



Samhällsbyggnadsbolaget



SAMHÄLLSBYGGNADSBOLAGET
I NORDEN AB (PUBL)

JANUARY – MARCH **2021**

Q1

Summary of period

First quarter

The quarter in brief

- Rental income was SEK 1,325m (1,341).
- Operating surplus was SEK 858m (895).
- Cash flow from operating activities before changes in working capital was SEK 389m (421).
- Profit before tax increased to SEK 3,117m (1,695), of which:
 - Profit from property management is included in the amount of SEK 615m (319). The profit from property management includes costs for early repayment of loans and other non-recurring costs of SEK -43m (-147).
 - Changes in the values of properties are included in the amount of SEK 2,333m (1,628).
 - Changes in the values of financial instruments are included in the amount of SEK 163m (-252).
- Profit for the period was SEK 2,735m (1,372) after the deduction of deferred tax of SEK -290m (-275) and current tax of SEK -92m (-48), corresponding to earnings per series A and B ordinary share of SEK 1.75 (0.94) before dilution.
- The value of the property portfolio amounted to SEK 104.7bn (80.2).
- Long-term net asset value (EPRA NRV) was SEK 41,525m (37,505), corresponding to SEK 31.23 (28.21) per share.

Significant events during the first quarter

- On 20 January, SBB announced a mandatory offer to the shareholders of Offentliga Hus. In the quarter, ownership was expanded following the approval of the Swedish Competition Authority, and as of 31 March, SBB held 73 percent of the shares in Offentliga Hus.
- In January, SBB successfully issued an unsecured bond of EUR 600m. The bond has a two-year term with right of redemption after approximately one year and bears a variable interest rate of 3 months EURIBOR plus 60 basis points.
- During the quarter, S&P Global Rating revised SBB's rating to BBB- with a positive outlook.
- At the Extraordinary General Meeting held on 23 February, a resolution was made to redeem all preference shares and to introduce a long-term incentive programme through the issue of warrants. The record date for the redemption of the preference shares was set for 23 April 2021.
- In March, SBB and Kåpan Pensioner formed a joint venture to accelerate housing construction in Stockholm and to continue fostering sustainable housing development. In connection with the formation of the joint venture, SBB sold properties and projects in progress to the joint venture. Following the transaction between SBB and Kåpan, the joint venture will have 988 apartments under management and 1,270 apartments under production.

- At the end of the quarter, SBB signed declarations of intent regarding the sale of three portfolios, primarily of public offices, at an agreed property value of approximately SEK 2bn. The agreed property value corresponds to a premium of 12 percent against book values as of 31 December 2020.

Significant events following the end of the period

- After the end of the quarter, SBB decided to bring forward payment of remuneration to the shareholders in Offentliga Hus, who accepted the offer. A decision was also made to make an issue in kind of series D shares due to the completion of the offer. As of 14 April, it was announced that SBB controls 96.9 percent of the shares in Offentliga Hus and has extended the acceptance deadline for the mandatory public offer.
- After the end of the period, the company carried out external valuation of transactions signed after the end of the quarter and agreements that will be entered into during the next 12 months. Regarding the community service properties, these transactions have an average contract duration of 33.3 years and the outcome of the valuation shows a surplus value that exceeds the acquisition value / investments by SEK 1,036m.

SEK 104.7 bn.

Property value
March 31, 2021

SEK 1.3 bn.

Rental income
January-March 2021

SEK 2.7 bn.

Profit for the period
January-March 2021

SEK 539 bn.

Cash flow from operating activities
January-March 2021

SEK 1.75 /SHARE

Earnings per share
March 31, 2021

1.26%

Average interest rate
March 31, 2021

SBB key ratios

	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Property-related key ratios			
Market value of properties, SEKm	104,736	80,235	90,185
Number of properties	1,786	1,342	1,618
Number of m ² , thousands	4,573	4,180	3,958
Surplus ratio, %	65	67	68
Yield, %	4.3	4.7	4.3
Economic letting ratio, %	93.7	94.3	93.6
Average contract length of community service properties, years	9	7	9
Financial key ratios			
Rental income, SEKm	1,325	1,341	5,121
Net operating income, SEKm	858	895	3,479
Profit for the period, SEKm	2,735	1,372	9,084
Cash flow from operating activities, SEKm ¹⁾	389	421	2,232
Equity excluding non-controlling interests, SEKm	41,681	24,167	37,244
Return on equity, %	5	4	22
Loan-to-value ratio, %	35	50	33
Secured loan-to-value ratio, %	12	17	10
Equity/assets ratio, %	42	36	43
Adjusted equity/assets ratio, %	46	40	48
Interest-coverage ratio, multiple	4.8	3.2	4.1
Share-related key ratios			
Actual net asset value (EPRA NTA), SEKm	33,520	17,821	29,724
Actual net asset value (EPRA NTA), SEK/share	25.21	14.05	22.36
Actual net asset value (EPRA NTA) after dilution, SEK/share	23.39	13.84	20.86
Long-term net asset value (EPRA NRV), SEKm	41,525	24,758	37,505
Long-term net asset value (EPRA NRV), SEK/share	31.23	19.52	28.21
Long-term net asset value (EPRA NRV) after dilution, SEK/share	28.97	19.22	26.32
EPRA Earnings (Profit from property management after tax paid), SEKm	299	82	1,638
EPRA earnings (EPS), SEK/share	0.22	0.07	1.29
EPRA earnings after dilution (EPS diluted), SEK/share	0.21	0.06	1.25
EPRA Vacancy rate	6.3	5.7	6.4
Earnings per series A and B ordinary share, SEK	1.75	0.94	6.41
Earnings per series D ordinary share, SEK	0.50	0.50	2.00
Average number of series A and B ordinary shares	1,329,482,358	1,259,332,896	1,270,977,083
Average number of series D ordinary shares	183,877,510	106,050,135	130,778,598
Average number of preference shares	30,713	30,713	30,713
Number of series A and B ordinary shares	1,329,482,358	1,268,092,596	1,329,482,358
Number of series D ordinary shares	192,724,976	106,519,951	179,881,880
Number of preference shares	30,713	30,713	30,713

1) Before change in working capital.
See all definitions and calculations on pages 39-42

Samhällsbyggnadsbolaget i Norden

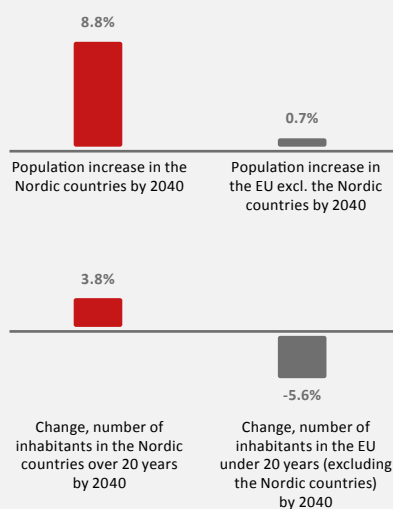
Ilija Batljan founded SBB in March 2016 with the vision of building the best Nordic property company focused on residential and community service properties. The company's strategy is to own, manage and develop residential properties in Sweden and community service properties in the Nordics over the long term. The company also aims to actively conduct project and property development to develop new social infrastructure.

SBB operates in a market with stable and strong underlying driving forces (economic development and population growth). SBB's property portfolio is characterized by a high occupancy rate and long lease contracts. Rental income consists of secure, long-term flows, primarily from Nordic central governments/municipalities/county councils and from rent-regulated residentials in Sweden. Of the company's income, 98 percent derives from community service properties in the Nordics and Swedish rent-regulated residentials – social infrastructure. Cash flows are uniquely stable with three of the Nordic central governments being among only ten sovereigns around the world to hold an AAA rating from the three leading credit rating agencies. As a whole, the property portfolio provides exposure to the Nordics' strong demographic trend, with a sharp increase in population compared with the rest of the EU.

Rental income rolling 12 months

Classification	Rental income, SEKm	Total, %
Rental apartments	846	15
Project properties, future rental residentials	64	1
Total, residential properties	910	16
Education	1,525	27
<i>Preschool</i>	464	8
<i>Primary school/upper-secondary school</i>	705	12
<i>University</i>	355	6
Elderly care	681	12
LSS	403	7
Hospitals and health centres	414	7
Central government infrastructure & Police and judiciary ¹⁾	561	10
Municipality and department properties	439	8
Public offices	453	8
Other	2	0
Project properties for future community service properties	159	3
Total, community service properties	4,636	82
Total, social infrastructure properties	5,546	98
Other	132	2
Total	5,677	100

