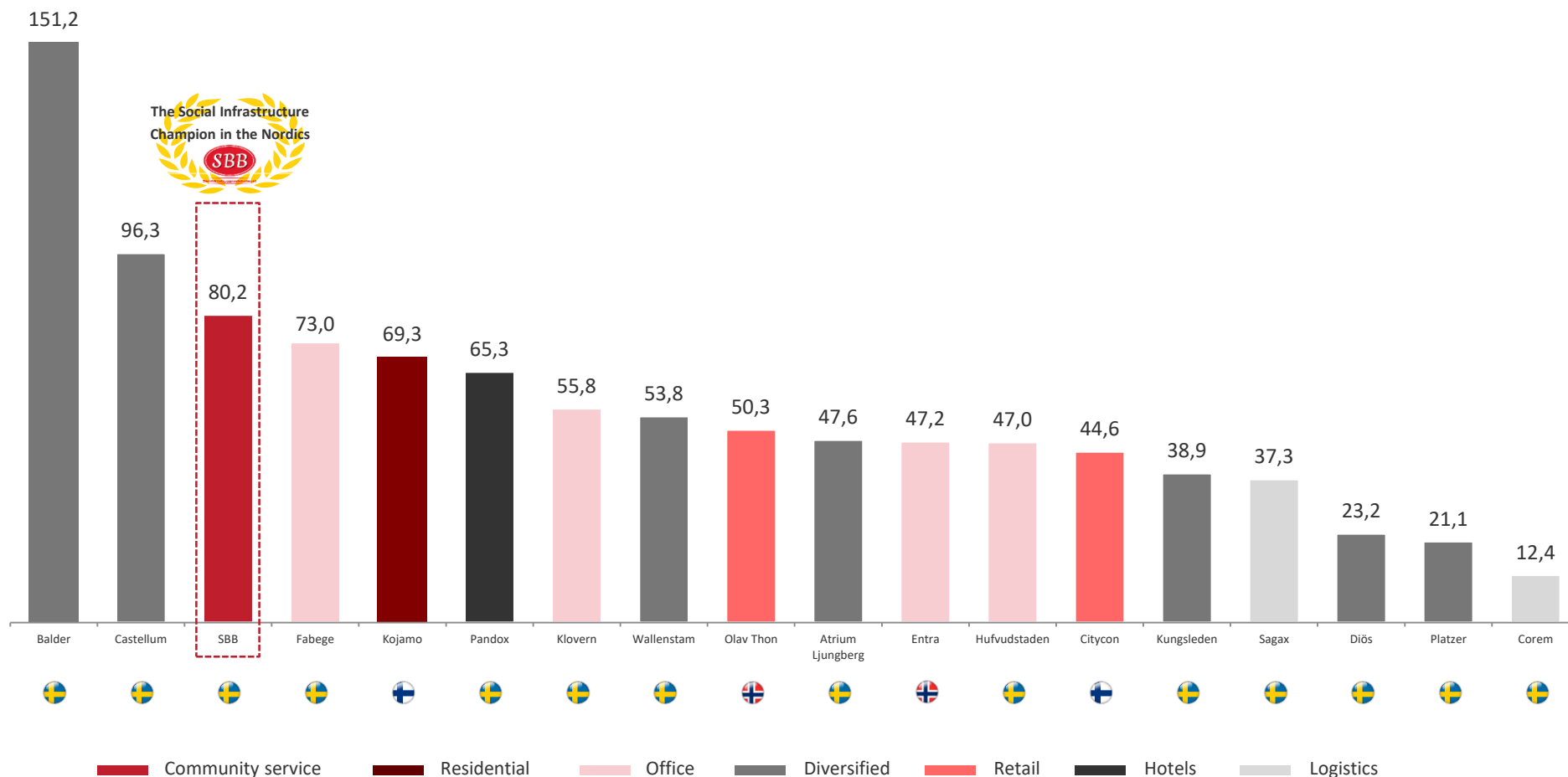


...whilst delivering strong growth in NAV



THE COMMUNITY SERVICE PROPERTY CHAMPION AND 3RD LARGEST LISTED PLAYER IN THE NORDICS

GAV (SEKbn)



STRONG MANAGEMENT TEAM AND BOARD OF DIRECTORS

25 years

Active and hands-on management team with exceptional experience and track-record

Management team's average years of experience



Ilija Batljan
CEO and Founder
rikshem
Nynäshamns
Municipality
Stockholms läns landsting

20 years in industry



Lars Thagesson
Deputy CEO and COO
Hemfosa
FASTIGHETER
KUNGSLEDEN

46 years in industry



Krister Karlsson
Deputy CEO and Property
Development Manager
rikshem
NCC

32 years in industry



Eva-Lotta Stridh
CFO
rikshem
Akelius

20 years in industry



Oscar Lekander
Business
Development
Manager
rikshem
SVEFA

10 years in industry



Adrian Westman
IR Manager
Fogel & Partners **SBABI**
nordnet
INSTALCO

13 years in industry



Rosel Ragnarsson
Head of Finance
DEXIA
Swedbank
Nordea

36 years in industry



Annika Ekström
Head of Asset
Management,
Community Service
Hemfosa
FASTIGHETER

24 years in industry



Fredrik Holm
Head of Asset
Management,
Residential
UPPSALAHEM
Sundbybergs
stad

24 years in industry

Supported by a highly dedicated, reputable and diverse Board of Directors with strong real estate background



CATELLA
GIMMEL
FASTIGHETER
GENESTA

Lennart Schuss (CoB¹)



FastPartner
COMPACTOR

Sven-Olof Johansson



BALDER
KLOVERN
ARVID SVENSSON

Fredrik Svensson



apotea-se
DOBERMAN®

Eva Swartz Grimaldi



**Norwegian
Government**

Anne-Grete Ström-Erichsen



STENDÖRREN
AB | SAGAX

Hans Runesten

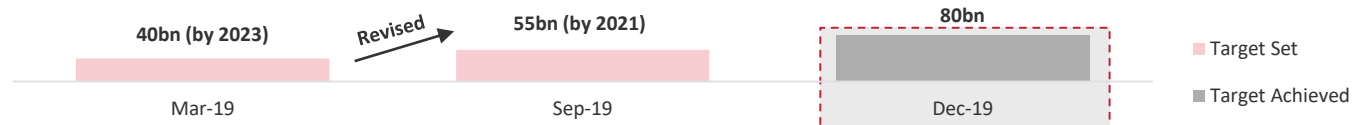


Notes: ¹ Chairman of the Board

SBB EXECUTING THE PLAN AND MAINTAINING PROMISES



1 Growth of the Property Portfolio

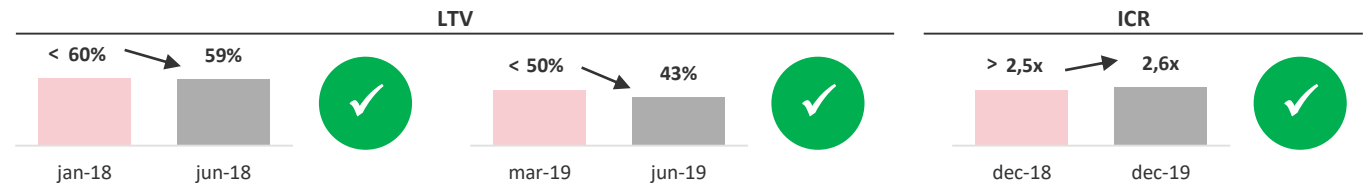


2 Hemfosa Successfully Integrated: On Track to Exceed the Synergies Announced and Deleveraging Completed

- ✓ Created the **Social Infrastructure Champion** in the Nordics and organisational integration fully accomplished
- ✓ Realised synergy targets ahead of schedule: **c.SEK 170m of run-rate synergies already unlocked**
- ✓ **SEK 11.0bn announced disposal target already achieved**

Hemfosa
FASTIGHETER

3 Reduction in Leverage and Increase in Interest Coverage Ratio



4 Improvement in Agency Ratings and Attainment of Investment Grade Rating



5 Becoming the Most Sustainable Property Company in the World

Green Framework based on ICMA Green Bond Principles, receiving a "Medium Green" CICERO assessment

SBB updates Green Framework to include **SEK 10bn**



Source: Company information, figures as of Q1 2020

ADDITIVE RECURRING VALUE-CREATING ACTIVITIES BEYOND TRADITIONAL PROPERTY MANAGEMENT



Committed to additive recurring income streams



Property development

- Sale of building rights for social infrastructure
- Selectively participating in development JVs and/or development for own property management

> +1,800,000 sq.m. of building rights
> Surplus value of c. SEK 3.4bn – 10.5bn

✓ SEK 500m



Property renovations and sustainability

- Renovations across SBB's residential and community service properties
- Benefits from the Swedish unique residential rent-setting model based on the "principle of utility"

> Less than c. 25% of residential portfolio renovated¹
> Targets 600 apartments renovated p.a.

✓ SEK 600m



Real estate transactions

- Acquisition and sale of properties, generating regular attractive profits
- Off-market transactions and competitive advantage thanks to SBB's ability to acquire properties across diverse asset classes

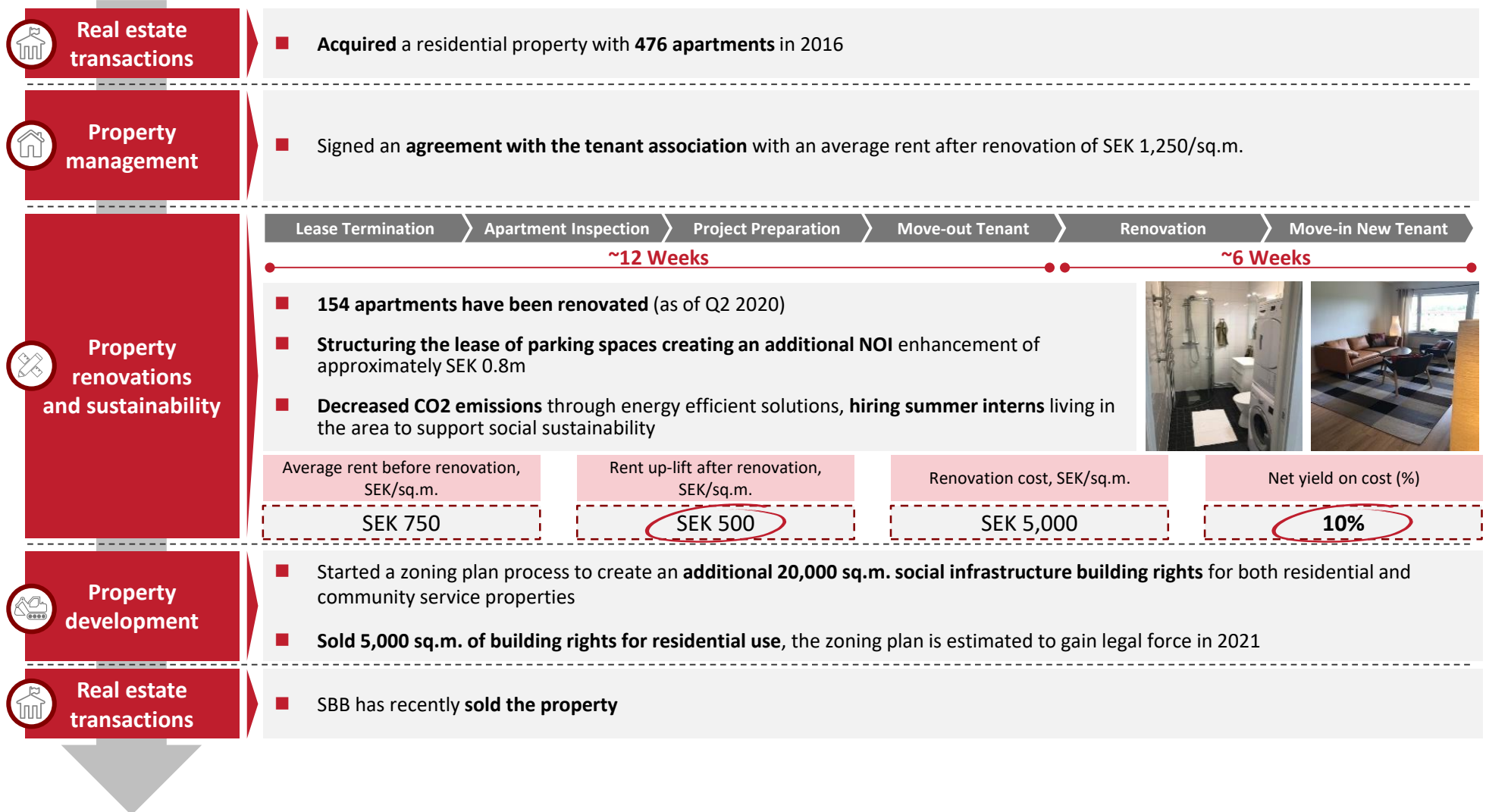
> SEK 62.3bn acquisitions and SEK 20.2bn disposals since 2018

✓ SEK 400m

Property Management as the foundation of our business model,
providing passing rent of SEK 5.2bn of which 88% are coming from AAA governments and rent-regulated residentials

Estimated recurring earnings effect per year²

HOW WE CREATE VALUE IN REALITY





Our business model –
How we create
shareholder value

Income from Property Management



Annika Ekström
*Head of Asset
Management,
Community Service*



Fredrik Holm
*Head of Asset
Management,
Residential*

SUCCESSFUL COMBINATION WITH HEMFOSA RESULTING IN BEST-IN-CLASS ASSET MANAGEMENT



Target of reaching a property portfolio value of SEK 55bn by 2021, communicated in September 2019, **surpassed**



Hemfosa selected properties



EXPERIENCED BUSINESS-MINDED ASSET MANAGEMENT TEAM WITH LOCAL MARKET KNOWLEDGE

Experienced asset management team

- ✓ **Local market presence** in all of SBB's major investment markets
- ✓ **In-house asset management and property management** capabilities
- ✓ **Extensive network and in-depth market knowledge** to identify new acquisition and leasing opportunities

 <p>Jessica Thornander Regional Manager West Community Service Properties Industry experience 26 years</p>	 <p>Maria Liderås Regional Manager East Community Service Properties Industry experience 17 years</p>	 <p>Christer Melander Regional Manager North Community Service Properties Industry experience 24 years</p>
 <p>Alexander Hedin Regional Manager Stockholm Community Service Properties Industry experience 10 years</p>	 <p>Henrik Melder Regional Manager Norway Industry experience 23 years</p>	 <p>Arto Nummela Deputy Regional Manager Finland Industry experience 31 years</p>
 <p>Daniel Blixt Regional Manager LSS/HVB Industry experience 30 years</p>	 <p>Per Sundequist Regional Manager Residential Middle Sweden Industry experience 23 years</p>	 <p>Ola Svensson Regional Manager South and Denmark Industry experience 20 years</p>

Hemfosa
FASTIGHETER

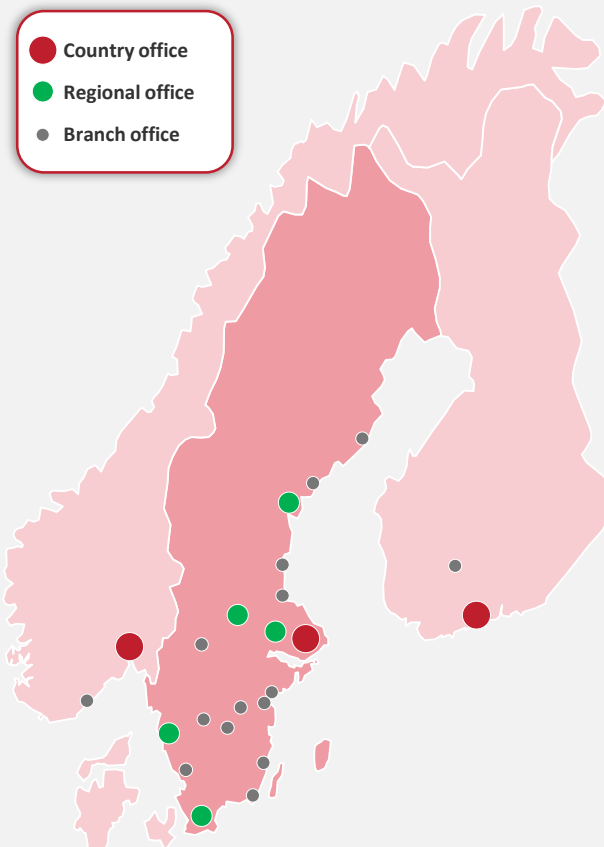


Country flags represent
region of responsibility

23 years

Asset Management
team's average years of
experience

Local market presence

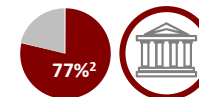


Successfully integrated talented best-in-class managers from SBB and Hemfosa

OVERVIEW OF SBB PORTFOLIO: COMMUNITY SERVICE PROPERTIES

SEK 61.5bn

Portfolio value



This unique asset class is defined by low risk publicly financed tenants, long leases with low tenant turnover, high demand and attractive lease terms