Driving factors

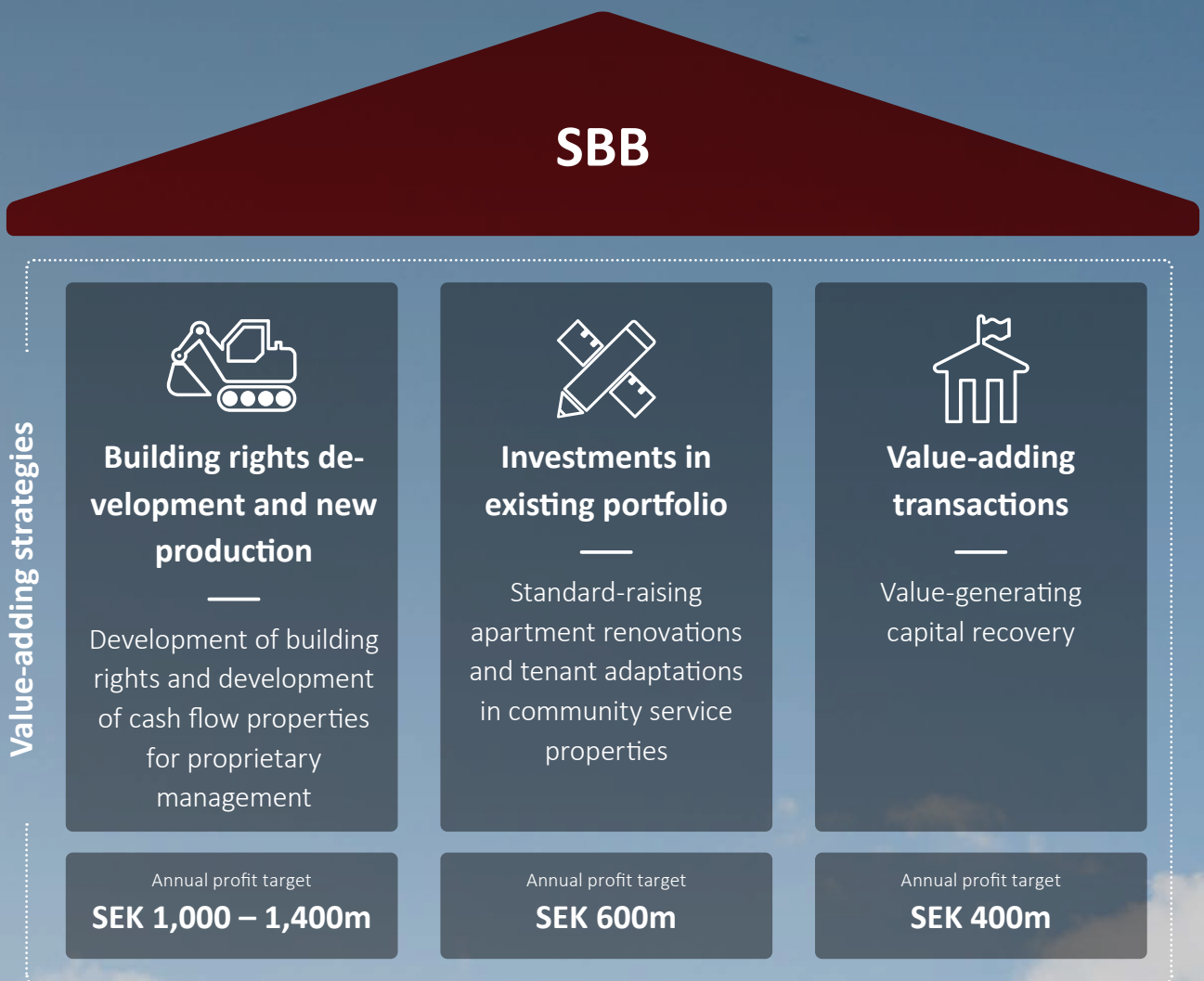


Driving factors

	Why a low risk asset?	Driving force
Rental apartments	Regulated market with sub-supply combined with social safety net and housing allowance – only 0.17 percent weak payers among the tenants in all of Sweden’s 1.5m tenancies.	<p>SBB's average value for housing Q4 2020 (SEK/m²): 16,739</p> <p>Cost new construction of residentials incl. land (SEK/m²): 41,103</p>
Education	Preschools, primary schools, upper secondary schools and universities in the Nordics are publicly funded.	<p>Change, number of inhabitants in the Nordic countries over 20 years by 2040: 3.8%</p> <p>Change, number of inhabitants in the EU under 20 years (excluding the Nordic countries) by 2040: -5.6%</p>
Elderly care	Elderly care in the Nordics is publicly funded and the number of elderly people over the age of 75 in the Nordic countries is estimated to increase by 44-66 percent by 2040.	<p>Share of GDP that public sector spends on elderly care in the Nordic countries: 2.0%</p> <p>Share of GDP that public sector spends on elderly care in the EU: 0.5%</p>
LSS	Publicly funded housing for people with special needs in a housing market characterized by structural shortages.	<p>SBB's average value for LSS properties Q4 2020 (SEK/m²): 24,855</p> <p>Cost new construction of residentials incl. land (SEK/m²): 41,103</p>
Hospitals & health care centres	In contrast to other parts of the EU/EEA, health care is predominantly publicly funded in the Nordics.	<p>Share of public healthcare funding in the Nordic countries: 79.8%</p> <p>Share of public healthcare funding in the EU: 28.5%</p>
Police and judiciary	The police force and judiciary are publicly funded. The Nordic countries currently invest less resources in relation to GDP compared with other EU countries, providing potential in pace with population growth and increasing political focus on reducing the gap towards the other EU countries.	<p>Share of GDP spent on the police and judiciary in the Nordic countries: 1.2%</p> <p>Share of GDP spent on the police and judiciary in the EU: 1.7%</p>
Central government infrastructure, ministries, town halls and public offices	Sweden, Norway and Denmark are among only ten sovereigns in the world to hold an AAA rating from all leading credit rating agencies.	

SBB's business model and how we generate value

The business model builds on managing the world's most secure assets complemented with three value-adding strategies with the potential to generate value through the development of building rights and new production, investments in the existing portfolio and value-generating transactions. Through its business model, SBB generates long-term, sustainable shareholder value through a high risk-adjusted annual return.



Vision 2030 – becoming the world's most sustainable property company by 2030

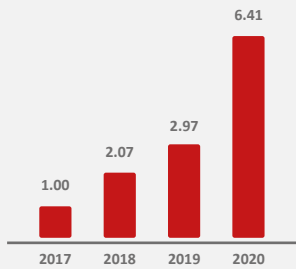
Property management

– with rental income of SEK 5.7bn, of which 98 percent derives from social infrastructure in the form of Nordic community service properties and Swedish rent-regulated residential properties

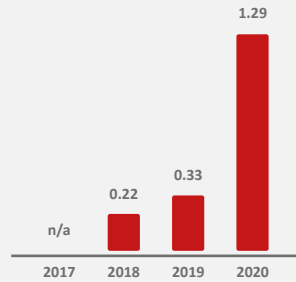
Focus on delivery

- Earnings per series A and B ordinary share have risen by 541 percent since 2017
- The dividend per series A and B ordinary share has risen by 900 percent since 2017
- Strong balance sheet: BBB- (investment grade credit rating) from S&P and Fitch (positive outlook)

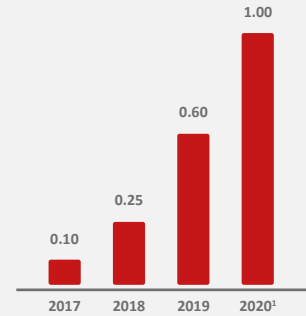
Earnings per series A and B ordinary share, SEK



EPRA earnings (EPS), SEK/share



Dividend per series A and B ordinary share, SEK

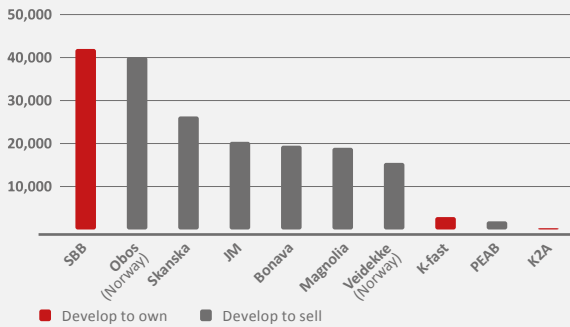


¹The Board's proposal to the 2021 Annual General Meeting

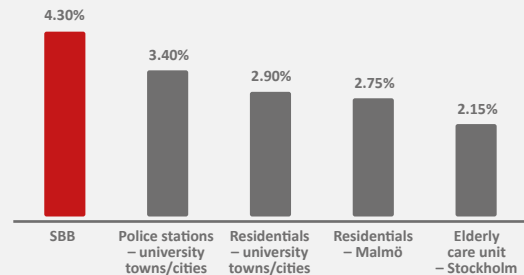
Growth potential

The largest Nordic property developers ranked by the building rights on their own balance sheets

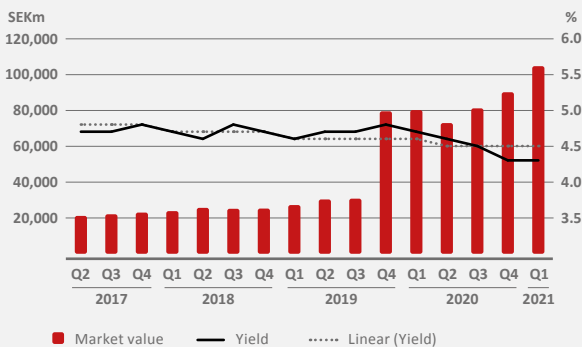
(number of apartments specified by an average area per 70 m² per apartment)



Yield – comparison of current transactions



The value of the properties (SEKm) & yield



Profit from property management – rolling 12 months (SEKm) & average contract length (years)



CEO Ilija Batljan

Samhällsbyggnadsbolaget i Norden AB (SBB)'s continues to deliver strong profits, secure cash flows and high growth. Profit after tax was SEK 2.7bn, an increase of 99 percent compared with the first quarter last year.

Adjusted for non-recurring costs for repayment of expensive loans and deductions for earnings attributable to preference shares, series D shares, hybrid bonds and minority interests, profit for the period amounted to SEK 1.91 per series A and B ordinary share. I estimate that SBB will deliver earnings per series A and B ordinary share of SEK 5.15 for full-year 2021. This is based on SBB's current earnings capacity and profit for the first quarter of 2021.

Samhällsbyggnadsbolaget i Norden AB (SBB)'s income comprises secure cash flows from property management of social infrastructure, which are supplemented with three income-generating value-adding strategies: building rights development and new production, investments in existing portfolio and value-adding transactions. Let us start by analyzing the outcome of our secure cash flows.

Profit from property management increased by SEK 296m, corresponding to 93 percent

Adjusted for non-recurring costs, profit from property management increased by 41

percent in comparison with the first quarter of 2020 to SEK 843m (596). In addition to loan-repayment costs, non-recurring costs also included costs for loan redemption (SEK 40m), restructuring costs (SEK 3m) and unrealized FX effects SEK 185m).

SBB has a very strong financial position with slightly more than SEK 80bn in unencumbered assets, strong banking relations and access to the European credit market. At the end of the quarter, SBB had cash and cash equivalents of approximately SEK 18.4bn. Access to capital is important, but it is even more important to deliver secure and strong cash flows from operations.

There are predominantly two factors contributing to the increasingly strong cash flows. One is stable net operating income. Despite a cold and snowy winter, which resulted in costs that were approximately SEK 30m higher than for a normally corrected year, not including Offentliga Hus, SBB maintained a strong margin in the first quarter of this year. The other is our financial costs, which continue to decrease. Not including

Offentliga Hus, SBB had an average consolidated interest rate of 1.17 percent at the end of the first quarter.

Our value-adding strategies continue to out-deliver.