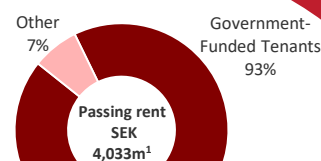
Low risk municipality and governmental tenants

Top 10 Tenants	% rental income ⁴	Sovereign credit rating
Swedish state	21.4 %	AAA
Norwegian state	7.0 %	AAA
Finnish State	4.4 %	AA+
<hr/>		
Total Top 10	47.3 %	AAA

Attractive lease terms

- 10-15 years typical lease length for newly signed leases
- Typically no break clauses
- 100% indexed to CPI
- Majority of tenant improvements paid for by the tenants or through a higher rent and an extension

Community Services

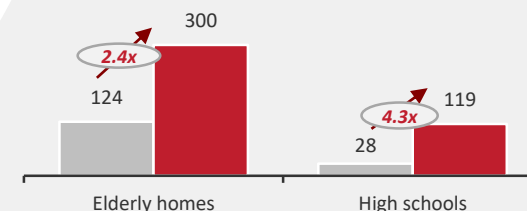


● Focus cities



Planned (2019–2022) and needed units (2022) in Sweden³

- # planned investment units by municipalities (2019–2022)
- # units needed by municipalities (2022)



Attractive demographics creating demand

Key portfolio figures

SEK 61.5bn Portfolio book value	SEK 4,033m Passing Rent	7yr WAULT effectively perpetual ¹
SEK 20,706 Value per sq.m.	SEK 3,055m Passing NOI	93% Government-funded tenants



Source: Company information, as of Q1 2020

Notes: ¹ Refers to community service; ² Value of community service properties as a percentage of total property value as of Q1 2020; ³ Newsec market report as of September 2019, based on a survey by SALAR; ⁴ In relation to the community service properties portfolio

OVERVIEW OF SBB PORTFOLIO: RENT-REGULATED RESIDENTIAL PROPERTIES IN SWEDISH GROWTH MUNICIPALITIES

SEK 13.5bn
Portfolio value



100% focus on rent-regulated properties in Sweden

Key portfolio figures

SEK 13.5bn
Portfolio book value

SEK 863m
Passing Rent

10,987
Number of apartments

SEK 15,888
Value per sq.m.²

SEK 477m
Passing NOI

SEK 1,015
Average rent per sq.m.

- SBB is the first private real estate company to become a member of Public Housing Sweden (September 2019)
- 100% focus on rent-regulated properties
 - Located in attractive municipalities with growing population
 - 75% of portfolio has potential for rent increases through renovations

Distribution by region



Key cities

Sundsvall

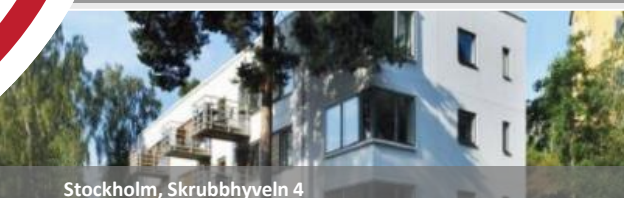
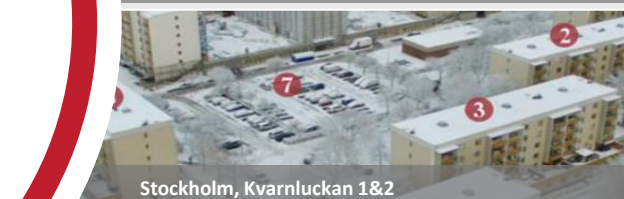
Dalarna

Stockholm Oskarshamn

Malmö

Gothenburg

Karlstad Motala



PROPERTY MANAGEMENT IN SUMMARY



Dream team in social infrastructure asset management

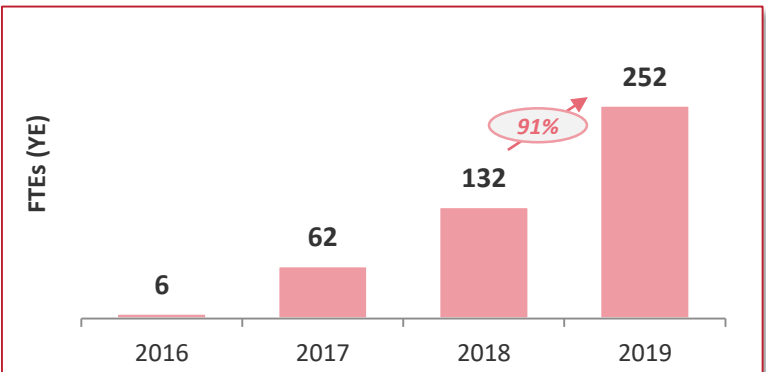


Safest assets in the world

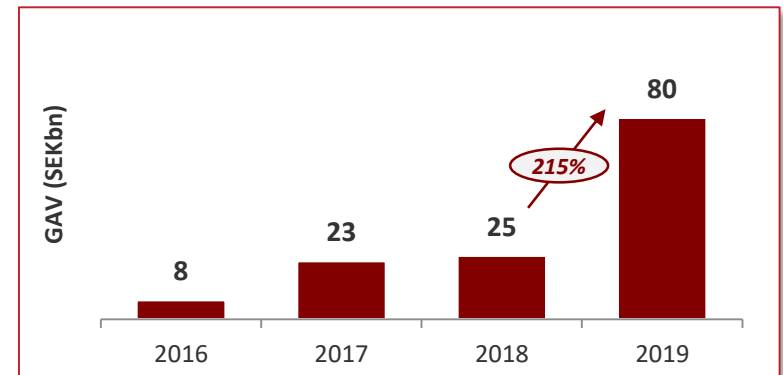


Clear economies of scale achieved

Number of full time employees



Investment properties value evolution



x% Growth



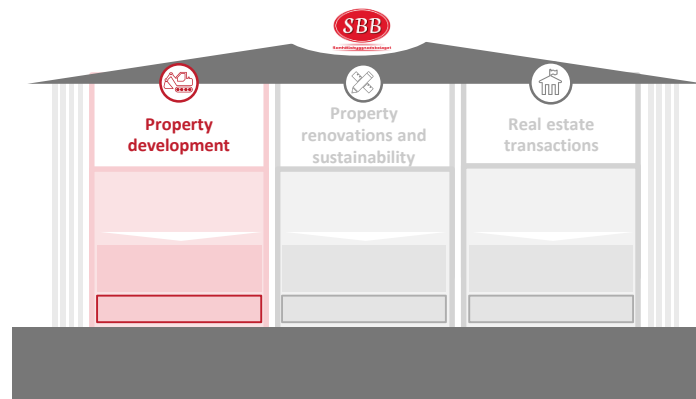
Our business model –
How we create
shareholder value

**Additive Recurring
Income Streams**



SBB'S ADDITIVE RECURRING INCOME STREAMS

PROPERTY DEVELOPMENT



Krister Karlsson
Deputy CEO and
Property Development
Manager



Erik Hävermark
Head of Project
Development



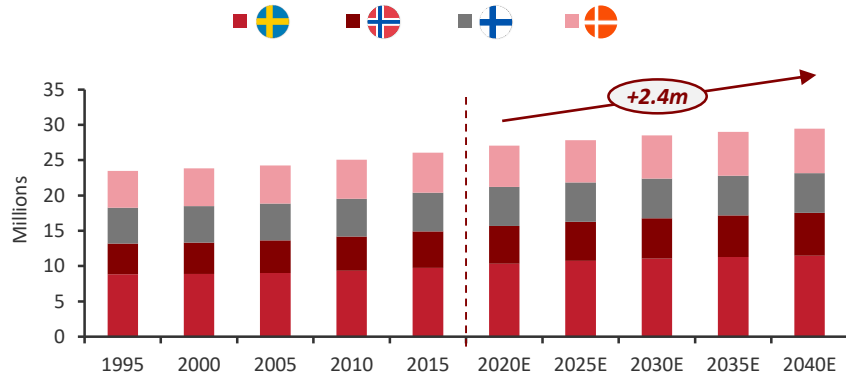
Jenny Asmundsson
Head of Business Development
for Property Development





DEMOGRAPHIC NEEDS AND SUPPLY SHORTAGE

Population growth across all the Nordics¹

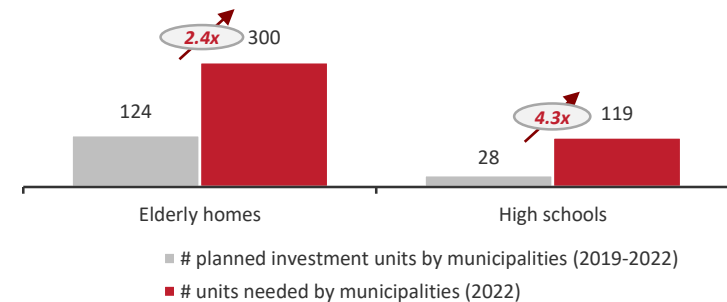


Supply shortage



Clear undersupply of community service properties

Planned (2019–2022) and needed units (2022) in Sweden²



As one of the **region's largest real estate owner** we have a **responsibility to develop building rights**, and continue to **build and develop social infrastructure properties**. SBB is the solution for the upcoming needs due to:

✓ **Land bank**

✓ **Organisation**

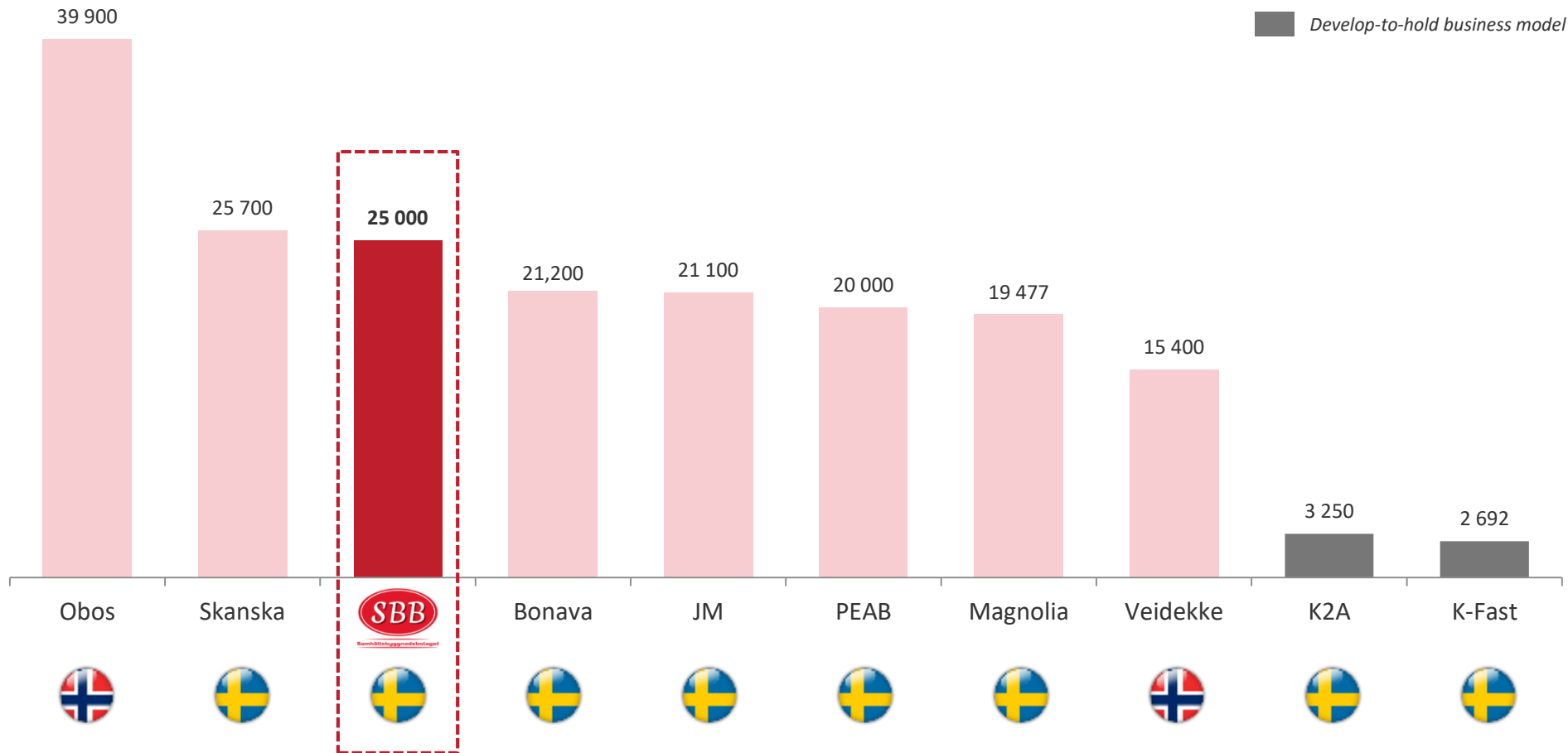
✓ **Balance sheet**



SBB: ONE OF THE LARGEST PROPERTY DEVELOPERS IN THE NORDIC REGION

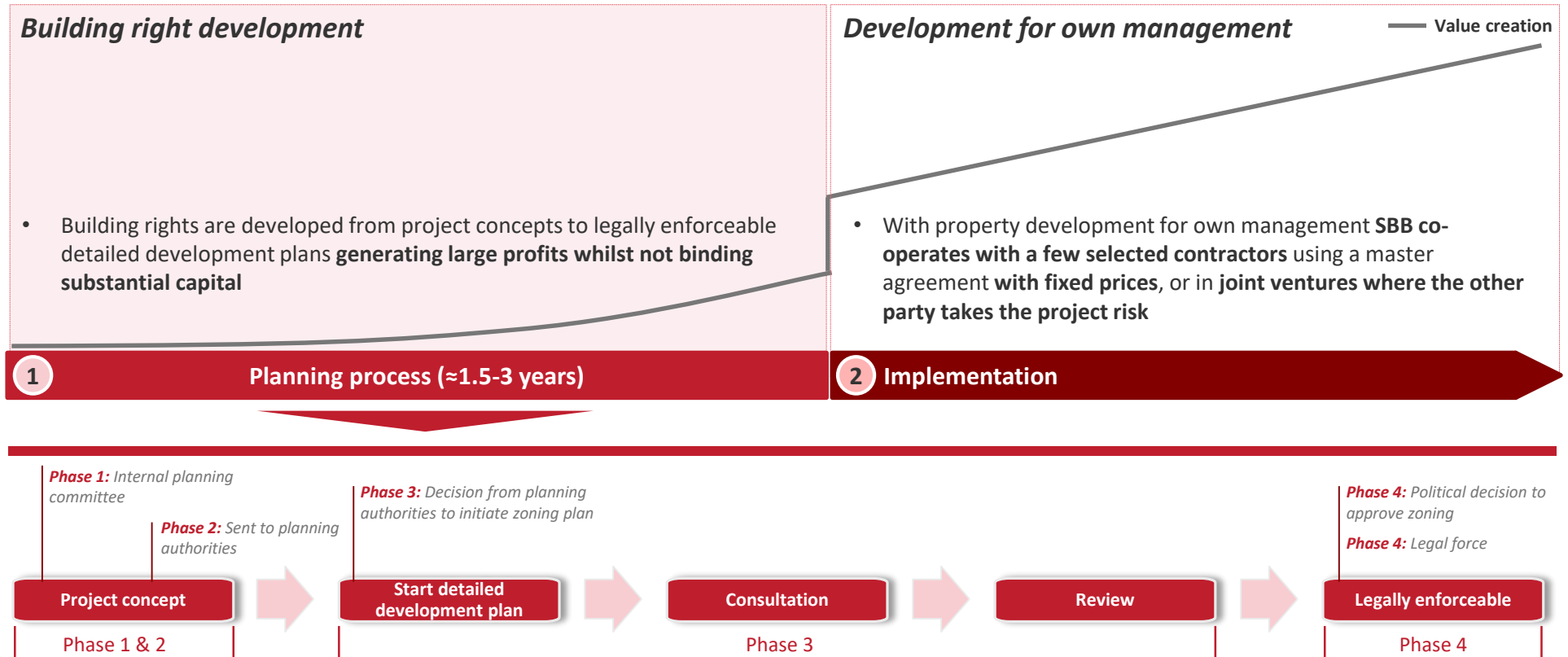
*Top Nordic property developers by building rights on own balance sheet
(no. of residential units, c. 70 sq.m. per apartment)*

Develop-to-sell business model
Mixed business model
Develop-to-hold business model





INCOME FROM SOCIAL INFRASTRUCTURE BUILDING RIGHTS STARTS AT ZONING





PLANNING PROCESS – COMPLEX PROCESS WITH MANY DECISIONS AND NEED FOR TRUST, RELIABILITY AND ABILITY TO GET THINGS BUILT



Zoning is a complicated time-consuming process, and good relations with the municipalities and officials becomes a crucial aspect



SBB HAS DEVELOPMENT PROJECTS IN VARIOUS DETAILED PLANNING PHASES TOTALLING APPROXIMATELY 1.8M SQ.M. WITH A HUGE SURPLUS VALUE POTENTIAL

Planning phase	Planning process					GFA building rights (sq.m.)	External valuation ¹ (SEKm)	SEK per sq.m.
	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	✓					592,250	559	943
Phase 2 – Prior to a decision on planning notification	✓	✓				70,000	122	1,739
Phase 3 – With planning notification	✓	✓	✓			764,832	1,006	1,315
Phase 4 – Legally enforceable detailed development plans	✓	✓	✓	✓	✓	396,562	900	2,280
Total						1,823,914	2,590	1,420

SBB has a strong track-record to successfully push the zoning plan approval process until zoning is obtained

Value upside from the sale of building rights upon attaining final approval of zoning plan

Sales Status	GFA building rights (sq.m.)	Estimated Market Value (SEKm)	SEK per sq.m.
Sold, but not vacated building rights	443,600	1,544	3,480
Unsold building rights	1,380,314	4,645	3,365
Total	1,823,914	6,189	3,393

SBB has development projects in various detailed planning phases totalling approximately 1.8m sq.m. with an estimated value upon zoning of SEK 6.2bn, against SEK 2.6bn on today's book value



SBB CAN EXTRACT FURTHER VALUE FROM ITS DEVELOPMENT PROJECTS, BEYOND THE SALE OF BUILDING RIGHTS UPON ZONING

- ✓ For each developed building right, SBB makes a strategic decision of either selling the building right externally or alternatively to a JV upon zoning, or developing the building right for own property management

Illustrative scenarios	A	B	C
<i>Description – usage of building rights for potential development (1.38m sq.m.)</i>	<i>100% sold to external parties</i>	<i>50% sold / 50% development for own management</i>	<i>100% development for own management</i>
Value (SEbn) – already sold to external parties	1.5	1.5	1.5
Proceeds (SEKbn) – to be sold to external parties	4.6	2.3	-
Value (SEKbn) – developed for own management (excl. production costs)	-	23.5	46.9
Estimated Market Value (SEKbn)	6.2	27,3	48.5
(-) Exploitation costs, other investments in building rights, and external valuation of building rights ¹ and cash-flow properties (SEKbn)	(4.1)	(4.1)	(4.1)
(-) Production costs in development for own management (SEKbn)	-	(17.6)	(35.2)
(+) Profits from already agreed JV collaborations (SEKbn)	1.4	14	1.4
Estimated Profits (SEKbn)	3.4	7.0	10.5
Estimated time to receive estimated profits (years)	4.0	6.0	8.0
Estimated Recurring Profits p.a. (SEKm)	850	1,200	1,300



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Estimated Recurring Profits p.a. (SEKm)	850	1,200	1,300

Key inputs

Rent (SEK / sq.m.)	2,000
Costs (SEK / sq.m.)	(300)
NOI (SEK / sq.m.)	1,700
Valuation NOI yield (%)	4.25%
Value (excl. production costs) (SEK / sq.m. of lettable area)	40,000
Production costs (SEK / sq.m. of lettable area)	30,000
Efficiency ratio (lettable area / gross area)	0.85x
Estimated profits (SEK / sq.m.)	8,500

**Targeting SEK 500-700m recurring earnings p.a.²,
from property development**



SELECTED ONGOING PROJECTS



- ✓ **15 year** lease with Västerås municipality (Sweden's 7th largest municipality) for new office right next to train station (less than 1 hour from Stockholm Central Station)
- ✓ No break clauses
- ✓ **100%** indexed to CPI



- ✓ **25 year** lease with Nykvarn municipality for new Nykvarn City Hall
- ✓ No break clauses
- ✓ **100%** indexed to CPI

And many more projects in pipeline, such as...

New police station
in Sälen

New schools
in Järfälla, Haninge (Stockholm region)

New elderly care units
in Vallentuna (Stockholm region), Ängelholm
(Malmö region)



PROJECT DEVELOPMENT TEAM



A project development team of 7 people with great expertise in developing residential and community service properties



Since we develop on our own properties or land, all technical conditions are known to us



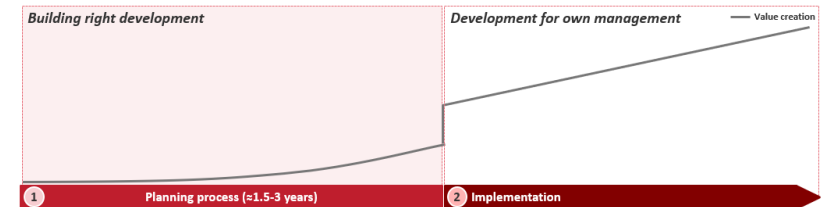
The buildings that we develop are largely standardised, making costs predictable



Our contractors are fully responsible for the project implementation



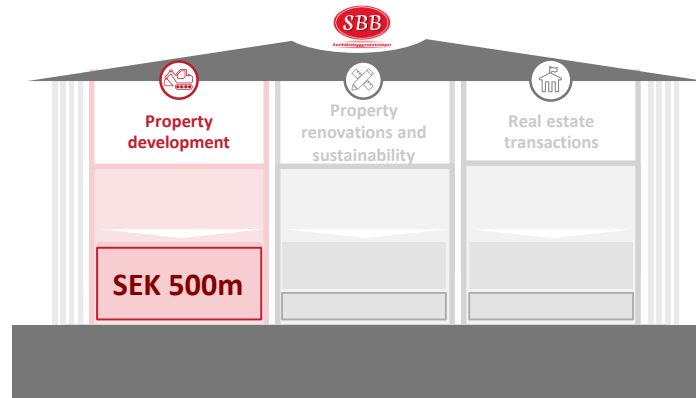
Highly limited impact from market fluctuations



We know the revenue and the cost – and we have the tenants



PROPERTY DEVELOPMENT IN SUMMARY



Undersupply and increasing demand, i.e. minimal market risk



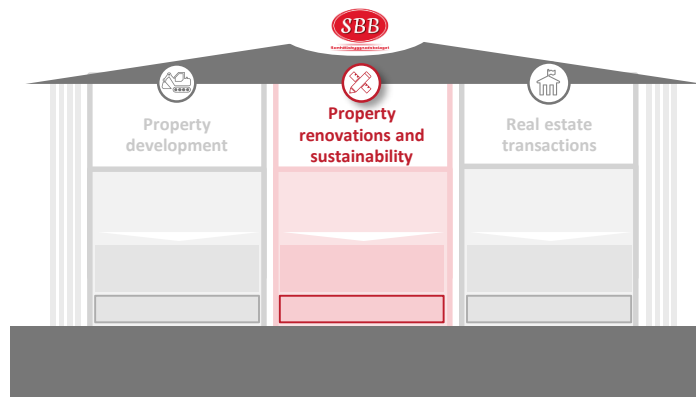
1.8 million building rights whereof 400,000 already have won legal force



Highly skilled and experienced team creates the opportunity to build for own management

SBB'S ADDITIVE RECURRING INCOME STREAMS

PROPERTY RENOVATIONS AND SUSTAINABILITY



Peter Olausson
Chief Technical Officer



Marika Dimming
Investor Relations and
Head of Sustainability





VALUE-ENHANCING RENOVATIONS ACROSS THE RESIDENTIAL AND COMMUNITY SERVICE PROPERTIES



SBB's rent-regulated residential renovation process

- Residential rents are determined by the '**utility value system**' and not by market rents
- When the first tenant in a property moves out of an apartment, **SBB renovates one apartment as a prototype** to show the Union of Tenants and to form the basis of the negotiation
- This provides a **clear visibility** on the **potential future rental upside**
- Once a **normative rent is agreed**, SBB proceeds to renovate the rest of the apartments as tenants terminate their leases
- SBB efficiently manages several aspects of value creation, including:
 - ✓ **Apartment renovations:** industrialised, large scale renovation of individual apartments to high quality standards
 - ✓ **Residential conversion:** conversion of storage, commercial premises, and other non-strategic premises into residential units, as well as review of apartment layout in order to explore possibilities of unlocking additional living space



SBB's community service properties renovation process

- Several renovations of and investments in community service properties are under way, including:
 - ✓ Rebuilding of Arlövsgården in Malmö region in order to create more elderly care units for private public funded operator Norlandia. 15 year lease signed
 - ✓ Tenant improvement for Haninge municipality (Stockholm region) to update an older school to a modern school. 25 year lease signed
 - ✓ Conversion and extension of Nykvarn City Hall (Stockholm Region). 25 year lease signed
- The rents achieved post-renovation are always pre-negotiated with the tenants ahead of commencing any investment, providing **clear visibility** on the **potential future rental upside**
- As the Nordic region's **largest actor in group housing**, SBB has **multiple group housing units** for the support of the disabled under construction

UNIQUE RESIDENTIAL RENOVATION BUSINESS MODEL IN SWEDEN

ILLUSTRATIVE EXAMPLE OF INCREASE IN RENT THROUGH RESIDENTIAL RENOVATION

Rent formula

$$\text{Annual rent} = \frac{\frac{\text{Normative rent} * (\text{Area} + \text{Apartment points}) * 77}{121}}$$

Normative Rent

- Rental level for a hypothetical apartment of 77 sq.m. and with 3 rooms

Apartment Points

- Based on a table (please see below), dependent on the number of rooms in the apartment
 - e.g. an apartment with 2 rooms and a kitchen is equal to 40 points, whilst one with 3 rooms would be equal to 44 points

Apartment type	Apartment points
----------------	------------------

1 room and kitchen cabinet	24
1 room and kitchenette	27
1 room and kitchen	34
1.5 room and kitchen	37
2 rooms and kitchenette	34
2 rooms and kitchen	40
2.5 rooms and kitchen	42
3 rooms and kitchen	44

Before	After renovation	After renovation but with additional room created
2 rooms and kitchen - 62 sq.m.	2 rooms and kitchen - 62 sq.m.	3 rooms and kitchen - 62 sq.m.
Normative rent = 850 SEK/sq.m.	Normative rent = 1,250 SEK/sq.m.	Normative rent = 1,250 SEK/sq.m.
Apartment points = 40	Apartment points = 40	Apartment points = 44
$\begin{aligned} \text{Annual rent} &= \frac{850 * (62 + 40) * 77}{121} \\ &= \text{SEK } 55,173 \end{aligned}$	$\begin{aligned} \text{Annual rent} &= \frac{1,250 * (62 + 40) * 77}{121} \\ &= \text{SEK } 81,136 \end{aligned}$	$\begin{aligned} \text{Annual rent} &= \frac{1,250 * (62 + 44) * 77}{121} \\ &= \text{SEK } 84,318 \end{aligned}$
Monthly rent = SEK 4,598	Monthly rent = SEK 6,761	Monthly rent = SEK 7,027

ILLUSTRATIVE RENOVATION AND CREATION OF ADDITIONAL ROOM



Renovation from Ground Up

- The apartment is renovated from the ground up – all vertical piping is replaced along with new electrical wiring, residual-current device and distribution board
- All surfaces such as floor and tiles are replaced and walls/ceilings are painted

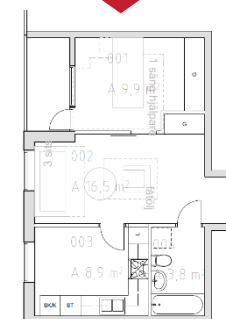
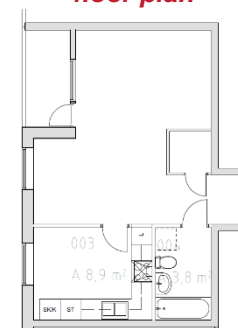
Kitchen

- New, modern kitchen with stainless steel appliances, durable counters in composite / granite, integrated microwave and optional dishwasher

Bathroom

- New, tiled bathroom with shower enclosure, floor heating and optional washing machine and tumble dryer

1 room and kitchen over 41 sq.m. with existing floor plan



2 rooms and kitchen over 41 sq.m. with new floor plan



UNIQUE RENT SETTING MODEL UPON RENOVATION ALLOWS FOR SIGNIFICANT UPSIDE

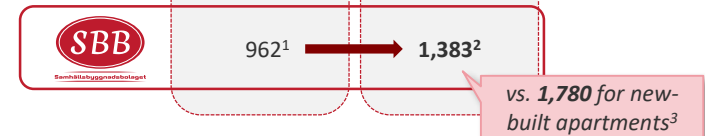


Key considerations

- ✓ Since 1997, average rent increase has been between 1-3% p.a., approximately 1% above inflation
- ✓ **Renovated apartments are deemed to have a higher utility value:** opportunity to negotiate a significantly higher normative rent
- ✓ Renovations typically take place apartment by apartment when the tenants are moving out
- ✓ After a renovation that costs c.SEK 5,000 / sq.m., **rents normally can be increased by c. SEK 300-400 / sq.m.**
- ✓ In addition **costs per apartment can be cut by c.10-15%** due to lower operating and maintenance costs

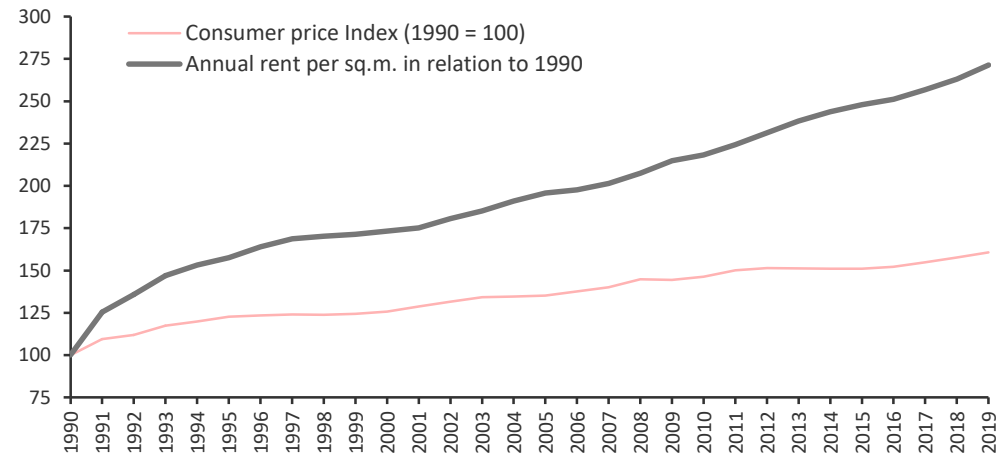
Rent and yields levels across new / non-renovated / renovated dwellings

Area	Rent levels (SEK/sq.m.)			Yield	
	New production	Non-renovated	Post-renovation	Low	High
Stockholm prime	2,100 – 2,500	975 – 1,325	1,425 – 1,675	1.25%	3.25%
Gothenburg prime	1,700 – 2,300	1,000 – 1,300	1,200 – 1,600	1.50%	2.50%
Malmö prime	1,600 – 2,000	900 – 1,200	1,400 – 1,700	2.50%	3.75%



Source: Newsec

Rent levels have developed stronger than inflation



Source: Swedish Central Bank as of June 2020



Source: Company information, figures as of Q1 2020.