Profit from building rights development and new production for the first quarter of 2021 amounted to SEK 507m, compared with the target of SEK 1.0-1.4bn on an annual basis. At the end of the first quarter, SBB's portfolio of building rights amounted to approximately 2,919,000 m² GFA, corresponding to approximately 42,000 apartments, which, together with a new production portfolio of 6,185 apartments, makes SBB the Nordic region's leading property developers. The new production portfolio comprised 328,492 m² of housing (corresponding to 6,185 apartments, of which 872 are currently in production and 5,313 are currently in project development) and 111,514 m² of community service properties currently in production.

|| The quality of our assets, both in terms of the security of the rental flows and of their liquidity in the transaction market, has proven to be among Europe's most secure in challenging times.



Profit from investments in the existing portfolio in the first quarter of 2021 amounted to SEK 155m, compared with the target of SEK 600m on an annual basis. In the first quarter of 2021, SBB completed renovations that improve the net operating income from 200 apartments. A further 120 apartments are currently being renovated and the leases on 167 apartments have been terminated, with renovation planned to commence within a three-month period. In addition to apartment renovations, SBB is continuously upgrading the company's portfolio of community service properties. The total volume of these projects is approximately SEK 2,780m. The yield on cost is 6.1 percent, paving the way for strong value generation over the next few years.

An important part of the company's social sustainability initiative is to contribute new elderly care units and LSS housing. The number of elderly care units to be managed in-house is set to increase sharply, with the target of doubling the total rental income from elderly care and LSS housing between 2020 and 2025, from the level of slightly more than SEK 800m to SEK 1.6bn annually. By the end of the first quarter of 2021, our income from elderly care units and LSS homes had increased to SEK 1,084m.

Key ratios for a BBB+ rating have been delivered

In the first quarter of 2021, SBB strengthened its equity by SEK 5.8bn. Despite the completion of the SEK 10bn transaction to acquire Offentliga Hus from the stock exchange, there has been a significant reduction in the loan-to-value ratio compared with last year. At the end of the period, our pro forma net debt, adjusted for cash inflows from properties that have been sold but not yet transferred, liquid financial assets and 12 months' earnings divided by total capital, in accordance with S&P's definition of the loan-to-value ratio, amounted to 48 percent. According to S&P's loan-to-value definition, our reported adjusted net debt was 51 percent at the end of the quarter, despite Offentliga Hus having been consolidated in its entirety.

On the reported key ratios, we therefore have a strong BBB rating. According to our calculations, we have, at the same time, fulfilled the key ratios most significant for a BBB+ rating. The finance policy and the Board's clearly expressed ambition regarding the rating strengthen the ambition to achieve an A- rating in the long term. The quality of our assets, both in terms of the security of the rental flows and of their liquidity in the transaction market, has proven to be among Europe's most secure in challenging times. We continue to raise our interest coverage ratio, which was 4.8 times at the end of the quarter. We have slightly more than SEK 80bn in unencumbered assets; cash balances, including liquidity from properties



Our value-adding strategies continue to out-deliver. Profit from property development for the first quarter of 2021 amounted to SEK 507m, compared with the target of SEK 1.0-1.4bn on an annual basis.

that have been sold but not yet transferred and financial assets of SEK 21bn, as well as available credit commitments of SEK 9.0bn.

Sustainability is the core of our business model

SBB's focus on being completely climate neutral by 2030 is based on holistic thinking with a focus on energy investments, life cycle investments with a focus on building in wood and reduced carbon dioxide emissions from new production in concrete, and on generating renewable energy. Energy investments are being made with the aim of halving energy consumption. Energy projects will include window replacements, heat recovery from waste-water and exhaust air, as well as additional attic insulation. In the first quarter, investments were made in energy efficiency improvements for a lettable area of 22,368 m².

More than half of SBB's new production currently in progress is built of wood. Wood is renewable, has a lower climate impact from refinement processes compared with other building materials and also has the capacity to store carbon dioxide. If forests are managed sustainably, both forests and communities can continue to grow and flourish.

SBB produces geothermal heat, builds solar cell plants to generate power and is planning for wind power. SBB has decided to set aside SEK 100m annually for installing solar cells. In the first quarter, ten solar cell plants were brought on-line in four residential areas.

In the first quarter, SBB ceased printing rent advice slips for residential tenants to reduce paper consumption and unnecessary transports. SBB now offers a modern alternative for receiving and paying rent advice slips digitally via SBB's residents' app. An updated national inventory according to TCFD (Task Force on Climate Related Financial Disclosures) was also conducted in the first quarter.

In the first quarter, SBB and Kåpan Pensioner formed a joint venture to accelerate housing construction in Stockholm and to continue fostering sustainable housing development.

Five-year anniversary

We have turned five years old. And around the same time, we became the Nordic region's second-largest listed property company with properties valued at approximately SEK 105bn on the balance sheet. The pandemic that impacted all of society hard has also affected life's smaller-scale pleasures, such as being able to celebrate together. But we will defeat this together and we will celebrate together. While we must still postpone the celebration, it is just as well that we work even harder for the time being and it occurred to me that we should celebrate when we become the Nordic region's largest listed property company. Today we are a large family with about 80,000 shareholders and some 300 employees who are located in many places in several countries. Our employees and our infrastructure form a unique investment platform that will continue to deliver strong earnings, secure cash flows and high growth.

Prospects

The demand for secure and sustainable assets will intensify in the years to come. This will benefit SBB's secure cash flows and sustainable business model. Higher inflation would probably also be beneficial for long-term cash flows secured with longer-term interest maturities.

I pointed out in the introduction that our profit for the first quarter and earnings capacity indicate that we will be able to deliver earnings per series A and B ordinary share of SEK 5.15. In accordance with our earnings capacity, profit from property management is SEK 2.55 per series A and B ordinary share, and profit per series A and B ordinary share from our value-adding strategies is SEK 1.54 of the projected earnings for 2021. SBB enjoys favourable conditions for continued strong growth in the Nordic region, at the same time as all indicators suggest that we will become a strong social infrastructure player in the European context too. All we have to do is keep working hard.

Ilija Batljan, Founder and CEO

Consolidated income statement

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Rental income	1,325	1,341	5,121
Operating costs	-303	-282	-987
Maintenance	-63	-75	-323
Property administration	-73	-56	-217
Property tax	-28	-33	-115
Net operating income	858	895	3,479
Central administration	-63	-53	-224
Acquisition and restructuring costs	-3	-32	-52
Results from associated companies/joint ventures	244	23	144
Profit before financial items	1,036	833	3,347
Profit from financial items			
Interest income and similar items	48	28	166
Interest expenses and similar items	-238	-292	-973
Expenses for redeemed loans in advance	-40	-115	-199
Translation gains/losses	-185	-130	158
Leasing costs	-6	-5	-25
Profit from property management	615	319	2,474
Changes in value, property	2,333	1,628	8,542
Dissolution of goodwill after property sales	6	0	-468
Changes in the value of financial instruments	163	-252	-207
Profit before tax	3,117	1,695	10,341
Tax for the year	-92	-48	-165
Deferred tax	-284	-965	-1,536
Dissolution of deferred tax goodwill	-6	690	444
PROFIT FOR THE PERIOD	2,735	1,372	9,084
<i>Profit for the period attributable to:</i>			
Parent Company shareholders (incl. hybrid bonds)	2,725	1,328	9,010
Non-controlling interest	10	44	74
PROFIT FOR THE PERIOD	2,735	1,372	9,084
Earnings per ordinary share A and B before dilution	1.75	0.94	6.41
Earnings per ordinary share A and B after dilution	1.75	0.93	6.41
Earnings per series D ordinary share, SEK	0.50	0.50	2.00

Consolidated statement of comprehensive income

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Profit for the period	2,735	1,372	9,084
Translation gains/losses	1,280	-966	-916
COMPREHENSIVE INCOME FOR THE PERIOD	4,015	406	8,168
<i>Comprehensive income for the period attributable to:</i>			
Parent Company shareholders (incl. hybrid bonds)	4,005	363	8,095
Non-controlling interest	10	44	73
COMPREHENSIVE INCOME FOR THE PERIOD	4,015	406	8,168

Comments on the consolidated income statement

Net operating income

Rental income for the period, amounted to SEK 1,325m (1,341). In a comparable portfolio, rental income increased by 0.2 percent compared with the corresponding period in the preceding year. Of the rental income, SEK 223m pertained to residential properties, SEK 1,036m to community service properties and SEK 66m to other properties. The economic occupancy rate at the end of the period was 93.7 percent (93.6). The average contract length for community service properties was 9 years (9).

Property costs for the period, amounted to SEK -467m (-446). They mainly consist of tariff-based costs, operating and maintenance costs, as well as property management administration.

In a comparable portfolio, costs decreased by 1.4 percent compared with the corresponding period last year. Accordingly, the net operating income for a comparable portfolio increased by 0.9 percent.

Profit after tax

In total, the period's costs for central administration amounted to SEK -63m (-53). The central administration costs include costs for business development, transactions, property development and financial management. As a result of the acquisition of Hemfosa, the company incurred non-recurring costs amounting to SEK -3m (-32) for the quarter.

Profit from associated companies and joint ventures was SEK 244m (23) for the quarter. Profit is largely attributable to Hemvist and joint venture partnerships in the Sveafastigheter Group and also the sale of Klarabo Förvaltning AB.

Net financial items for the period amounted to SEK -421m (-514). The financial costs include interest for external financing, as well as other financial costs, such as accrued arrangement fees. The financial costs include non-recurring expenses in the form of costs for early redemption of expensive loans of SEK -40m (-115). During the period, exchange rate differences of SEK -185m (-130) were reported that are attributable to the translation of loans raised in Euro to the extent that they are not matched against hedges in the form of net assets in Euro and FX derivatives.

Value changes for the properties amounted to SEK 2,333m (1,628), of which SEK 121m (-60) were realized value changes and SEK 2,212m (1,688) were unrealized value changes. Slightly more than a quarter of the changes in value are explained by transactions completed during the period, including the realized value changes that have arisen from properties sold, and about a quarter are explained by contractual rent increases. Project and property development together with succession renovations have contributed about a quarter of the change in value. This part includes SBB having succession renovated 200 apartments over the quarter, made project investments in existing portfolios such as the new production of a police station in Kiruna, as well as new construction and remodelling of a school and an elderly care unit in Haninge and an indoor bandy rink in Bollnäs. In addition to this, 373,380 m² GFA of building rights were created during the year. The remaining part of the change in value is explained by reduced return requirements attributable to increased demand for long and stable cash flows.