Notes: ¹ Average rent (SEK/sq.m.) for non-renovated apartments of SBB; ² Average rent (SEK/sq.m.) for renovated apartments of SBB; ³ Source: SCB



SIGNIFICANT UPSIDE POTENTIAL FROM RENOVATION



- With a target of 600 renovated apartments per year and assessed renovation cost of c. SEK 5,000/sq.m.:

- ✓ Estimated c. **SEK 240m recurring earnings effect p.a.**² created on operating net improvements due to negotiated renovation rents



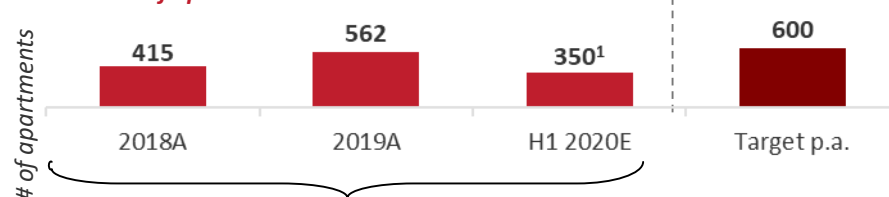
- ✓ Estimated c. **SEK 360m recurring earnings effect p.a.** through renovations of and investments in community service properties



Estimated SEK 600m recurring earnings effect p.a.³

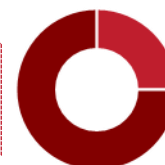
Significant upside potential in non-renovated portfolio

Number of apartment renovations



Upside potential

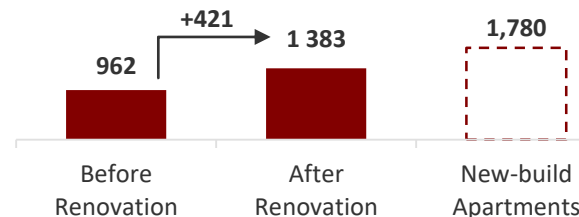
Remaining stock
75%



Renovated / Refurbished
25%

Illustrative example for average rental uplift after renovations

Average rent (SEK) per sq.m.: + SEK 421 after renovation⁴



Cost Saving

SEK 10 per sq.m.
from operational
cost reductions
+
SEK 15 per sq.m.
from
maintenance cost
reductions

- NOI margin improvement from c. 54%⁴ to c. 70% on renovated apartments
- 7-8% net yield on cost²



VISION 2030 – BECOMING THE WORLD’S MOST SUSTAINABLE PROPERTY COMPANY (1/2)

Selected Ecological Sustainability Goals

100% Renewable Energy

- 100 % renewable electricity in the entire property portfolio and minimizing carbon dioxide emissions by **reducing the emissions by at least 5 % per year**

Promoting Renovations

- Promoting renovation instead of demolition. All properties held for more than 3 years must be environmentally inventoried at least every ten years

Increased Wood Usage

- At least 50 % of SBB’s new production is to be comprised of buildings built of **wood**

Reduced Water Consumption

- Continuing to contribute to **reduced water consumption** in our properties with the goal of 1% water savings per year

Integrating Public Transport Access

- Managing and creating housing in **locations close to public transport**, which contributes to reducing the **transport sector’s environmental impact**

Selected UN global sustainable development goals



Green Bonds – Sustainable Financing Sources

Updated Green Financing Framework in June 2020 includes a total of SEK 10bn eligible for green financing

- By setting up a green bond framework, SBB offers investors further insights into the company’s sustainability strategy and commitments and thereby an opportunity to support the transition to a low carbon economy
- On 14 February 2019 SBB issued its first senior unsecured **green** bond and the transaction was rated by S&P with an overall score of 64, which equates to E2 on S&P’s scale of E1 to E4. The SEK 500m bond bears a tenor of five years





VISION 2030 – BECOMING THE WORLD’S MOST SUSTAINABLE PROPERTY COMPANY (2/2)

Selected Social Sustainability Goals

Member of Public Housing Sweden

- Continuing to be a **member of Public Housing Sweden** and participating in the residential social work of the municipalities

Youth Employment

- Continuing to contribute to young people’s occupation by offering **at least 100 summer jobs every year** to young people who live in our residential areas

Refugee Assistance

- Annually contributing **at least 10 Better Shelter refugee homes** and 100 tents through the **UNHCR** to help improve the housing situation for refugees

Inclusive Employment

- Being an **attractive and inclusive employer** for the best and most professional employees, regardless of **gender or background**

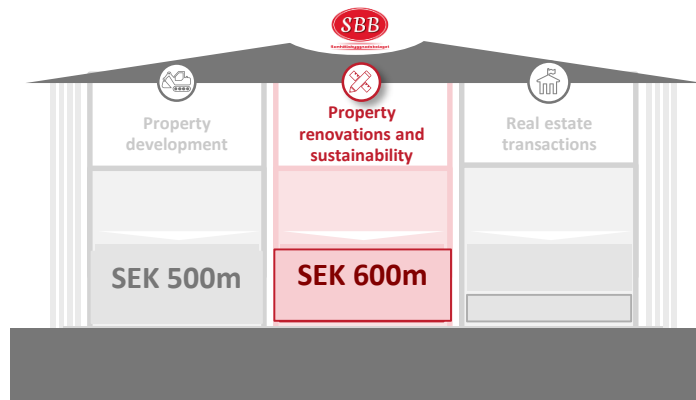
Summer interns to support integration in SBB’s residential

The company is offering summer jobs to youths living in SBB's residential areas which connects all of the dimensions of sustainability:

- ✓ Nicer external environments in SBB’s residential areas
- ✓ Reduce wastage of our shared resources
- ✓ Contribute to our long-term operating net profit and creates a link to the youth employment in the market



PROPERTY RENOVATIONS AND SUSTAINABILITY IN SUMMARY



Sweden has a unique rent setting model based on utility value



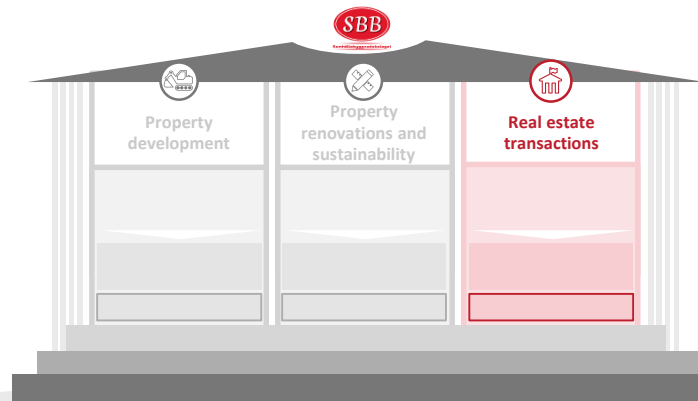
Large remaining value potential in the portfolio



SBB is fully committed to supporting the transition towards a more sustainable world with clear targets

SBB'S ADDITIVE RECURRING INCOME STREAMS

REAL ESTATE TRANSACTIONS



Oscar Lekander
Business Development
Manager



Carl Lundh Mortimer
Project Development Manager





COMMUNITY SERVICE MARKET (1/2)



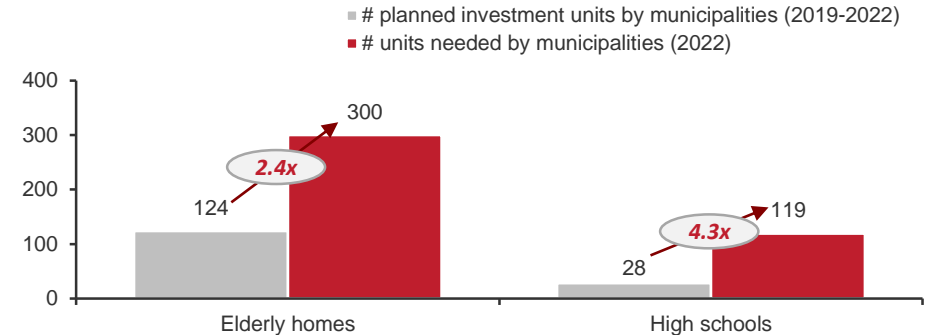
Key drivers of demand

- ✓ **Demographic trends in the Nordic countries:**
 - Increased number of people 80+ years
 - High level of immigration
- ✓ Only in **Sweden**, need for **c.7.7m sq.m. for new community service properties by 2030**, representing **c. SEK 230bn** in needed investments
- ✓ In **Norway**, according to estimations made by Consulting Engineers' Association and Statistics Norway, a total of **6.2m sq.m. of newbuilds (c. SEK 186bn)** are **needed** in the public sector to meet the growing demand from a larger population in 2040



Clear undersupply of community service properties

Planned (2019–2022) and needed units (2022)

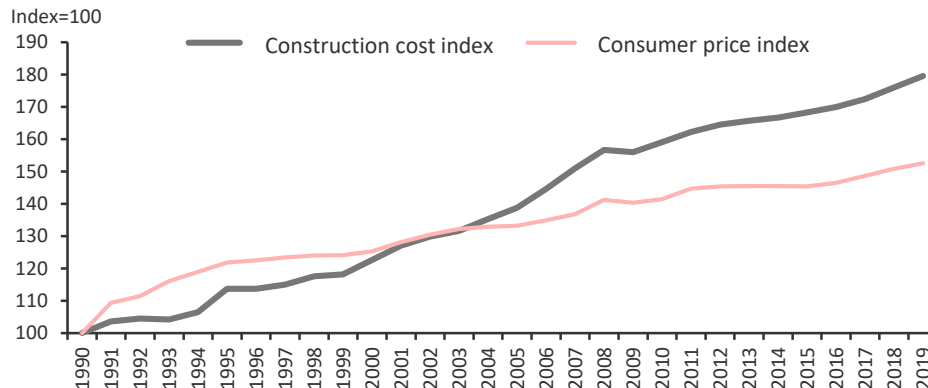


Source: Newsec market report as of September 2019



Growing replacement costs leading to higher rents

Construction cost development (excl. land) compared to inflation



Source: SCB



Rent premium of new production properties

Area	Rental level (SEK/sq.m.)					
	Elderly care	Group home (LSS) ¹	Health care	Education	University	Legal sector
Average Sweden ²	2,320	2,840	2,560	2,460	2,840	3,000
SBB	1,319	1,370	864	1,398		



Notes: ¹ Refers to group housing for people with disabilities; ² Newsec market report as of September 2019 for new built properties, referring to the average value across Sweden



Market size

- ✓ **Community service market in the Nordic countries is dominated by municipalities, counties and states**
- ✓ Increasing number of public actors are opening for more **divestment to private actors** in order to raise capital to:
 - Maintain quality and invest in the existing property stock
 - Produce new housing
 - Finance care and education
 - Invest in infrastructure



Private investors
c.20%

Market size for public properties c.SEK 1,000m

Ownership structure

- ✓ **Historically, municipalities, counties and state owned the properties in which they had their operations**
- ✓ In recent years, **several private companies have emerged on the market**
- ✓ Recent **shift in ownership** is mainly **due to**:
 - **Increased interest in the municipalities' attitude to the divestment** of parts of their community service properties holdings to raise capital
 - Many **municipalities are in favour of private actors taking care of a large part of the construction** of new community service properties
 - Strong **need of new schools and retirement homes** in the upcoming years
 - **LSS Law** obligates municipalities to **provide group housing for people with disabilities**, with municipalities risking being charged with fees
 - **Competition increase** forces both public and private investors to offer a **better quality product**



SWEDISH RENT REGULATED RESIDENTIALS MARKET

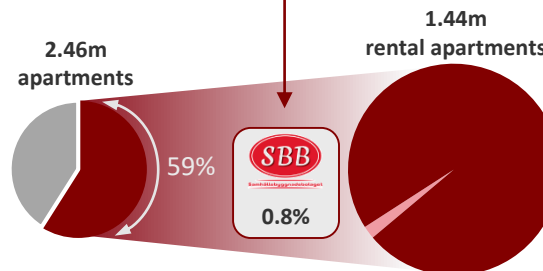


Market size

- ✓ The Swedish dwelling stock in multi-dwelling buildings consists of approximately 2.46m apartments
 - Of the 2.46m apartments, approximately 59% or 1.44m are rental apartments
 - **SBB owns rental apartments representing approximately 0.8%¹ of the total rental apartment stock**
 - Rikshem (the largest rental housing property company) owns 30,000 apartments, representing c.2% of the total stock

Ownership structure

- ✓ In Sweden, 46% of all rental apartments are owned by public housing companies
 - In total, there are c.300 public housing companies, very different in size among them (in Sweden there are 290 municipalities)
- ✓ The Swedish housing market is distributed over a large number of property owners, both municipal and private, indicating that **there is a great chance/opportunity the market will undergo consolidation**



CASE STUDY – PARTNERSHIP WITH THE MUNICIPALITY OF SKELLEFTEÅ

Comments

- Partnership with Skellefteå municipality regarding a **a new culture house, including a congress hall**
- **Skellefteå is one of the wealthiest municipalities in Sweden** and have decided to invest in a new culture house to maintain the attractiveness of the municipality
 - Northvolt, a battery cell producer, has announced it will invest more than SEK 30 billion in the municipality to create the world's greenest battery factory in the coming years
 - The municipality takes full responsibility for designing the building as well as taking full responsibility for potential cost overruns
- The reason for the municipality to dispose the asset is internal debt limitations and restrictions on how much they can invest through their own balance sheets
- **The building, designed by White Architects, is a green building and will be one the tallest buildings in the world constructed in wood**
- As a part of the partnership, **a 50 year lease contract was signed between SBB and the municipality; the contract is fully linked to CPI**
- **The municipality takes full responsibility for the property management of the property.** SBB together with the municipality will produce a maintenance plan for the coming five years