Profit after tax for the period amounted to SEK 2,735m (1,372). Tax on the profit for the period was SEK -382m (-323), of which SEK -92m (-48) pertained to current tax and SEK -290m (-275) pertained to deferred tax related to properties and tax-loss carryforwards. The low tax is attributable to sales of properties through sale of companies.

Segment reporting

Segment reporting

For reporting and follow-up, SBB has been divided into three segments: Residential, Community service and Other/Property Development. The division is based on the differences in the nature of the segments and on

the reporting the management obtains to follow up and analyze the business, as well as on the data obtained on which to base strategic decisions.

Financial period 01-01-2021 – 31-03-2021	Community service properties	Housing	Other properties	Total segment	Group-wide items and eliminations	Group total
Rental income	1,036	223	66	1,325	-	1,325
Property costs	-304	-128	-35	-467	-	-467
Net operating income	732	95	31	858	-	858
Central administration	-	-	-	-	-63	-63
Acquisition and restructuring costs	-	-	-	-	-3	-3
Results from associated companies/joint ventures	-	-	-	-	244	244
Profit before financial items	732	95	31	858	178	1,036
Interest income and similar items	-	-	-	-	48	48
Interest expenses and similar items	-	-	-	-	-469	-469
Profit from property management	732	95	31	858	-243	615
Changes in value of investment properties	2,172	165	-4	2,333	-	2,333
Resolution of goodwill on property sales	-	-	-	-	6	6
Changes in value, derivatives	-	-	-	-	163	163
Profit before tax	2,904	260	27	3,191	-74	3,117
Tax	-	-	-	-	-382	-382
Profit for the period	2,904	260	27	3,191	-456	2,735
Investment properties (SEKm)	80,298	17,536	6,902	104,736	-	104,736
Investments (SEKm)	325	431	98	854	-	854
Value per m ² (SEK)	24,221	21,363	15,804	22,904	-	22,904
Surplus ratio (%)	71	43	47	65	-	65

Financial period 01-01-2020 – 31-03-2020	Community service properties	Housing	Other properties	Total segment	Group-wide items and eliminations	Group total
Rental income	1,020	220	101	1,341	-	1,341
Property costs	-274	-127	-45	-446	-	-446
Net operating income	746	93	56	895	-	895
Central administration	-	-	-	-	-53	-53
Acquisition and restructuring costs	-	-	-	-	-32	-32
Results from associated companies/joint ventures	-	-	-	-	23	23
Profit before financial items	746	93	56	895	-62	833
Interest income and similar items	-	-	-	-	28	28
Interest expenses and similar items	-	-	-	-	-542	-542
Profit from property management	746	93	56	895	-576	319
Changes in value of investment properties	1,416	127	85	1,628	-	1,628
Changes in value, derivatives	-	-	-	-	-252	-252
Profit before tax	2,162	220	141	2,523	-828	1,695
Tax	-	-	-	-	-323	-323
Profit for the period	2,162	220	141	2,523	-1,151	1,372
Investment properties (SEKm)	61,539	13,511	5,185	80,235	-	80,235
Investments (SEKm)	187	143	50	380	-	380
Value per m ² (SEK)	20,706	15,888	14,438	19,188	-	19,188
Surplus ratio (%)	73	42	55	67	-	67

Consolidated balance sheet

Amount in SEK, millions	31-03-2021	31-03-2020	31-12-2020
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	6,325	6,691	6,319
Total intangible assets	6,325	6,691	6,319
Tangible assets			
Investment properties	104,736	80,235	90,185
Land lease agreements	596	450	614
Equipment, machinery and installations	26	21	22
Total tangible fixed assets	105,358	80,706	90,821
Financial fixed assets			
Participations in associated companies/joint ventures	2,261	1,124	2,867
Receivables from associated companies/joint ventures	927	1,191	827
Derivatives	223	36	129
Financial fixed assets at fair value	1,137	1,275	1,138
Other long-term receivables	293	23	-
Total financial fixed asset	4,841	3,649	4,960
Total fixed assets	116,524	91,046	102,100
Current assets			
Current receivables			
Accounts receivable	61	40	91
Other receivables	1,536	1,290	2,398
Prepaid expenses and accrued income	370	233	243
Total current receivables	1,967	1,563	2,732
Cash and cash equivalents	18,407	3,878	15,399
Total current assets	20,374	5,441	18,131
TOTAL ASSETS	136,898	96,487	120,231

Comments

Investment properties

As of 31 March 2021, the value of the properties amounted to SEK 104.7bn. The value of the property portfolio has been based on external valuations made by Newsec, JLL, Savills, Cushman & Wakefield and Colliers. The valuations have been based on an analysis of future cash flows for each property, taking into account the current lease terms, market situation, rental levels, operating, maintenance and management administration costs and investment needs. The yield requirements used in the valuation are in the range of 2.45 percent to 17.0 percent, with an average return requirement of 5.01 percent (5.05). The value of the properties includes SEK 3,852m for building rights that have been valued through the application of the local price method, which means that the assessment of the value is based on comparisons of prices for similar building rights. Fair value has thus been assessed in accordance with IFRS 13 level 3. See further on investment properties on pages 17-24.

Sensitivity analysis

The property valuations are made according to accepted principles based on certain assumptions. The table below presents how the value has been impacted by a change in certain parameters assumed for the valuation. The table provides a simplified illustration as a single parameter is unlikely to change in isolation.

	Change	Value impact
Rental value	+/- 5%	SEK 4,536m / SEK -4,545m
Discount rate	+/- 0.25%	SEK -3,456m / SEK 3,529m
Direct return requirements	+/- 0.25%	SEK -3,335m / SEK 3,700m

Property portfolio change

Opening fair value 01-01-2021	90,185
Acquisitions	12,244
Investments	854
Sales	-2,245
Translation differences	1,486
Unrealized value changes	2,212
Fair value at end of period	104,736

Associated companies and joint ventures

SBB's engagement in associated companies and joint ventures consists partly of a holding in the companies and in some cases financing to the companies. As of 31 March 2021, participations in associated companies and joint ventures amounted to SEK 2,261m (2,867) and receivables from associated companies and joint ventures amounted to SEK 927m (827). Some of the companies conduct property development projects, while other companies own investment properties. The largest holdings consist of the companies Hemvist, Genova Holding 25 AB and Offentlig Eiendom AS.

Goodwill

The goodwill item of SEK 6,325m (6,319) is largely attributable to the acquisition of Hemfosa and consists mainly of synergy effects in the form of reduced financing and administration costs. In addition, there is a reported goodwill attributable to the difference between nominal tax and the deferred tax that is calculated on the acquisition of properties in company format that must be reported among "business combinations", as the acquisitions of Hemfosa and Sveafastigheter are considered to be. For reported goodwill of SEK 2,044m, a corresponding amount is recognized under the item deferred tax.

Cash and cash equivalents

At the end of the period, cash amounted to SEK 12,415m (13,606) and cash equivalents, pertained to shares in listed companies, amounted to SEK 5,992m (1,793). Cash equivalents have previously been reported in the item financial fixed assets at fair value. Previous periods have been adapted to the current way of reporting.

Consolidated balance sheet

Amount in SEK, millions	31-03-2021	31-03-2020	31-12-2020
EQUITY AND LIABILITIES			
Equity	57,886	34,875	52,136
Long-term liabilities			
Liabilities to credit institutions	13,553	14,473	11,995
Bond loans	42,665	32,493	34,663
Derivatives	41	64	267
Deferred tax liabilities	7,546	6,288	7,172
Leasing liabilities	596	450	614
Other long-term liabilities	610	40	1,020
Total long-term liabilities	65,011	53,808	55,731
Current liabilities			
Liabilities to credit institutions	2,633	709	69
Commercial papers	4,914	4,268	5,418
Bond loans	3,082	282	3,121
Accounts payable	151	136	117
Current tax liabilities	253	173	166
Other liabilities	1,466	767	2,098
Accrued expenses and prepaid income	1,503	1,469	1,375
Total current liabilities	14,001	7,804	12,364
TOTAL EQUITY AND LIABILITIES	136,898	96,487	120,231

Comments

Deferred tax

In Sweden, deferred tax is calculated at a nominal tax rate of 20.6 percent on differences between the reported and tax value of assets and liabilities. In Norway and Denmark, the corresponding tax rate is 22.0 percent and in Finland, it is 20.0 percent. As of 31 March 2021, the deferred tax liability amounted to SEK 7,546m (7,172) and is largely attributable to investment properties and tax-loss carryforwards. As of 31 March 2021, the tax-loss carryforwards amounted to SEK 3.0bn.

Interest-bearing liabilities

At the end of the period, interest-bearing liabilities in the Group amounted to SEK 66,846m (55,265), of which SEK 16,185m (12,064) pertained to liabilities to credit institutions, SEK 45,747m (37,783) pertained to bond loans and SEK 4,914m (5,418) pertained to commercial papers. See further under the section Financing on page 25.