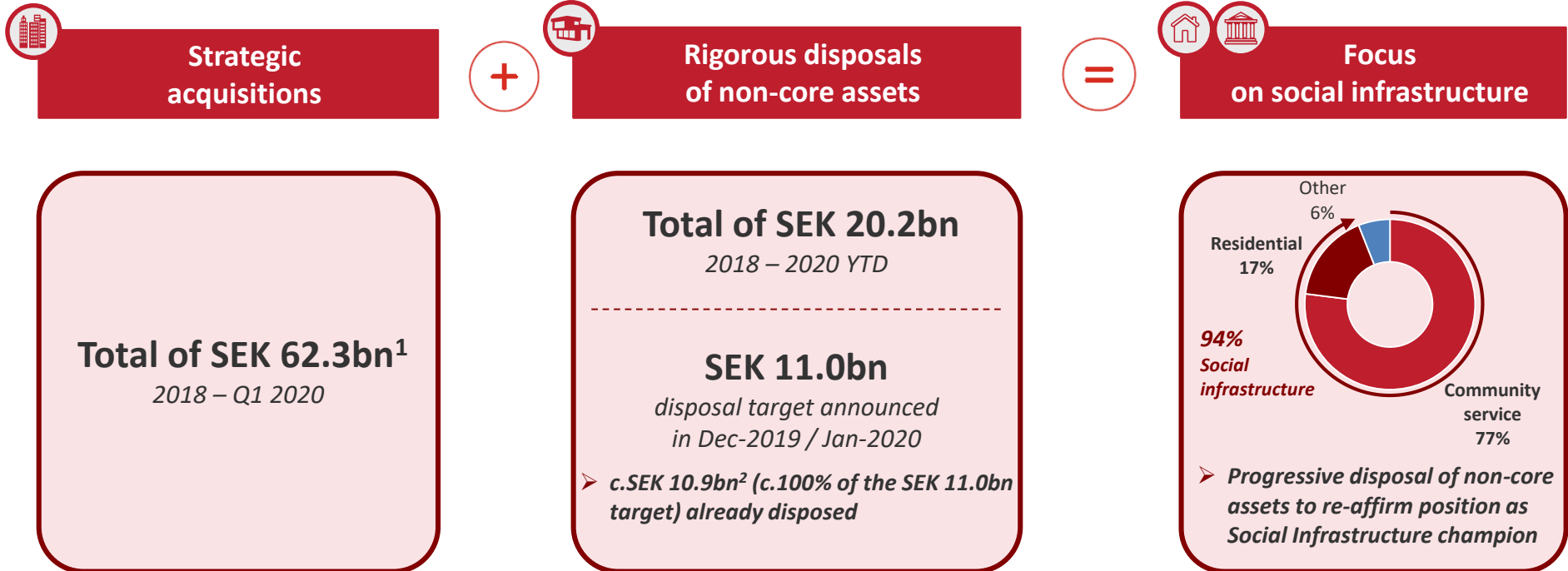



Summary

Property name	Skellefteå Perseus 6
Leasable area	c. 26,000 sq.m.
Municipality	Skellefteå
County	Västerbotten



SBB ACTIVELY WORKS ON TRANSACTIONS AS A MEANS TO CREATE VALUE

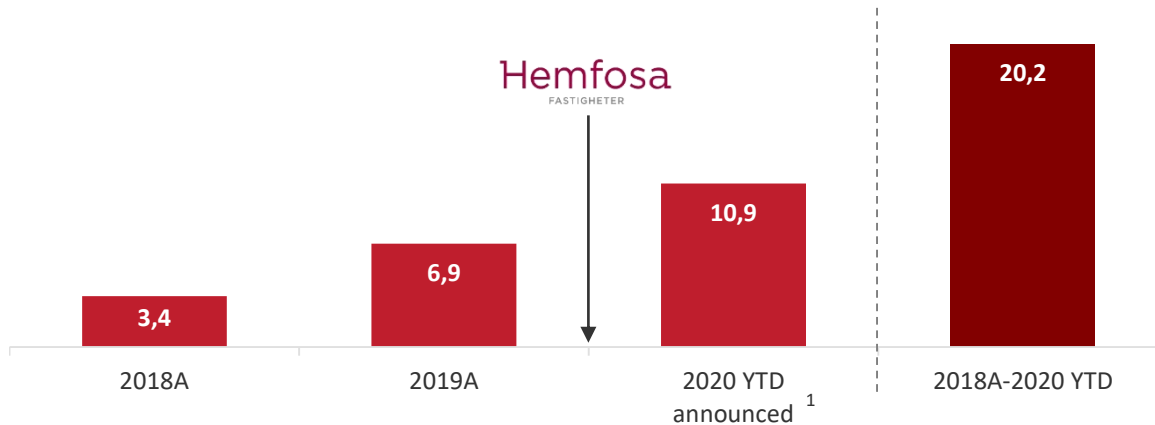


 **Estimated SEK 400m recurring earnings effect p.a.³,**
from real estate transactions based on historical c.SEK 700m p.a.



ASSETS DISPOSALS ACCORDING TO PLAN SINCE ACQUISITION OF HEMFOSA

Historical disposal development (SEKbn)



Announced disposal post combination with Hemfosa

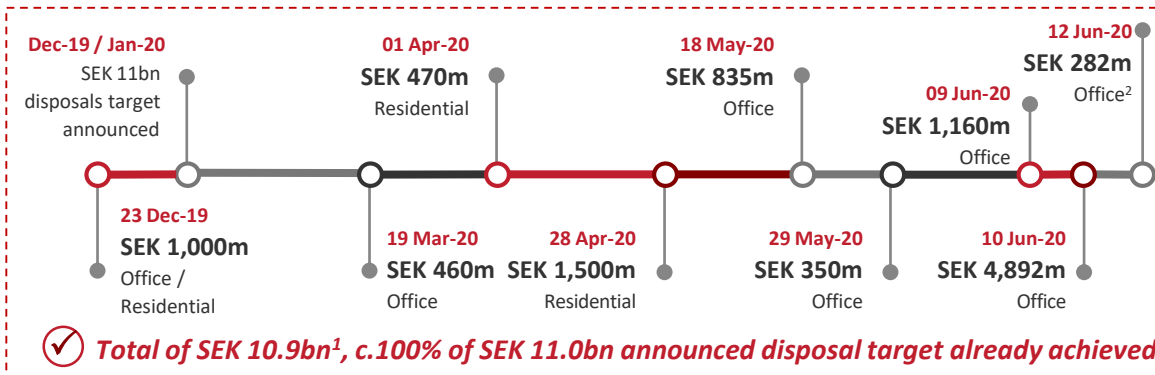
- c. SEK 11bn of target disposal announced in Dec-19 / Jan-20
 - ✓ Of which SEK 10.9bn¹ already disposed
- Releases significant proceeds for deleveraging
- Accelerates our path to achieving a BBB+ credit rating within the next 12 months
- SBB real estate portfolio is among the most liquid in the market; we are continuing to experience high demand for our cash flow properties through COVID-19

"We acknowledge that **SBB has finalized deals under challenging market conditions**, given transaction activity has remained muted and financing difficult to obtain on the back of the COVID-19 pandemic. [...] We believe there is **strong demand for SBB's stable-yielding assets with long leases**, which is indicated by **purchasing prices exceeding book value** for first-quarter 2020 and the Hemfosa valuation in third-quarter 2019 by mid-single and double-digit percentages respectively. In addition, we notice **the COVID-19 pandemic has had a limited effect on the company's operations.**"

S&P Global
Ratings
10 June 2020

Report published **prior to announcement of disposal** of properties for SEK 4,892m on 10 June 2020 and SEK 282m on 12 June 2020

Deleveraging ambitions through disposals since Hemfosa acquisition achieved



SBB is well positioned to deliver on our deleveraging ambitions, and continue maintaining a robust and healthy capital structure that supports an early rating upgrade to BBB+

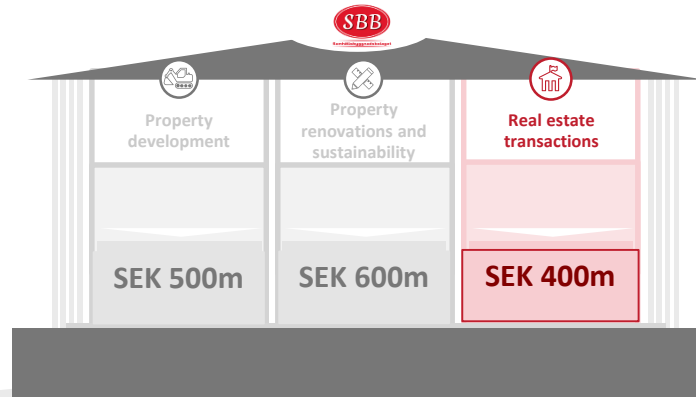


Source: Company information

Notes: ¹ Includes SEK 1.0bn disposal announced on 23 December 2019; ² Classified as Community Service due to the type of tenant



REAL ESTATE TRANSACTIONS IN SUMMARY



Active portfolio management generating regular recurring profits to SBB



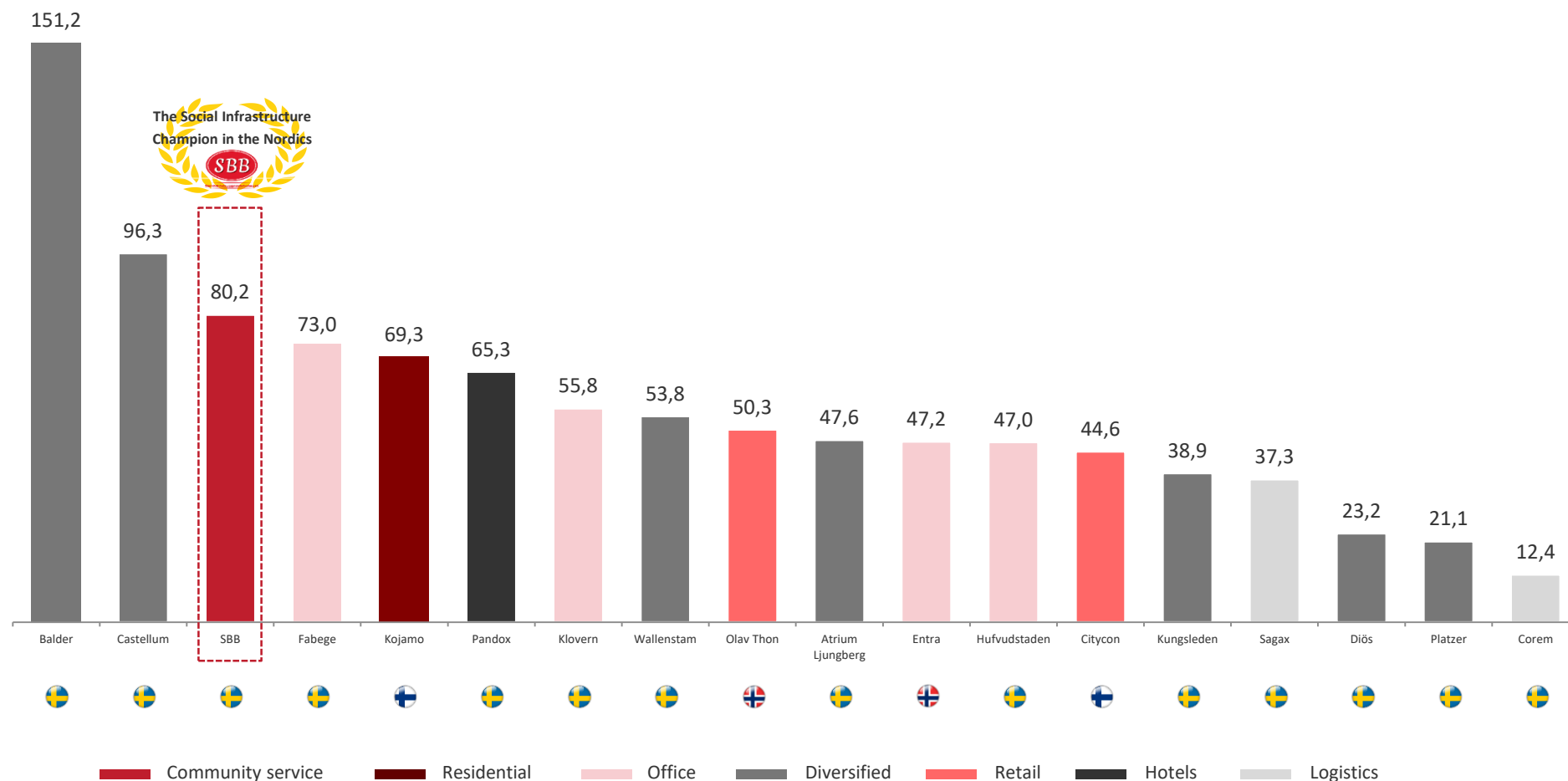
Strong relationships with municipalities and other market participants



Highly experienced transaction team enabling off-market transactions











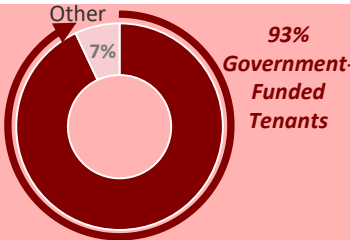
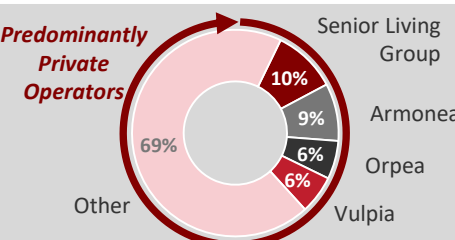


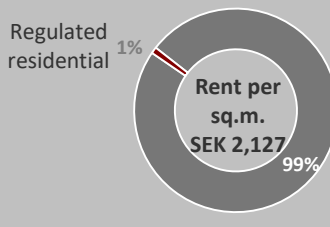
THE COMMUNITY SERVICE PROPERTY CHAMPION AND 3RD LARGEST LISTED PLAYER IN THE NORDICS

GAV (SEKbn)



POSITIONING VERSUS REFERENCE LISTED COMPANIES (1/3)

SBB'S PORTFOLIO OFFERS SOLID FUNDAMENTALS PUTTING IT IN POLE POSITION TO CAPITALISE FROM ONE OF THE SAFEST NORDIC ASSET CLASSES...

 Community services		 Residential							
Portfolio figures	Property value (SEKbn) ¹	80.2				36.4		69.2	
	Portfolio composition	77 % 	17 % 	6 % - other		 100%		 100%	
	Value per sq.m. (SEK)	19,188				23,159		32,586	
	Net yield	4.7 %				5.3 % ⁶		4.3 % ⁶	
Leverage	Reported LTV ³	50 %				50 %		40 %	
	Rating	BBB- (Stable outlook)				Not rated		Baa2 (Stable outlook)	
	Average cost of debt	1.5 %				2.0 % ⁵		1.8 % ⁵	
Tenant bases	 Community Service ⁴							N/A	
	 Residentials ⁴					N/A		 'Market rent' residential	