Consolidated changes in equity

Amount in SEK, millions

	Equity attributable to Parent Company's shareholders								Total equity
	Share capital	Other contributed capital	Reserves ¹⁾	Retained earnings	Total	Hybrid bonds	Other reserves ¹⁾	Holding without controlling influence	
Total equity 01-01-2020	134	17,658	100	6,412	24,304	4,676	-45	1,961	30,896
Profit for the period	-	-	-	1,238	1,238	90	-	44	1,372
Other comprehensive income	-	-	-1,372	-	-1,372	-	406	-	-966
Comprehensive income for the period	-	-	-1,372	1,238	-134	90	406	44	406
Share issue	3	746	-	-	749	-	-	-	749
Issue hybrid bonds	-	-	-	-	-	5,314	-	-	5,314
Issue costs	-	-26	-	-	-26	-33	-	-	-59
Tax, issue costs	-	5	-	-	5	25	-	-	31
Dividend	-	-	-	-1	-1	-90	-	0	-91
Redeemed minority interests	-	-	-	-731	-731	-	-	-1,640	-2,371
Total equity 31-03-2020	137	18,383	-1,272	6,918	24,167	9,982	361	365	34,875
Profit for the period	-	-	-	7,440	7,440	242	-	30	7,712
Other comprehensive income	-	-	1,027	-	1,027	-	-977	-	50
Comprehensive income for the period	-	-	1,027	7,440	8,467	242	-977	30	7,762
Share issue	13	3,595	-	-	3,608	-	-	-	3,608
Issue hybrid bonds	-	-	-	-	-	5,113	-	-	5,113
Issue mandatory convertible bonds	-	2,220	-	-	2,220	-	-	-	2,220
Issue costs	-	-121	-	-	-121	-61	-	-	-182
Tax, issue costs	-	25	-	-	25	63	-	-	87
Dividend	-	-	-	-1,120	-1,120	-242	-	0	-1,362
Acquired minority interests	-	-	-	-	-	-	-	16	16
Redeemed minority interests	-	-	-	-1	-1	-	-	0	-1
Total equity 31-12-2020	150	24,102	-245	13,237	37,244	15,097	-616	411	52,136
Total equity 01-01-2021	150	24,102	-245	13,237	37,244	15,097	-616	411	52,136
Profit for the period	-	-	-	2,608	2,608	117	-	10	2,735
Other comprehensive income	-	-	1,462	-	1,462	-	-182 ²⁾	-	1,280
Comprehensive income for the period	-	-	1,462	2,608	4,070	117	-182	10	4,015
Share issue	2	392	-	-	394	-	-	-	394
Acquired hybrid bond	-	-	-	-	-	409	-	-	409
Issue costs	-	-5	-	-	-5	-12	-	-	-12
Tax, issue costs	-	1	-	-	1	26	-	-	27
Dividend	-	-	-	-29	-29	-117	-	-	-146
Acquired minority interests	-	-	-	-	-	-	-	1,063	1,063
Total equity 31-03-2021	152	24,495	1,217	15,816	41,680	15,520	-798	1,484	57,886

1) Reserves consist of hedge accounting and translation differences.

2) The amount refers to translation differences regarding hybrid loans of SEK -182m (-570) and non-controlling interests of SEK -m (-1).

Comments

As of 31 March 2021, equity amounted to SEK 57,886m (52,136). The equity includes issued hybrid bonds with a book value of SEK 15,520m, mandatory convertible subordinate notes for SEK 2,220m and preference shares in the Norwegian subsidiary Nye Barcode 121 Bidco AS and a minority holding in Hemfosa Fastigheter AB (publ) and Offentliga Hus AB (publ), as SBB does not hold all of the shares in those companies. During the period, SBB carried out issues of series D ordinary shares for SEK 394m costs that were used as consideration for the acquisition of shares in Offentliga Hus.

Translation differences in the translation of net assets in subsidiaries in Norway, Finland and Denmark from local currency to SEK amounted to SEK 1,280m (-916) of the change in equity during the period. The effect is mainly explained by the positive development of the Norwegian krona and the euro against the Swedish krona during the period.

The equity ratio was 42 percent (43), the adjusted equity ratio was 46 percent (48) and the loan-to-value ratio was 35 percent (33).

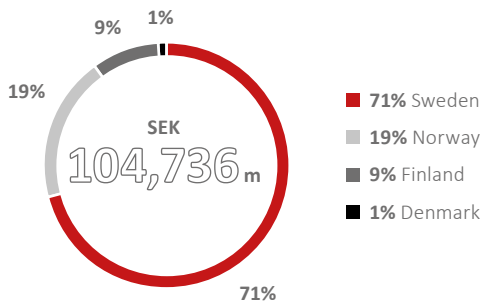
Consolidated cash flow statement

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Operating activities			
Profit from property management	615	319	2,474
<i>Adjustment for non-cash flow items</i>			
Depreciation	2	1	2
Results from associated companies/joint ventures	-244	-23	-144
Net interest income	421	514	873
Interest paid	-381	-369	-958
Interest received	68	27	150
Paid tax	-92	-48	-165
Cash flow from operating activities before changes in working capital	389	421	2,232
Cash flow from changes in working capital			
Increase (-)/Decrease (+) of operating receivables	1 006	-558	-1,720
Increase (+)/Decrease (-) of operating liabilities	-114	-8,018	-7,513
Cash flow from operating activities	1,281	-8,155	-7,001
Investment activities			
Investments in properties	-12,704	-1,458	-14,016
Property sales	2,360	1,631	12,903
Investments/divestments in equipment, machinery and installations	-6	-1	-3
Investments in associated companies/joint ventures	479	-231	-1,611
Investments in intangible fixed assets	-6	-4	-84
Change in receivables from associated companies/joint ventures	-95	-57	307
Change in financial assets	-4,046	-82	-1,323
Change in other long-term receivables	-239	1	44
Cash flow from investing activities	-14,258	-201	-3,782
Financing activities			
Share issue	-	723	665
Issue hybrid bonds	-12	5,281	10,333
Issue mandatory convertible bonds	-	-	2,148
Acquired hybrid bonds	409	-	-
Dividend paid	-332	-59	-853
Acquired minority interests	1,063	-	16
Redeemed minority interests	-	-2,371	-1,623
Borrowings	17,042	9,501	34,693
Repayment of loans	-6,044	-13,662	-34,878
Change in other long-term liabilities	-388	-94	1,052
Cash flow from financing activities	11,738	-681	11,554
Cash flow for the period	-1,239	-9,037	770
Cash and cash equivalents at the beginning of the period	13,606	12,858	12,858
Exchange rate change in cash and cash equivalents	48	-1	-22
Cash and cash equivalents at the end of the period	12,415	3,820	13,606

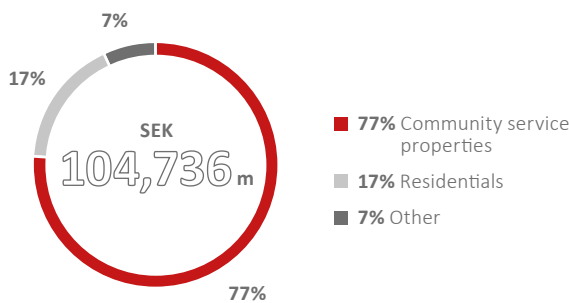
Property portfolio

SBB's core holdings are community service properties in the Nordics that, together with regulated residentials in Sweden, form the social infrastructure of the region. The combination of community service properties in the Nordics and rent-regulated residentials in Sweden is unique among listed companies in the Nordics. SBB's properties are among the most secure investments available, offering high, risk-adjusted returns. As of 31 March 2021, the number of properties amounted to 1,786 (1,618).

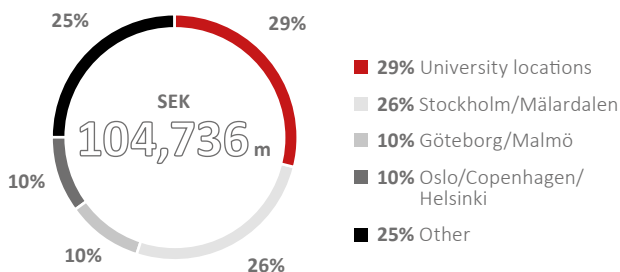
Property value, by country



Property value per segment



Property value per region



Of the company's income, 98 percent derives from community service properties in the Nordics and Swedish rent-regulated residentials.

Property value by geography

SEK 19.9 bn

Property value
NORWAY

SEK 9.0 bn

Property value
FINLAND

SEK 74.8 bn

Property value
SWEDEN

SEK 1.0 bn

Property value
DENMARK

75% 98%

Located in metropolitan regions and university locations

Social infrastructure

The community service property portfolio

Largest tenants, community service property portfolio

Tenant	Rental income	% of total
Swedish Central Government	696	15.0
Norwegian Central Government	328	7.1
Læringsverkstedet AS	274	5.9
Academedia	140	3.0
Norwegian National Association for Heart and Lung Diseases	132	2.9
Municipality of Härnösand	132	2.8
Finnish central government	101	2.2
Ambea	96	2.1
Attendo	92	2.0
Humana	72	1.6
Esperi Oy	72	1.6
Region Västra Götaland	60	1.3
Municipality of Boden	55	1.2
International English School	54	1.2
Karlskrona Municipality	52	1.1
Municipality of Haninge	51	1.1
Municipality of Strängnäs	47	1.0
Region Dalarna	47	1.0
Municipality of Linköping	45	1.0
Kunskapsskolan i Sverige AB	42	0.9
Total 20 largest tenants	2,589	55.9
Others	2,047	44.1
Total rental income	4,636	100.0

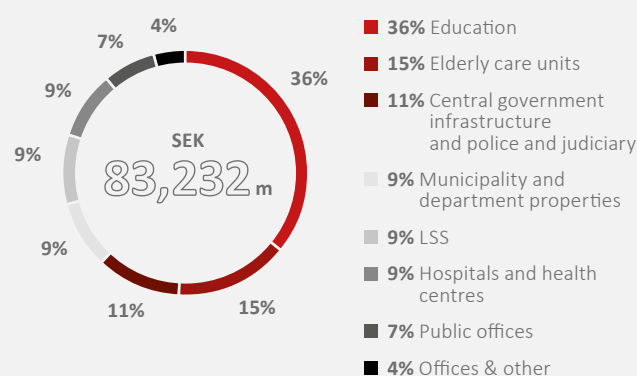
Rental income from community service properties by area of use

Use	Rental income	% of total
Education	1,525	32.9
Elderly care	681	14.7
LSS	403	8.7
Central government infrastructure and police and judiciary	561	12.1
Municipality and department properties	439	9.5
Hospitals and health centres	414	8.9
Public offices	453	9.8
Building rights for future community service properties	159	3.4
Offices & other	2	0.0
Total	4,636	100.0

Lease duration, community service properties



Community service properties by area of use

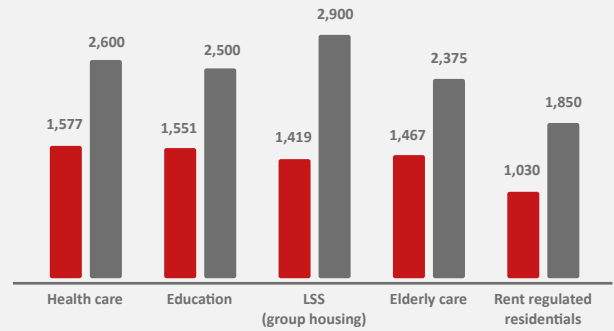


Supply and demand for social infrastructure

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

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

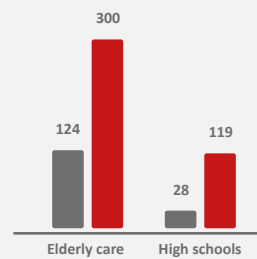
Rent per m² for new production, compared with SBB's existing portfolio of community service properties



■ SBB
■ New production

Source: SALAR

Planned and needed community service properties



■ Number of planned units (2019–2022)
■ Number of units needed (2019–2022)

Source: Newsec

Three value-adding strategies deliver additional income and growth

Besides working with traditional property management, SBB conducts three additional value-generating activities on a recurring basis:

1. Building rights development and new production Profit target of SEK 1,000m – SEK 1,400m annually *Outcome Q1 2021 – SEK 507m*

2. Investments in existing portfolio Profit target of SEK 600m annually *Outcome Q1 2021 – SEK 155m*

3. Value-adding transactions Profit target of SEK 400m annually *Outcome Q1 2021 – SEK 14,5 bn in transaction volume*



1. Building rights development and new production

Operational targets – Building rights development and new production

Building rights development and new production shall generate an average annual profit of SEK 1,000m – SEK 1,400m over a business cycle¹⁾

- The number of apartments in the building rights portfolio shall amount to 20,000
- The number of apartments under project development shall amount to 5,000

- Profit from new production projects shall amount to SEK 5,000 – 10,000 per m²
- Profit from building rights development shall amount to SEK 4,000 – SEK 5,000 per m²

SBB generates value through extensive development of building rights. Establishing new building rights ensures a project portfolio that is sustainable over the long term, a stable production rate and opportunities for profitable building rights sales. As of 31 March 2021,

SBB's portfolio of building rights amounted to approximately 2,919,000 m² GFA, corresponding to approximately 42,000 apartments.

As of 31 March 2021, the new production portfolio comprised 328,492 m² of residentials (corresponding to 6,185 apartments, of which 872 are currently in production and 5,313 are currently in project development) and 111,514 m² of community service properties currently in production

SBB generates value throughout the value chain



- Creation of new building rights by actively pursuing planning processes
- Contributing to a strong project portfolio for in-house management and additional income through sales of building rights

- Projects for which a municipal decision on land allocation has been made or an acquisition agreement has been signed regarding non-proprietary land
- Projects for which planning has been initiated for proprietary land

- New construction projects having entered production and for which a planning permission has been granted and a construction contract has been signed

The portfolio in brief

872 Apartments under production

111,514 m² community service properties under production

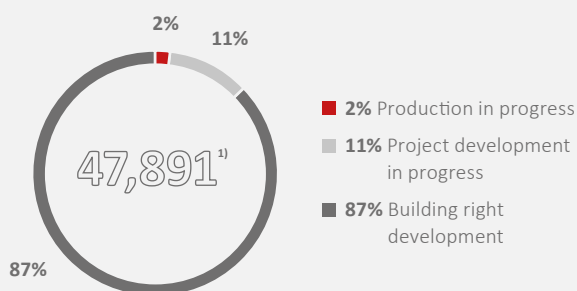
5,313 Apartments under active project development

373,380 Building rights established during the period (m² GFA)²⁾

1) Profit from building rights development and new production is calculated as the sum of profit from new production (calculated as the change in market value of properties with projects of more than SEK 10m during the period less the period's investments) and profit from the development of building rights (the change in the value of the building rights portfolio adjusted for investments and sales of building rights)

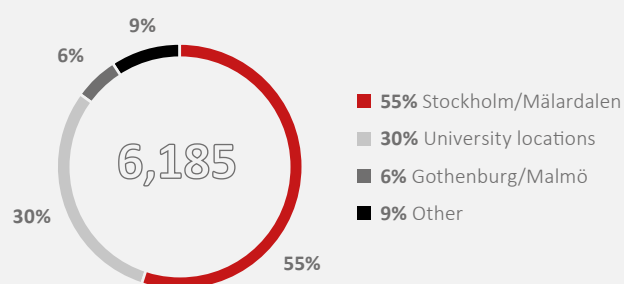
2) Established volume includes the progression in volume of building rights at Phase 3: With planning notice and Phase 4: Legally valid detailed development plan with adjustment for acquisitions and sales

Portfolio per stage (number of apartments)



1) Refers to 47,891 apartments in building rights development and the project portfolio.

Project portfolio by geography (number of apartments)



New production portfolio

Currently under production (excluding joint venture collaborations)

	Apartments (number)	Rental area (m ²)	Net operating income (SEKm)	Net operating income (SEK/m ²)	Assessed investment (SEKm)	Proportion rental apartments ¹⁾ (%)	Proportion of community service properties ¹⁾ (%)	Yield on cost (%)	Worked up (SEKm)	Book value (SEKm)
Projects developed in-house	718	85,896	134	1,566	2,420	37%	63%	5.6%	641	1,371
Acquired projects ²⁾	154	55,600	102	1,834	2,260	8%	92%	4.5%	34	162
Total	872	141,496	236	1,671	4,680	23%	77%	5.1%	675	1,533

By geography

Stockholm/Mälardalen	180	28,791	58	2,029	1,110	33%	67%	5.3%	376	642
University locations	347	59,234	105	1,778	2,142	25%	75%	4.9%	121	551
Gothenburg/Malmö	289	32,669	51	1,554	1,081	12%	88%	4.7%	130	247
Other	56	20,802	22	1,056	347	15%	85%	6.3%	47	93
Total	872	141,496	236	1,671	4,680	23%	77%	5.1%	675	1,533

Project development in progress (excluding joint venture collaborations)

	Apartments (number)	Rental area (m)	Net operating income (SEKm)	Net operating income (SEK/m ²)	Assessed investment (SEKm)	Proportion rental apartments ¹⁾ (%)	Proportion of community service properties ¹⁾ (%)	Yield on cost (%)	Developed (SEKm)	Book value (SEKm)
Stockholm/Mälardalen	3,217	187,237	359	1,918	7,246	100%	0%	5.0%	92	1,776
University locations	1,491	89,944	143	1,587	2,828	89%	11%	5.0%	1	203
Gothenburg/Malmö	80	3,462	6	1,835	111	100%	0%	5.7%	0	0
Other	525	39,215	69	1,755	1,272	65%	35%	5.4%	7	268
Total	5,313	319,858	577	1,804	11,456	93%	7%	5.0%	100	2,247

1) The proportion of rental apartments and the proportion of community service properties is calculated based on the estimated investment

2) Refers to projects where SBB is not responsible for project implementation

Definitions

Production in progress – new construction projects that have entered production, where a building permit has been granted and a contracting agreement has been signed

Project development in progress – projects for which land allocations and/or building permits have yet to be granted but for which a decision on land allocation has been made or an acquisition agreement has been signed regarding non-proprietary land, and projects on proprietary land for which the design and planning process has been initiated

Information on the project portfolio is based on assessments of the size, focus and scope of the projects. The information also builds on assessments of future project costs and rental value. Such assessments and assumptions should not be seen as a forecast. Assessments and assumptions involve uncertainties regarding the implementation, design and size, schedules, project costs and future rental value of the projects. Data on the project portfolio are reviewed regularly and assessments and assumptions are adjusted as a result of projects in progress being completed, of new projects being added, or of conditions changing.

Joint ventures

SBB's share of profit in agreed joint venture collaborations is estimated at approximately SEK 2.3bn. Examples of joint venture partners are HSB, Magnolia and K2A.

	Investment (SEKm)	Lettable area (m ²)	Estimated value upon completion (SEKm)	Share of SBB (%)	Assessed result SBB (SEKm)
HR and BR projects	20,616	486,477	24,892	48%	2,034
Community service properties	1,882	50,400	2,377	50%	247
Total joint venture collaborations	22,499	536,877	27,269		2,282

Development of building rights

SBB divides the development process into four phases: Project concept (phase 1), Pre-planning approval (phase 2), With planning approval (phase 3) and – Legally enforceable detailed planing (phase 4). SBB's building rights projects are listed below according to their phase of development.

Planning phase	Planning process						GFA building rights (m ²)	External valuation (SEKm)	per m ² (SEK)
	Internal planning decision	Application for planning notice	Positive planning notice	Adoption	Legal force				
Phase 1 – Project concepts	✓					939,771	788	838	
Phase 2 – Ahead of a planning decision	✓	✓				176,845	115	648	
Phase 3 – With planning notice	✓	✓	✓			898,224	1,687	1,878	
Phase 4 – Detailed plan having gained legal force	✓	✓	✓	✓	✓	904,584	1,238	1,369	
Total						2,919,424	3,828	1,311	
Sales status					GFA building rights (m ²)		Value (SEKm)	per m ² (SEK)	
Building rights sold but yet to be relinquished					398,660		1,366	3,425	
Unsold building rights (assessed value based on previous sales)					2,520,764		8,823	3,500	
Total					2,919,424		10,188	3,490	

Projects completed during 2020

High-tech meets no-tech in Midsommarkransen



Flora, Stockholm

Flora is a residential building designed by Belatchew Arkitekter at the heart of one of Stockholm's hottest districts, Midsommarkransen. Welcoming outdoor seating is provided at a street-level vegan café.

The facade has been clad in wood and the roof in sedum and herbs, re-establishing the building's green imprint on the site. The apartments are airy and bright thanks to the numerous light inlets and high ceilings. All of the apartments have French balconies. The apartments facing the courtyard have large balconies facing south and the apartments highest up in the property have terraces extending along the entire facade.

number of apartments: 37

Average size: 49 m²

Architect: Belatchew Arkitekter

Car-free accommodation in Uppsala



Cykelkungen, Uppsala

Situated on the Östra Sala hill is Cykelkungen – a unique building advancing development in mobility solutions. Cykelkungen offers zero parking spaces but does have both bicycle parking areas and a workshop with bicycle pumps and opportunities for storing bicycle tires. To facilitate shopping and other errands, electric cargo bicycles can be borrowed through a bicycle pool.