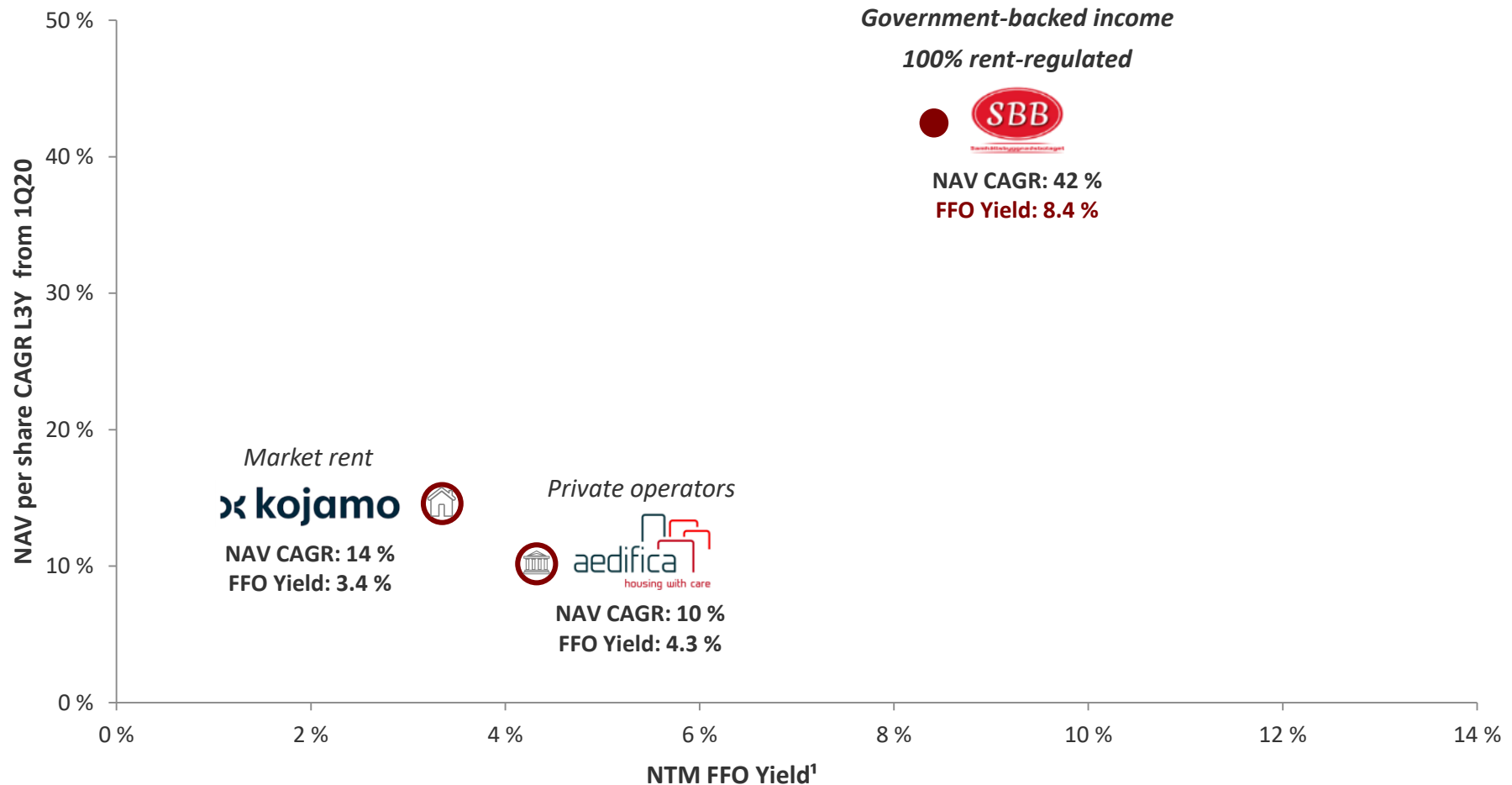


Source: Company information, latest reported figures as of 31-Mar-2020 (Q1 2020); SBB earnings capacity; FX SEK / EUR = 10.9164 as at 31-Mar-2020 Notes: ¹ SBB property value pre-Q2 disposals; ² SBB rent per sq.m. pre-Q2 disposals; ³ Based on reported LTV for SBB; net debt to investment properties for Kojamo; debt-to-assets for Aedifica; ⁴ Based on passing rental income as of Q1 2020. For Aedifica based on 31-Mar-2020 contractual rent; ⁵ Aedifica's average effective interest rate before capitalised interests including commitment fees, as at 31-Dec-2019; average interest rate of loan portfolio including, interest rate derivatives, for Kojamo as at 31-Mar-2020; ⁶ NIY as at 31-Dec-2019 for Aedifica; NIY as at 31-Mar-2020 for Kojamo

POSITIONING VERSUS REFERENCE LISTED COMPANIES (2/3)

... HOWEVER, MARKETS ARE YET TO FULLY APPRECIATE THE UNIQUE NATURE OF SBB'S BUSINESS MODEL

SBB earnings based on earnings capacity from property management



Source: Company reported figures as of 31-Mar-2020 (Q1 2020); CapIQ; NTM estimates as per Eikon; market data as of 15-Jun-2020; FX SEK / EUR = 10.9164 as at 31-Mar-2020

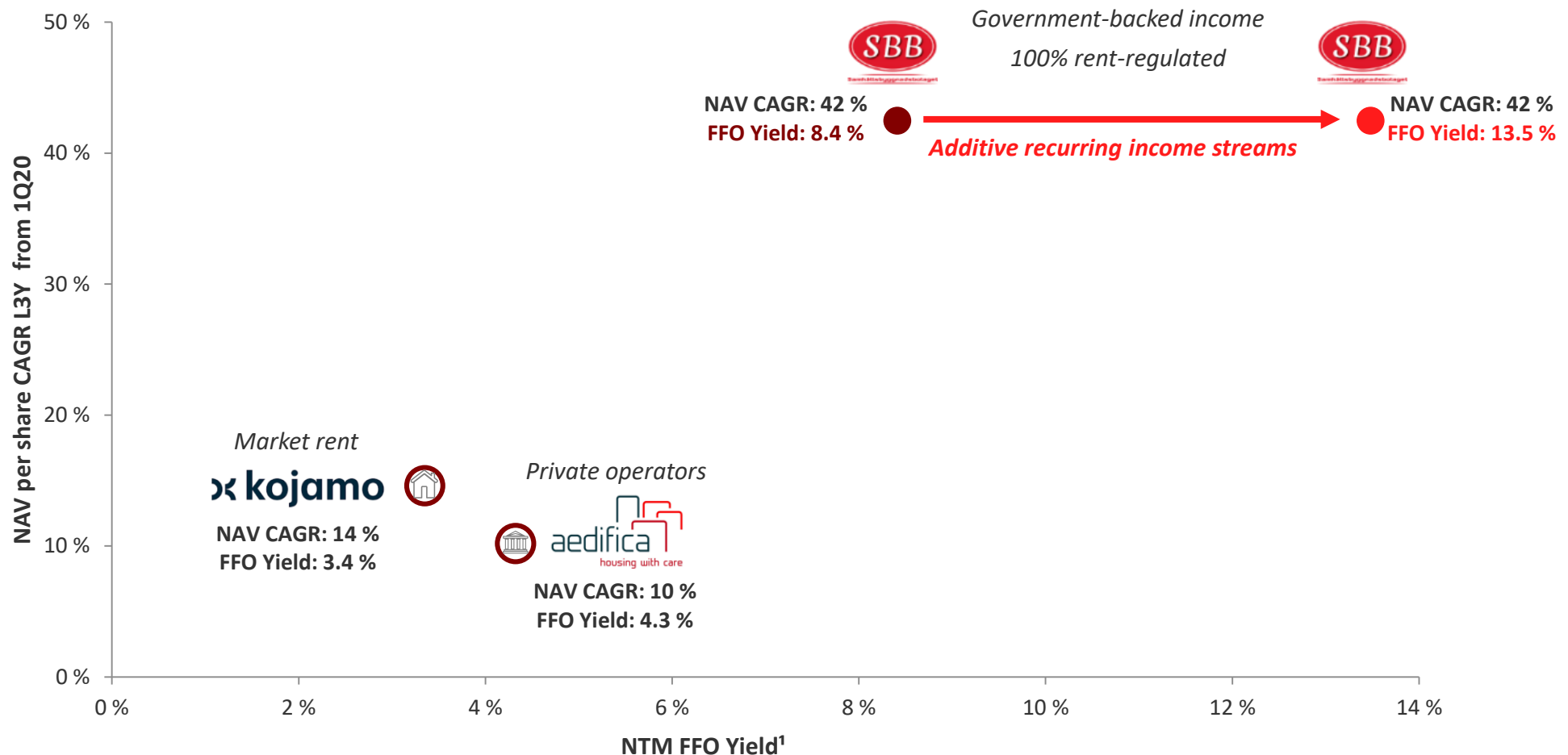
Notes: ¹SBB FFO from property management per A/B-shares is calculated as earnings capacity operating profit before dividends, including Hemfosa synergies, taxed at a 10% effective tax rate and less dividends to hybrids, D- and preference shares; Eikon estimates for Kojamo and Aedifica

POSITIONING VERSUS REFERENCE LISTED COMPANIES (3/3)

... HOWEVER, MARKETS ARE YET TO FULLY APPRECIATE THE UNIQUE NATURE OF SBB'S BUSINESS MODEL

Earnings capacity from property management

SBB earnings based on earnings capacity including additive income streams²



Source: Company reported figures as of 31-Mar-2020 (Q1 2020); CapIQ; NTM estimates as per Eikon; market data as of 15-Jun-2020; FX SEK / EUR = 10.9164 as at 31-Mar-2020;

Notes: ¹SBB FFO from property management per A/B-shares is calculated as earnings capacity operating profit before dividends, including Hemfosa synergies, taxed at a 10% effective tax rate and less dividends to hybrids, D- and preference shares. Additive income streams also taxed at 10%; Eikon estimates for Kojamo and Aedifica; ²Additive income streams including a target of SEK 500m of income from property development and, as per the Q1 2020 earnings capacity, result from transaction of SEK 400m and result from renovations/investments of SEK 600m



III.

Balance Sheet Strength and Treasury Update



Eva-Lotta Stridh
CFO



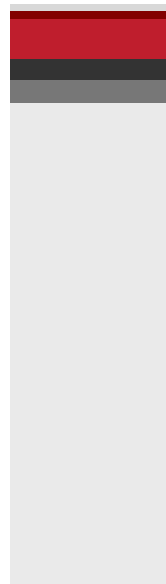
Rosel Ragnarsson
Finance Manager



SOLID BALANCE SHEET AND DIVERSIFIED SOURCES OF FUNDING

Assets (SEK 96.5bn)

- Shares in associated companies/JVs - SEK 1,124m (1%)
- Receivables from associated companies/JVs - SEK 1,191m (1%)
- Goodwill - SEK 6,691m (7%)
- Other Assets - SEK 3,426m (4%)
- Cash and Cash Equivalents - SEK 3,820m (4%)
- Investment Properties - SEK 80,235m (83%)



✓ Unencumbered assets: c. SEK 50bn / c. 62% of total investment properties

- From the associated companies/joint ventures there are some which manage property development projects, while other companies own investment properties
- Of the goodwill, SEK 2,383m is deferred tax and will decrease following the announced disposals in Q2. The remaining amount refers to synergies

Equity and Liabilities (SEK 96.5bn)

Total equity
(36.1 %)
SEK 34,875m

Liabilities (63.9 %)
SEK 61,612m



- Equity excl. hybrid - SEK 24,533m (25%)
- Hybrid instruments - SEK 10,342m (11%)
- Bond loans - SEK 32,775m (34%)
- Liabilities to credit institutions - SEK 15,182m (16%)
- Commercial papers - SEK 4,268m (4%)
- Deferred tax - SEK 6,288m (7%)
- Other - SEK 3,099m (3%)

A+B+D : SEK 24,152m
Pref.: SEK 15m
NCL: SEK 366m

3% of which secured
(SEK 1,135m)

100% secured

100% unsecured

✓ Secured debt: c. SEK 16.3bn / 31% of total gross debt¹

Key debt highlights

50% loan-to-value²

17% secured loan-to-value

4.3 years weighted avg. maturity

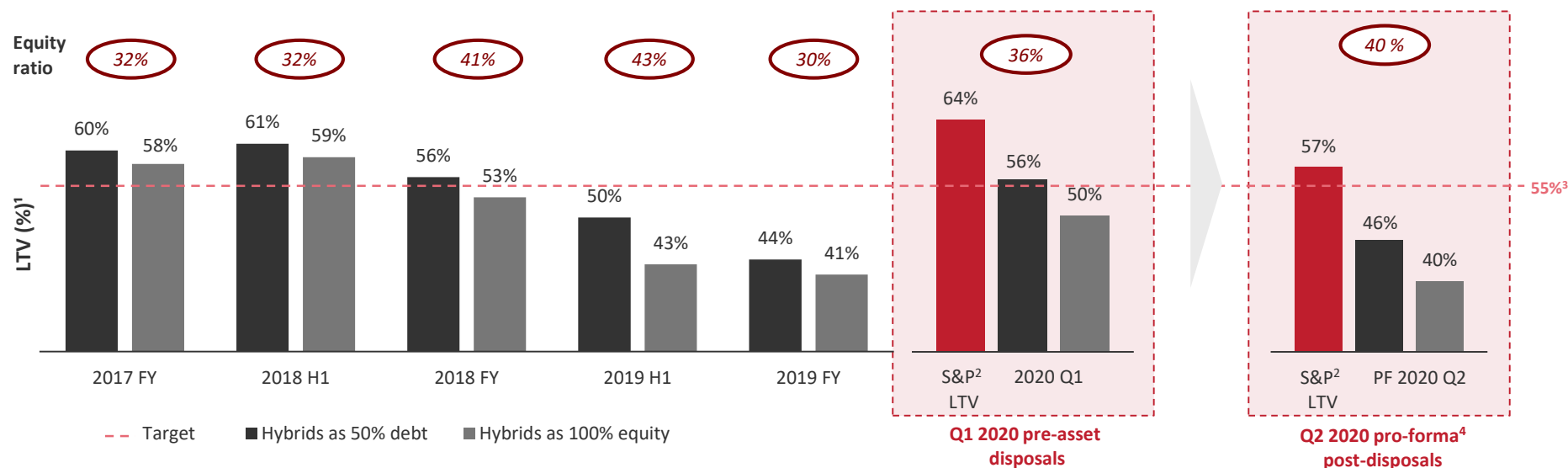
5.1x ICR³

1.52% weighted avg. cost of debt

BBB- Stable S&P Global FitchRatings

DELIVERY ON DELEVERAGING AMBITIONS

Strong cash generation enabling deleveraging, supporting the goal of a BBB+ rating in the next 12 months



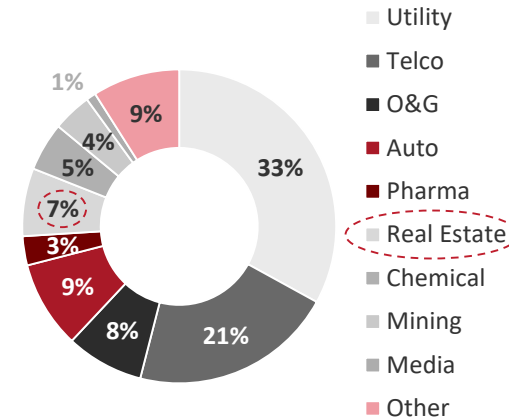
- Focus on achieving a **BBB+ rating over the next 12 months**. In the long term, the goal is to achieve an **A-** rating
- BBB-** rating from Fitch (stable outlook) and Standard & Poor's (stable outlook). During the first quarter Fitch confirmed SBB's stable outlook
- For **short-term paper**, SBB has an **investment grade rating** from both **Fitch (F3)** and **S&P (A-3)**

HYBRIDS – AN ATTRACTIVE SOURCE OF FUNDING

Key benefits of hybrids

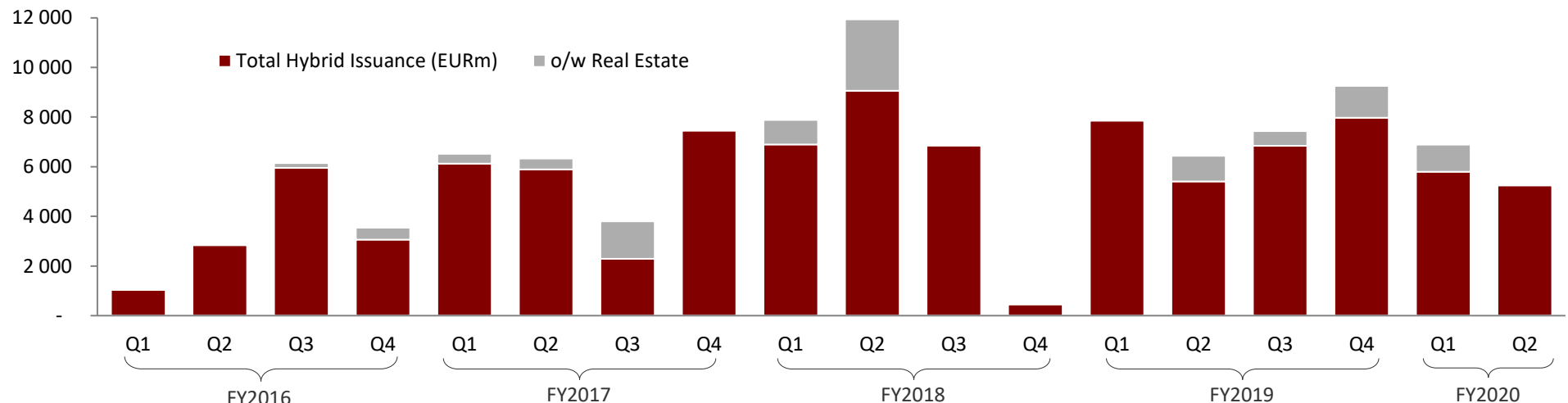
- Very **well-known structure** allowing SBB to **benefit from 50% equity content** by the three rating agencies, as well as 100% equity-accounting by IFRS
- **Instrument non-dilutive to equity**
- **Different investor base** with a number of hybrid specialist funds
- Hybrid **cost significantly lower than cost of equity (latest coupon 2.624%)**
- Instrument efficient in strengthening SBB's **credit rating and capital structure**