The 99 rental apartments constituting Cykelkungen are of varied design and character. The ground floor duplex apartments have the feel of terraced houses, while the upper-level attic apartments offer fine views.

Number of apartments: 99

Average size: 61 m²

Architect: Cord Siegel Arkitekter

Sustainability and community in Västerås



Hydran, Västerås

In Öster Mälarstrand, 96 sustainable sheltered housing apartments have been built in a location with services nearby and where social inclusion is in focus. The ground floor contains a common area, with a kitchen and other shared spaces in which residents can participate in various shared activities. These are coordinated by the facility's host.

Hydran is Sweden's first multi-household dwelling to be constructed as an energy-positive building that uses district heating rather than geothermal heating. By generating energy through solar cells and saving surplus heat, the building produces more energy than it consumes.

Number of apartments: 96

Average size: 44 m²

Architect: 4 arkitektur & form



2. Investments in existing portfolio

Investments in the existing portfolio involve renovations that increase the net operating income of residential apartments (with a target of 600 renovated apartments annually) and upgrades of the company's community service properties.

In the first quarter of 2021, SBB completed renovations that improve the net operating income from 200 apartments. A further 120 apartments are currently being renovated and the leases on 167 apartments have been termi-

nated, with renovation planned to commence within a three-month period.

In addition to apartment renovations, SBB is continuously upgrading the company's portfolio of community service properties. The total volume of these projects is approximately SEK 2,780m, as detailed in the table below.

Examples of remodelling and extension projects in progress include the remodelling of premises as a school and elderly care unit for the Municipality of Haninge with a new 20-year

lease, and the remodelling and extension of the West Helsinki police station, for which the entire rental contract is being extended by a further ten years.

The profit from property upgrades in the first quarter of 2021 amounts to SEK 155m. The profit is calculated as changes in value linked to investments in upgrades during the period less the investments made.

	WAULT (years)	Investment (SEKm)	Lettable area (m ²)	Developed as per 31 March 2021 (SEKm)	Net operating income (SEKm)	Yield on cost (%)
Investments excluding succession renovations	15	2,780	209,936	1,928	171	6.1%



3. Value-adding transactions

SBB's principal focus is always generating value from the existing portfolio while also building significant shareholder value by recovering capital when fully developed properties and/or non-core properties are sold. SBB continuously assesses the portfolio to identify potential and focus resources on the properties offering the greatest potential. SBB continuously works to sell properties assessed as fully developed or not assessed to be core holdings. Selling such properties entails capital being recovered and resources being freed up to facilitate additional attractive acquisitions whereby the quality of the portfolio is gradually raised. Given the extensive local presence, SBB can be an efficient

buyer and seller of both individual properties and portfolios. No business is too small or too big for SBB.

The company's history of property transactions has made it a market leader in the Nordic region and the preferred buyer among both public and private sector vendors, primarily because of SBB's superior professionalism, capacity to execute transactions quickly and high degree of credibility and integrity in the business relationship. The company has a history of acquiring properties with AAA cash flows and untapped potential value. Combined with a pipeline of acquisitions and sales, this allows the company to constantly recover

capital to generate benefit for shareholders. During the first quarter of 2021, the company conducted property transactions for a total of SEK 14,5 bn.

In this value-generating area, the company is also able to seize upon opportunities to make investments with a shorter investment horizon where these are deemed to generate shareholder benefit, and include investments in equities and/or debt instruments. During the quarter, for example, financial investments were made in the form of acquisitions of 20.6 percent of the shares in residential property company Heba and 5 percent of the shares in the Norwegian property company Entra.

Timeline transactions Jan – Mar 2021



Financing

Financing key figures

35%

Loan-to-value ratio

1.26%

Average interest

12%

Secured loan-to-value ratio

BBB-

Positive outlook (S&P)

BBB-

Positive outlook (Fitch)



Significant macroevents in the first quarter of 2021

The first quarter of 2021 was marked by uncertainty about the effectiveness of the vaccines developed to prevent Covid-19 and the increased tax expenditures in the US. Another USD 4 trillion has been earmarked to combat the economic consequences of Covid-19 and to improve the country's infrastructure. In Europe, too, monetary resources have been earmarked for improving the economic situation, leading to increased expectations of inflation, which has had an impact on the fixed income market. A ten-year US government bond was up by about 85 basis points in the first quarter. Europe and Sweden have tracked the interest rate movements and Sweden in particular has to some extent tracked the US more than we have for a long time.

Interest rate and credit market

The increase in interest rates in Europe and Sweden has been partly balanced by the fact that credit margins in the bond market have continued to improve from the high levels that prevailed during the second and third quarters of 2020. The index for the Eurobond market fell two basis points and reached its lowest level in three years during the first quarter. One consequence of higher interest rates is that issuers have, to a lesser extent, issued bonds with longer maturities. In January 2021, SBB issued a two-year bond on the EUR market, maturing in 2023. In the Swedish fixed income market, the Riksbank continues to support a monetary policy with lower interest rates. The interest rate has remained at 0 but the Riksbank signals that it could be lowered if the inflation outlook changes. Stibor 3 months has been stable, fluctuating between -5.5 and -1.5 basis points. Longer swap rates rose rapidly, driven to a great extent by more positive signals of recovery, as well as by stimulus packages and vaccinations in the US. A 5-year swap rate in SEK rose by about 20 basis points during while the movement for ten-year maturities was about 40 basis points. That is, a higher and steeper curve. In recent weeks, interest rates have fallen somewhat, because there is some uncertainty about the roll-out of vaccines and lower US interest rates. The Swedish credit market started the year strongly with lower credit spreads when many loans were being renegotiated. Credit spreads for property companies have developed among the strongest. This reflects the issues that have been implemented, with SBB and other property companies having issued securities at

attractive levels. The volumes issued are back at the record levels from 2019 after falling back slightly in 2020.

ESG bonds are a continuing growing trend. In Europe, the property sector issued ESG bonds for EUR 5.75bn during the quarter. This is an increase of 246 percent compared with the first quarter of 2020. The markedly increased demand for these bonds, which were, for the most part, priced at lower margins than ordinary bonds, has helped to establish ESG in the bond market, as well as the entire process for issuers, such as SBB.

On 26 January 2021, SBB successfully issued its second social bond of SEK 1.0bn maturing in July 2023. Bond XS2290558282 is a floating rate bond with a margin of 0.80 basis points. The proceeds of the issue have been used to finance permitted social assets in accordance with SBB's framework for sustainable financing. Shortly afterwards, an unsecured bond of EUR 600m was issued with a maturity of two years. Bond XS2293906199 is a Euro FRN with a margin of 0.065 (all in) basis points. The issue proceeds will be used for general business purposes.

SBB has continued its strategy of repurchasing bonds issued at high interest rates and redeeming expensive bank loans. In total, bonds of SEK 1,160m have been repurchased during the quarter.

Significant events after the period

SBB has announced that it will repay secured bank loans of SEK 3bn linked to the acquisition of Offentliga Hus. By repaying these loans, the company cuts its financial costs by SEK 30m on a 12-month rolling basis (all else being equal). At the same time, the repayment contributes to SBB's quota of non-pledged assets increasing to more than three times.

Interest-bearing liabilities

SBB's strategy is to maintain a low level of financial risk. The loan-to-value ratio shall be less than 50 percent, the interest coverage ratio shall exceed a multiple of 3.0 and the secured loan-to-value ratio shall be less than 30 percent. The loan-to-value ratio was 35 percent (33) and the secured loan-to-value ratio was 12 percent (10). The interest coverage ratio was a multiple of 4.8 (3.2). At the end of the period, the fair value of interest-bearing liabilities and other financial instruments was deemed to correspond to the carrying amount.

At the end of the period, interest-bearing liabilities amounted to SEK 66,846m (55,265) of which SEK 16,185m (12,064) pertained to liabilities to credit institutions, SEK 45,747m (37,783) pertained to bond loans and SEK 4,914m (5,418) pertained to commercial papers. Loans from credit institutions are normally secured through property mortgages. Issues of bonds and commercial papers are not normally secured. SBB has a secured bond (NO963342624) of SEK 466m maturing in December 2021.

SBB has continued to work actively to lower the interest rate on its interest-bearing liabilities. The average interest rate on the interest-bearing liabilities at the end of the period was 1.26 percent (1.31) including the Offentliga Hus debt portfolio, excluding this, the average interest rate was 1.17 percent. SBB's exposure to variable interest rates is insignificant (7.3 percent) and covered by existing cash balances. The average period of fixed interest for all interest-bearing liabilities was 3.8 years (4.5) and the average debt maturity was 4.2 years (4.8). Excluding commercial papers, SEK 5,853m matures within one year. To manage the refinancing risks, the commercial papers have been secured through back-up facilities covering all outstanding commercial papers at all times.

Currency risk

Because SBB holds assets in Sweden, Norway, Finland and Denmark, it is exposed to currency risks. This currency risk is mainly attributable to income statement and balance sheet items in foreign currencies being translated into Swedish kronor. SBB mainly hedges currency exposure by means of natural hedging with net assets in foreign subsidiaries being matched by foreign currency loans and by signing forward exchange contracts and interest rate swaps when issuing bonds in foreign currencies.

Liquidity

SBB's available cash amounted to SEK 12,415m (13,606), cash equivalents amounted to SEK 5,992m (1,793) and financial investments amounted to approximately SEK 1,137m (1,138). SBB also has SEK 9,000m in the form of unutilized credit facilities. No additional securities need be pledged for the credit facilities to be used.

Change in value of derivatives

Interest-rate derivatives are used to limit the interest rate risk for loans with variable interest and to increase predictability in the company's profit from property management. At the end of the period, the total nominal value of the interest-rate derivatives amounted to SEK 15,573m (16,627) with maturities of between one and ten years. By means of interest-rate derivatives, SBB has hedged 93 percent of its variable-rate interest-bearing liabilities maturing within one year. In accordance with the accounting rules in IFRS 9, derivatives must be marked-to-market. If the agreed interest rate deviates from the market rate, a surplus or deficit arises on the interest rate derivatives, with the change in value not affecting cash flow being reported in the income statement. At the end of the period, the fair value of the interest-rate derivatives and FX derivatives amounted to SEK 182m (-138).