2013-2020YTD European hybrid issuances by sector



Real estate companies have become increasingly active in the hybrid bond market, to protect their rating and strengthen their capital structure

Real estate sector significantly represented in European corporate hybrid issuances



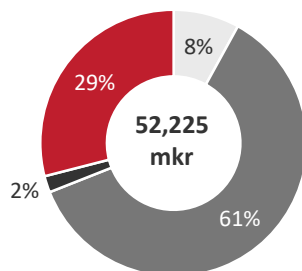
SIMPLIFYING THE SHARE STRUCTURE

	Share of class A	Share of class B	Share of class D	Preference shares
Listed	–	✓	✓	✓
Share count	209,977,491	1,058,115,105	106,519,951	30,713
Voting rights	1 vote per share	1/10 vote per share	1/10 vote per share	1/10 vote per share
Dividend rights	✓ Class A and Class B common shares are entitled to the same dividend per share		✓ Entitled to 5x the total dividend paid on the Class A and B shares, up to SEK 2 p.s. per year ✓ If the dividend on Class D share is < SEK 2 p.s., the maximum permitted dividend of SEK 2 shall be increased so that the shortfall of up to SEK 2 per year may be distributed later if sufficient dividends on common shares are declared subsequently	✓ Preference shares have a preferential right over the ordinary shares to an annual dividend of SEK 35 , paid quarterly, per preference share
Historical dividends	<ul style="list-style-type: none"> 2017A: SEK 0.10 p.s. for 2018 2018A: SEK 0.25 p.s. for 2019 2019A: SEK 0.60 p.s. for 2020 		<ul style="list-style-type: none"> 2017A: N/A 2018A: SEK 2.00 p.s. for 2019 2019A: SEK 2.00 p.s. for 2020 	<ul style="list-style-type: none"> 2017A: SEK 35.00 p.s. for 2018 2018A: SEK 35.00 p.s. for 2019 2019A: SEK 35.00 p.s. for 2020

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

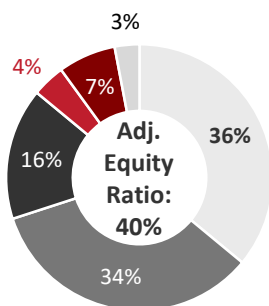
Diverse debt and capital structure

Debt structure



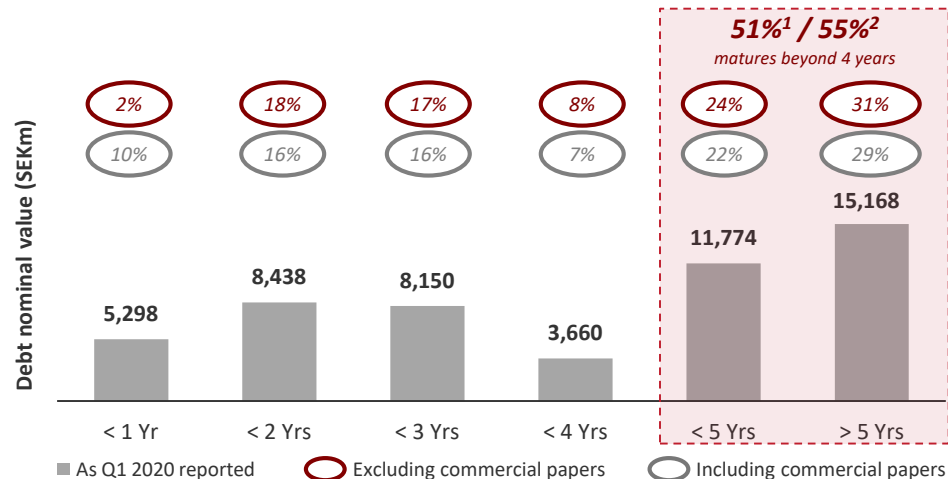
■ Commercial paper ■ Non-secured bonds
■ Secured bonds ■ Other loans

Capital structure

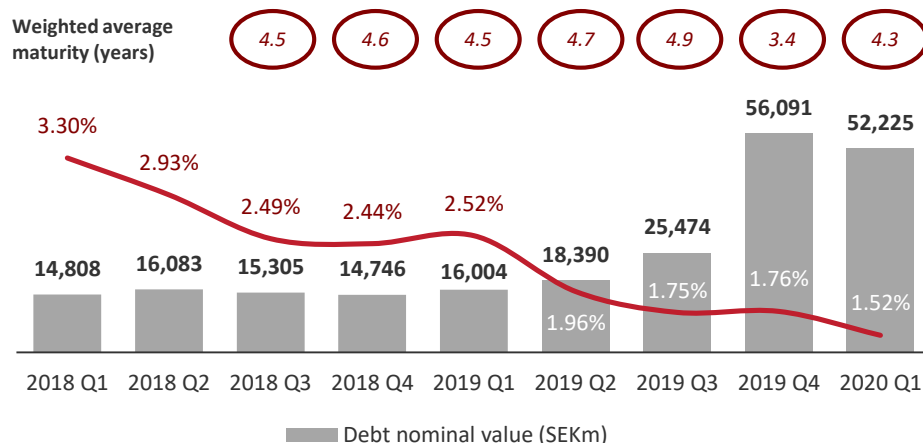


■ Equity ■ Bond loans
■ Liabilities to credit institutions ■ Commercial paper
■ Deferred tax ■ Other

Long-dated maturity profile¹



Increasing debt maturity and a progressively lower cost of debt



Latest Developments

On 5 June 2020, SBB added a **new revolving credit facility of SEK 2bn**

SBB now has a total of SEK 9.1bn in credit limits, which means that **all loan maturities including commercial paper are covered for the next 24 months**

ENHANCED COMBINED BUSINESS PROFILE WITH RATING AGENCIES LEADING TOWARDS LOWER FINANCING COSTS

Recent events in the capital markets

- ✓ **BBB- rating with stable outlook affirmed** by S&P in report (June 2020)
- ✓ Update of **Green Financing Framework**, eligible for **green financing** instruments of up to **c.SEK 10bn** (June 2020)
- ✓ Issued a **EUR 50m, 20-year unsecured bond** at a fixed interest rate of **2.75%** (March 2020)
- ✓ **Repurchased most of the unsecured bonds** issued by SBB and Hemfosa **which mature until May 2021 (SEK 3,362m repurchased** of the total issued amount of SEK 3,724m) (March 2020)
- ✓ Issued an **unsecured bond** of **EUR 750m** with a fixed coupon of **1%** and a maturity of 7.5 years (February 2020)
- ✓ Issued a **perpetual hybrid bond** of **EUR 500m** with a fixed coupon of **2.624%** (January 2020)

Lowering cost of debt

1.75% (Q3 2019)

1.52% (Q1 2020)

*"We expect **improving credit metrics** primarily on the back of **asset disposals**."*

*"We acknowledge that **SBB has finalized deals** under **challenging market conditions**"*

*"We believe there is **strong demand** for **SBB's stable-yielding assets with long leases**, which is indicated by **purchasing prices exceeding book value** for first-quarter 2020 and the **Hemfosa valuation** in third-quarter 2019 by **mid-single and double-digit percentages** respectively."*

*"In addition, we notice **the COVID-19 pandemic** has had a **limited effect** on the **company's operation**. [...] This demonstrates that **cash flows are only marginally affected by external factors or the economic cycle**, since they mainly come from public tenants and/or regulated residential properties."*

*"The stable outlook reflects our anticipation that **SBB's portfolio should benefit from high demand in its resilient asset segments, supporting cash flow generation**."*

S&P Global
Ratings

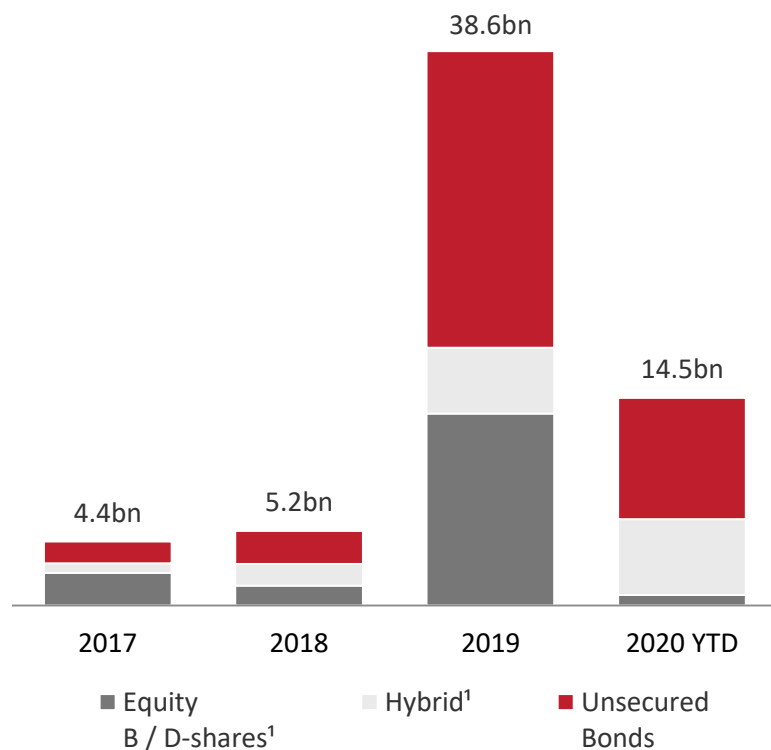
10 June 2020

*Report published **prior to announcement of disposal** of properties for **SEK 4,892m** on 10 June 2020 and **SEK 282m** on 12 June 2020*

CAPITAL MARKET ACTIVITY – ROBUST ACCESS TO FUNDING

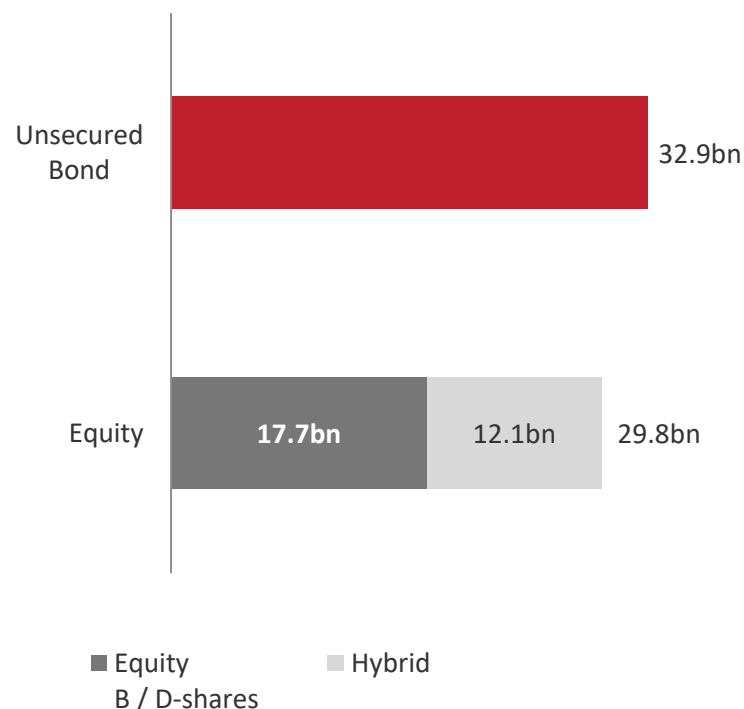
Capital market activity per year¹

Issuance (SEK)



Capital market activity per issuance type 2017-20 YTD¹

Issuance (SEK)



Latest bond issuances

In February 2020, SBB successfully issued a **EUR750m** senior unsecured bond, which will mature in 2027 and carries a **fixed coupon of 1.00%**

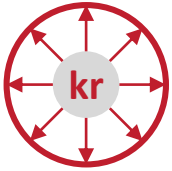
In January 2020, SBB successfully issued a **EUR 500m perpetual bond** with a **fixed coupon of 2.624%**

Weighted average cost of debt and maturity is optimised to 1.52% and 4.3 years respectively

BALANCE SHEET AND TREASURY IN SUMMARY



Strong financial position



Diversified funding



Deleveraging according to plan



Full speed ahead to BBB+



IV.

New Goals



Ilija Batljan
CEO and Founder



NEW TARGETS

Objective			
SBB's objective is to acquire, manage and develop properties that will create a high risk-adjusted return for its shareholders			
Financial targets		Operational targets	Dividend policy
Profit from property mgmt ¹⁾	Income from property development	Growth	To generate a steadily increasing annual dividend ¹⁾
>15% <i>annual average growth over a 5 year period</i>	SEK 500-700m <i>per year, on average</i>	A property portfolio of SEK 125bn by 2025, with retained BBB+ rating	
LTV	Secured LTV	Vision 2030	
<50% <i>adjusted debt²⁾/(adjusted debt + equity)</i>	<30%	100 percent climate neutral by 2030	
Rating	ICR	Refurbishment	
BBB+ in H1 2021, A- in the long term	>3.0x	Renovate at least 600 apartments per year	

CLOSING REMARKS



Profit from property management based on world's safest assets with AAA governments backed income, targeting an average growth of more than 15 per cent per year per A and B ordinary shares



Unique model with 3 additive recurring income streams including new focus on using our building rights to deliver social infrastructure with safe cash flows or as Erik emphasized earlier: "We know the revenue and the cost – and we have the tenants"



Best-in-class team to support the business model



SBB is fully committed to supporting the transition towards a more sustainable world with clear targets



The metrics for BBB+ already in place. Walk the talk – we will continue to deliver



Q&A





V.

Appendix



KEY ACHIEVEMENTS AND HIGHLIGHTS

M&A: Hemfosa combination

- **Acquisition of Hemfosa successfully completed**
- **Created the Social Infrastructure Champion** in the Nordics
- **Realised our short term integration objectives** ahead of schedule: **c. SEK 170m of run-rate synergies** already unlocked
- **Organisational integration fully accomplished**

Proved resilience during COVID-19

- **Portfolio almost untouched** by the market turbulence: **rent collection in May >99%**
- Rent regulated residential properties are linked to demographic development and **public properties are needed as much as ever** for the upkeep of society
- **Well prepared to manage the situation:** **resilient capital structure**, all loan maturities including commercial paper are covered for the next 24 months

Corporate growth

- **Best-in-class management team**
- **Member of FTSE EPRA Nareit Global Real Estate Index** and **Global Property Research 250 Index**
- Vision 2030: **supporting the transition towards a more sustainable world**
- **Green Financing Framework** in place with capacity of up to SEK 10bn

Beyond traditional property management

- **Huge surplus value** from the development of our **c.1.8m sq.m. building rights portfolio** (c. 25,000 apartments): estimated **SEK 500m recurring earnings effect p.a.** ³
- Estimated **SEK 600m recurring earnings effect p.a.** ³ **from renovation** of 600 residential target units p.a. and of community service properties
- **Value creation through transactions:** estimated **SEK 400m recurring earnings effect p.a.** ³

Value creation

- **Strong track-record of generating shareholder returns**
- Already exceeded goal of achieving a **SEK 55bn property portfolio value by 2021**, communicated in September 2019
- Achieved **68% GAV** and **73% NAV CAGR** ¹ since 2017
- **Exceptional dividend growth with 145% CAGR** ² since 2017

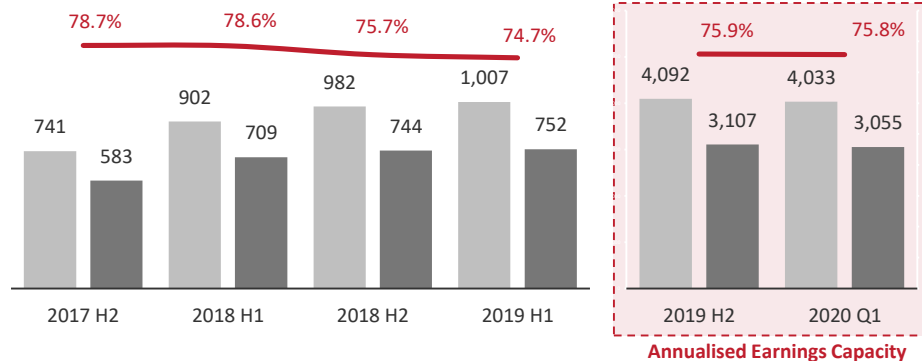
Balance sheet strength and path to BBB+

- **Strong balance sheet with a low cost of debt** and **long-dated maturity profile**
- **Ample access to capital markets**
- **Firm commitment on deleveraging path and achieving BBB+** in the next 12 months

PUTTING OUR ASSETS IN MOTION

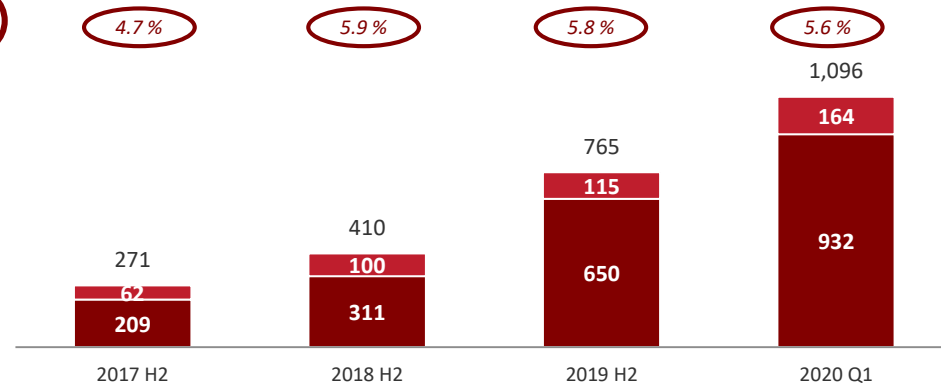
Last 12-month rental income and NOI

Community Services



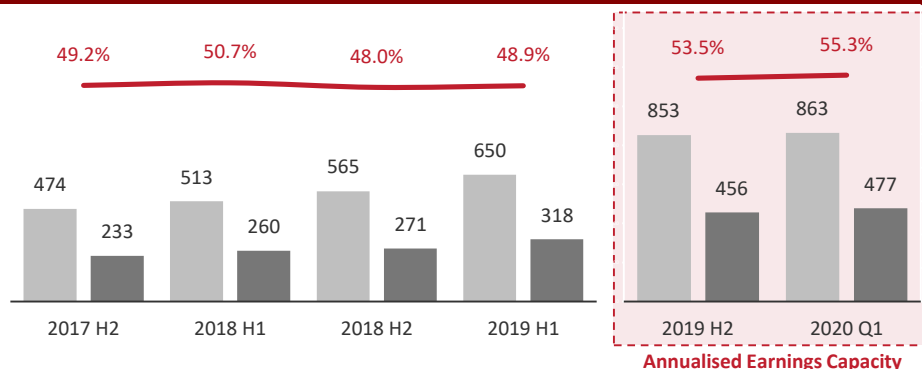
■ Rental income (SEKm) ■ NOI (SEKm) — NOI margin (%)

Maintenance and Investments²



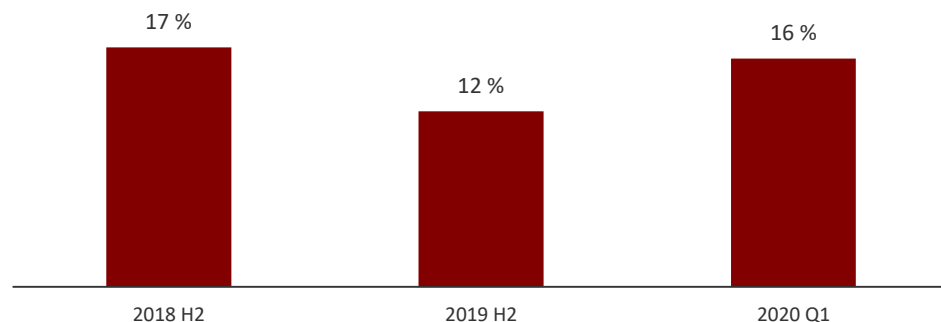
■ Investments (SEKm) ■ Maintenance Expense (SEKm) ○ Maintenance as % of Rental Income

Regulated Residential



- Steady rental growth and stable NOI margin in both the community service and regulated residential segments
- Increases in rents for regulated residential driven by renovation model

Return on Equity³



- Low required maintenance spend
- Investments have generated consistent high returns on capital



PROPERTY DEVELOPMENT KEY DRIVERS



Current residential or community service properties within the portfolio

- Properties that have unused land areas where SBB creates building rights to better utilise the land
- Tenants further benefit from development of existing properties



Development properties acquired

- Cash flow properties acquired by SBB
- Aim is to develop and create building rights for housing and community service properties



Selectively participating in JVs

- SBB minimises production risks and **selectively participates in JVs with an experienced project developer that takes responsibility for the production risks**
- JV-party bears responsibility for the design, sales, production and project management



Selectively developing for its own management

- SBB **occasionally** makes a strategic decision to **develop the building right for own property management**
- Fixed-price contracts where the **contractor takes full responsibility for project implementation, in line with SBB low risk profile**



Finding new projects in collaboration with municipalities

- **Unique and difficult to replicate long-term relationships with municipalities**
- SBB leverages its local presence and deep understanding of the market



Mats Silow

Head of Property Development



Krister Karlsson

Deputy CEO and Property Development Manager



Erik Hävermark

Head of Project Development

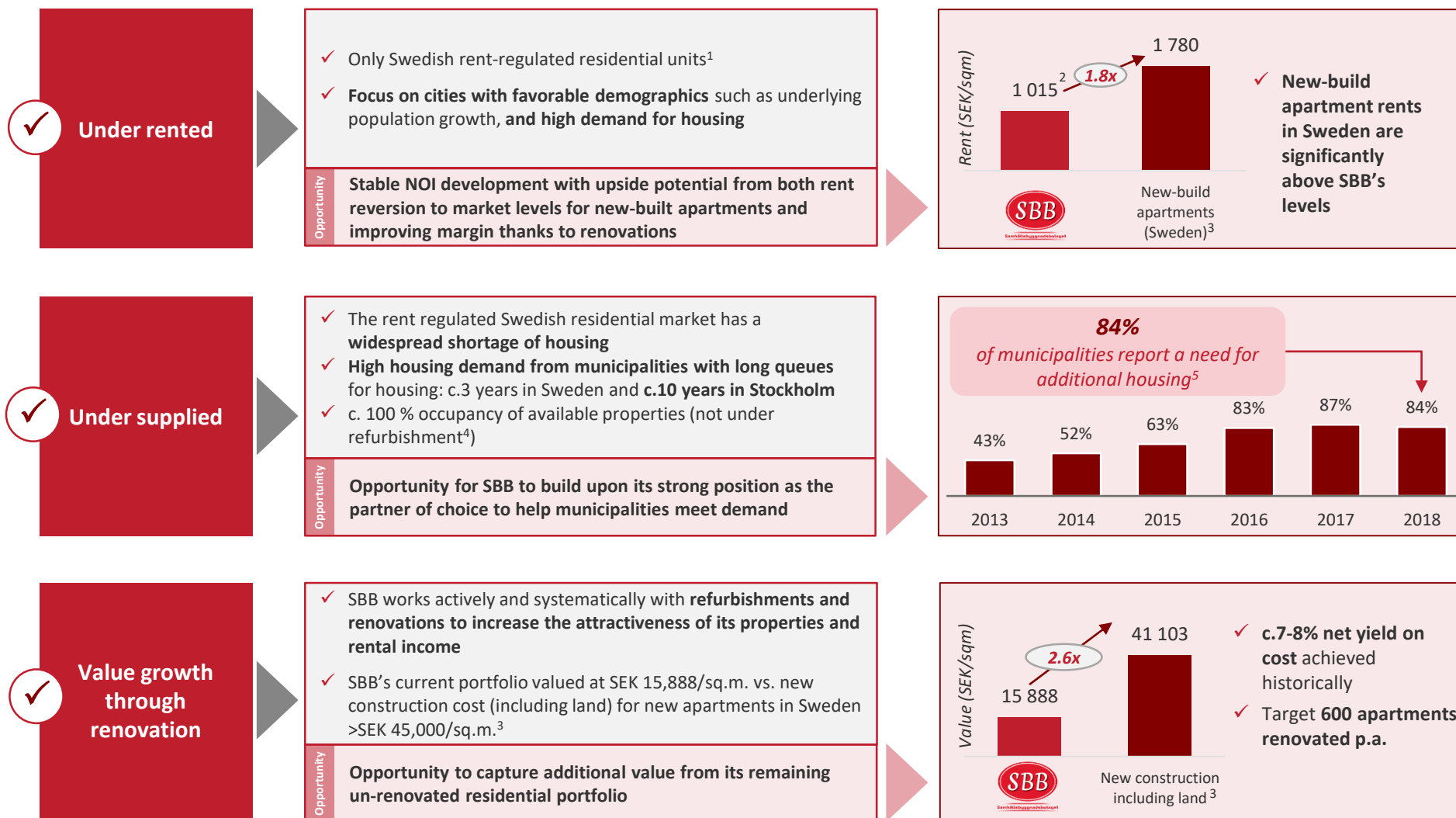


Jenny Asmundsson

Head of Business Development for Property Development

Multi-levers value accretive business model underpinned by **robust balance sheet and unique know-how**

RENT-REGULATED RESIDENTIAL PORTFOLIO PROVIDES STABLE INCOME AND LIMITED DOWNSIDE RISK, COUPLED WITH POTENTIAL FOR VALUE GROWTH



BEYOND SELLING BUILDING RIGHTS DEVELOPMENT UPON ZONING, SBB CAN EXTRACT FURTHER UPSIDE FROM ITS BUILDING RIGHTS

Building rights portfolio as of Q1 2020			
	GFA (sq.m.)	Value (SEKm)	Per sq.m. (SEK)
For potential development	1,380,314	4,645	3,365
Sold to external parties	443,600	1,544	3,480
Total	1,823,914	6,189	3,393

Key inputs on building rights developed for own management	
Rent (SEK / sq.m.)	2,000
Costs (SEK / sq.m.)	(300)
NOI (SEK / sq.m.)	1,700
Valuation NOI yield (%)	4.25%
Value (excl. production costs) (SEK / sq.m. of lettable area)	40,000
Production costs (SEK / sq.m. of lettable area)	30,000
Efficiency ratio (lettable area / gross area)	0.85x

- ✓ **Ample expertise and robust balance sheet provide flexibility to extract the maximum value on a case by case basis**
- ✓ For each **developed building right**, SBB makes a strategic decision of either selling the building right externally or alternatively to a JV upon zoning, or **developing the building right for own property management**
- ✓ **Minimum risk achieved on both planning and development phases**
 - Minimum capital required during planning
 - Development in conjunction with selected experienced constructors on a fixed-priced basis or in joint ventures where the other party takes the project risk

Illustrative scenarios	A	B	C
Description	100% sold to external parties	50% sold / 50% development for own management	100% development for own management
Area sold to external parties (sq.m.) – already sold	443,600	443,600	443,600
Average selling price (SEK / sq.m.)	3,480	3,480	3,480
Value (SEKm) – already sold to external parties	1,544	1,544	1,544
Area for potential development (sq.m. of gross area)	1,380,314	1,380,314	1,380,314
Of which area to be sold to external parties (% / sq.m.)	100% / 1,380,314	50% / 690,157	0% / -
Of which area to be developed for own management (% / sq.m.)	0% / -	50% / 690,157	100% / 1,380,314
To be sold to external parties			
Average selling price (% / sq.m.)	3,365	3,365	3,365
Proceeds (SEKm) – to be sold to external parties	4,645	2,323	-
To be developed for own management			
Value excluding production costs (SEK/sq.m.)	40,000	40,000	40,000
Lettable area – develop for own management (sq.m.)	-	586,633	1,173,267
Value (SEKm) – developed for own management (excl. production costs)	-	23,465	46,931
Total Market value (SEKm)	6,189	27,332	48,474
(-) Exploitation costs and other investments in building rights (SEKm)	(1,157)	(1,157)	(1,157)
(-) External valuation (Q1-2020) of building rights ¹ (SEKm)	(2,590)	(2,590)	(2,590)
(-) External valuation (Q1-2020) of cash-flow properties (SEKm)	(399)	(399)	(399)
(-) Production costs in development for own management (SEKm)	-	(17,599)	(35,198)
Of which Production costs (SEK/sq.m. of lettable area)	30,000	30,000	30,000
(+) Profits from already agreed JV-collaborations (SEKm)	1,397	1,397	1,397
Estimated Profits (SEKm)	3,441	6,984	10,527

Efficiency ratio: 0.85x

SBB BALANCE SHEET

Assets, SEKm	FY 2016	FY 2017	FY 2018	FY 2019	Q1 2019	Q1 2020
Goodwill	-	-	24	6,687	24	6,691
Investment properties	① 7,572	23,001	25,243	79,542	27,201	80,235
Other tangible fixed assets	6	10	5	21	4	21
Land lease agreements	-	-	-	445	52	450
Shares in associated companies and JVs	83	111	213	909	226	1,124
Receivables from associated companies & JVs	② -	-	583	1,142	970	1,191
Derivatives	-	-	-	73	-	36
Other financial fixed assets	15	11	73	483	73	1,356
Total fixed assets	7,677	23,132	26,141	89,302	28,550	91,104
Current receivables	165	344	1,343	1,002	1,044	1,563
Short-term investments	-	-	-	1,041	-	-
Cash and cash equivalents	506	93	157	12,858	398	3,820
Total current assets	671	436	1,500	14,901	1,442	5,383
Total Assets	8,348	23,569	27,641	104,203	29,992	96,487
Equity and liabilities, SEKm	FY 2016	FY 2017	FY 2018	FY 2019	Q1 2019	Q1 2020
Equity attr. to parent shareholders ¹	1,767	6,389	9,002	24,259	9,580	24,167
Hybrid bonds	-	668	1,873	4,676	1,872	10,342
NCI	-	579	322	1,961	330	366
Total Equity	④ 1,767	7,636	11,197	30,896	11,782	34,875
LT liabilities to credit institutions	3,180	6,596	5,898	22,073	6,494	14,473
LT bond loans	1,153	5,941	6,598	23,720	7,423	32,493
Deferred tax liabilities	206	863	1,047	6,237	1,159	6,288
Liabilities leasing	-	-	-	445	52	450
Other long-term liabilities	853	83	37	47	151	104
Total long-term liabilities	5,393	13,482	13,580	52,522	15,279	53,808
ST Liabilities to credit institutions	③ 487	637	12	3,912	22	709
Commercial papers	-	-	1,840	4,944	1,928	4,268
ST bond loans	-	660	327	1,442	67	282
Other current liabilities	701	1,153	685	10,487	914	2,545
Total current liabilities	1,189	2,450	2,864	20,785	2,931	7,804
Total Liabilities	6,582	15,933	16,444	73,307	18,210	61,612
Total Equity and Liabilities	8,348	23,569	27,641	104,203	29,992	96,487
LTV (%) ²	51.70%	58.30%	52.50%	41.49%	51.80%	50.17%

Comments

- ① **Investment properties:**
 - Comprise assets that SBB retains to earn rental income
- ② **Receivables from JVs:**
 - Loan from SBB to JV structures
- ③ **Liabilities to credit institutions:**
 - Current bank loans due within the next 12 months that are secured against assets
- ④ **Total equity**
 - Comprises equity attributable to A&B, D and preference shareholders
 - Only A&B shareholder are entitled to the assets & liabilities of SBB
 - Hybrids treated as 100% equity