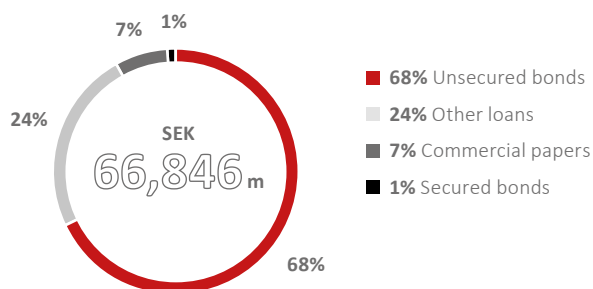
Rating

SBB has an official credit rating BBB- with positive outlook from Fitch Ratings and Standard & Poor's Global Ratings. During the quarter, S&P revised its rating outlook for SBB to positive outlook. SBB also has a short rating of F3 from Fitch and of A3 from Standard & Poor's, corresponding to an investment grade rating. The reason for also having a short rating is to enable the company to issue securities on the commercial paper market.

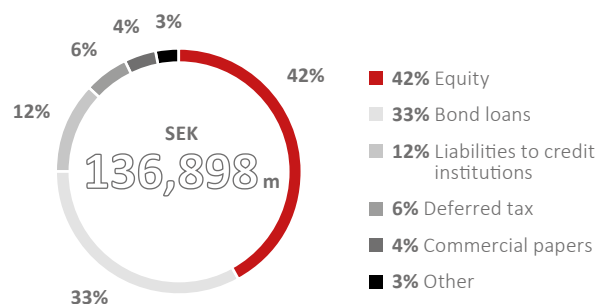
Maturity structure (excl. commercial papers)

Maturity year	Nominal amount, SEKm	Share, %
< 1 year	5,853	9
< 2 years	13,343	21
< 3 years	4,656	8
< 4 years	10,002	16
< 5 years	2,850	5
> 5 years	25,661	41
Total	62,365	100

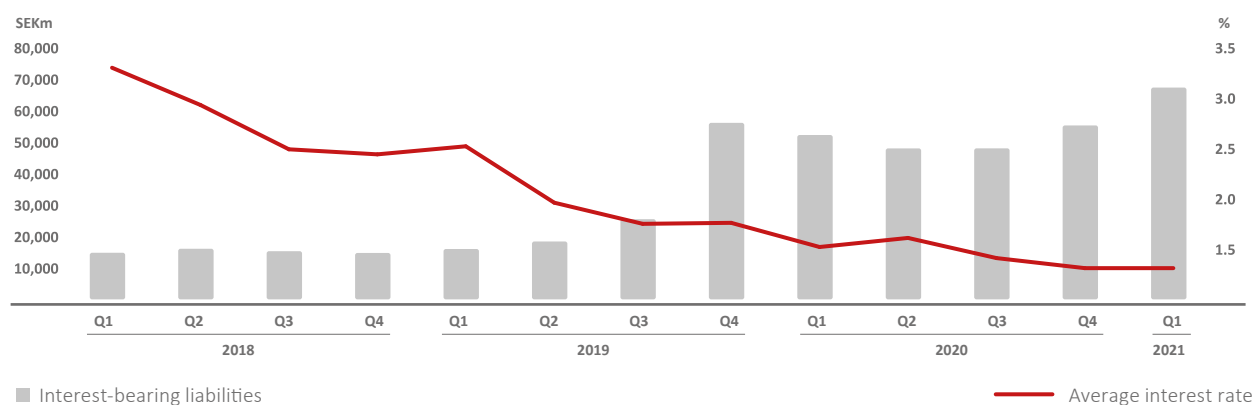
Distribution of interest-bearing liabilities



Capital structure



Development of the Group's average interest rate



Listed bonds as of 31 March 2021

Term	SEK m	Repurchased by SBB	Interest terms	Due date	ISIN code	Type
2019-2024	500	292.5	Stibor 3M + 3.30%	14 February 2024	SE0012256741	Green
2019-2024	200	47.5	Stibor 3M + 3.25%	19 February 2024	SE0012313245	
2019-2025	600	170	Stibor 3M + 1.90%	14 January 2025	XS1997252975	
2020-2025	500	86	Stibor 3M + 1.03%	14 January 2025	XS1997252975	
2019-2023	200	75	Stibor 3M + 1.40%	22 May 2023	XS2000538699	
2016-2021	466		Stibor 3M + 1.85%	23 December 2021	NO963342624	Secured
2019-2022	500	50	Stibor 3M + 1.20%	22 July 2022	XS2021634675	Green
2019-2021	1,960	679	Stibor 3M + 0.93%	5 July 2021	XS2022418243	
2019-2023	800	80	Stibor 3M + 1.150%	6 September 2023	XS2050862262	Green
2019-2022	600	110	Stibor 3M + 0.95%	3 October 2022	XS2059787049	
2019-2023	1,000		Stibor 3M + 1.01%	1 February 2023	XS2066041661	
2019-2022	300		0.85%	11 March 2022	XS2078676322	
2019-2021	500		Stibor 3M + 0.7%	8 November 2021	XS2078691123	
2019-2023	700	25	1.07%	11 May 2023	XS2078737306	
2019-2021	800	375	Stibor 3M + 0.66%	8 November 2021	XS2078371486	
2019-2020	400	220	0.80%	14 June 2021	XS2093118953	
2019-2024	1,057		1.66%	28 November 2024	XS2085870728	
2019-HYB	1,500		3.50%	Hybrid	SE0013359148	
2020-2027	600		Stibor 3M + 1.50%	30 January 2027	XS2111589219	Green
2020-2025	785.45		Stibor 3M + 2.008	26 June 2025	XS2194790429	
2020-2023	2,750		7%	24 July 2023	XS2208267596	Mandatory convertible bonds
2020-2025	200		Stibor 3M + 1.170%	18 December 2025	XS2275409824	Social
2021-2023	1,000	20	Stibor 3M + 0.80%	26 July 2023	XS2290558282	Social
2019-2023	700	81.25	Stibor 3M + 4.378	27 March 2023	SE0013042611	Offentliga Hus
2019-HYB	575	57.5	Stibor 3M + 6.807	Hybrid	SE0013234531	Offentliga Hus Hybrid
2020-2024	550	52.5	Stibor 3M + 3.116	12 April 2024	SE0014965919	Offentliga Hus

Term	EURm	Repurchased by SBB (EURm)	Interest terms	Due date	ISIN code	Type
2019-HYB	300		4.63%	Hybrid	XS1974894138	
2019-2025	550	3	1.75%	14 January 2025	XS1993969515	
2019-2026	500		1.13%	4 September 2026	XS2049823680	
2020-2027	750		1%	12 August 2027	XS2114871945	
2020-HYB	500		2.62%	Hybrid	XS2010032618	
2020-2040	50		2.87%	3 April 2040	XS2151934978	
2020-2028	700		0.75%	14 December 2028	XS2271332285	Social
2020-HYB	500		2.625%	Hybrid	XS2272358024	
2021-2023	600		Euribor 3m 0.60%	10 February 2023	XS2293906199	

Term	NOKm	Repurchased by SBB (NOKm)	Interest terms	Due date	ISIN code	Type
2020-2023	400		Nibor 3M 0.72%	24 February 2023	XS2124186508	
2020-2025	700		Nibor 3M 1.65%	27 August 2025	XS2223676201	
2020-2023	200		Nibor 3M 1.50%	14 July 2023	XS2203994517	



Sustainability

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

Focus on sustainability

SBB's long-term efforts are yielding good results in terms of ecological, social and economic sustainability.

Ecological sustainability

In the first quarter, SBB and Kåpan Pensioner formed a joint venture, Hemvist, to accelerate residential construction and to continue fostering sustainable residential development. The investment enables even more active management to achieve the highest possible level of satisfaction among the tenants. Hemvist will own and manage the properties produced and managed in the Mälardalen valley by Sveafastigheter, a wholly-owned subsidiary of SBB, in which Kåpan is already the principal financier. In connection with the formation of the joint venture, SBB also sold properties and projects in progress. Hemvist is planning a major investment in new construction by using Sveafastigheter's large building rights portfolio in Stockholm and Mälardalen. This means a continued expansion of residential that promotes sustainable societal development where SBB has the opportunity to influence and make a difference – socially, economically and environmentally.

SBB builds wooden houses. Wood is renewable, has a lower climate impact from refinement processes compared with other building materials and also has the capacity to store carbon dioxide. If forests are managed sustainably, both forests and communities can continue to grow and flourish.

It is also possible to build apartment buildings in concrete with significantly lower carbon dioxide emissions than today. This is shown by a study carried out by Sveafastigheter in collaboration with, among others, Reflex Architects, WSP and RISE. With methods already available today, emissions from the framework and foundations could be reduced

by 52 percent in the project. See: <https://sveafastigheter.se/pressmeddelanden/halv-rade-utslapp-med-klimatsmart-betongbyggande-redan-med-dagens-teknik/>

SBB has decided to set aside SEK 100m over the upcoming years for installing solar cells. During the first quarter, SBB signed an agreement and held a project start-up meeting for ten solar cell installations in four residential areas in Skara and Tidaholm. The projects are being implemented with investment support from the County Administrative Board and are expected to become operational in the second quarter of 2021. SBB has also decided on and signed an agreement for an energy project in the Siskan 3 and 4 properties in Söderhamn, where the objective is to halve energy consumption. The energy project will include window replacements, heat recovery from waste-water and exhaust air, as well as additional attic insulation. In the residential Västland 23:39 property in Sundsvall, an energy project was completed during the quarter with a corresponding system solution as above, where the results of a halving of energy consumption could be ascertained. Together, these properties correspond to a lettable area of 22,368 m².

During the first quarter, renovations of 200 apartments were completed, 120 apartments are under renovation and leases on 167 apartments have been terminated for planned renovation, commencing within the next three months.

In all of the apartments that are renovated, asbestos analyses are performed, with about 70 percent of the apartments renovated contain asbestos and these are decontaminated with authorized personnel, with the waste being disposed of at a landfill before renovation work commences.

In the first quarter, SBB ceased printing rent advice slips for residential tenants to reduce paper consumption and unnecessary trans-

ports. SBB now offers a modern alternative for receiving and paying rent advice slips digitally via SBB's residents' app.

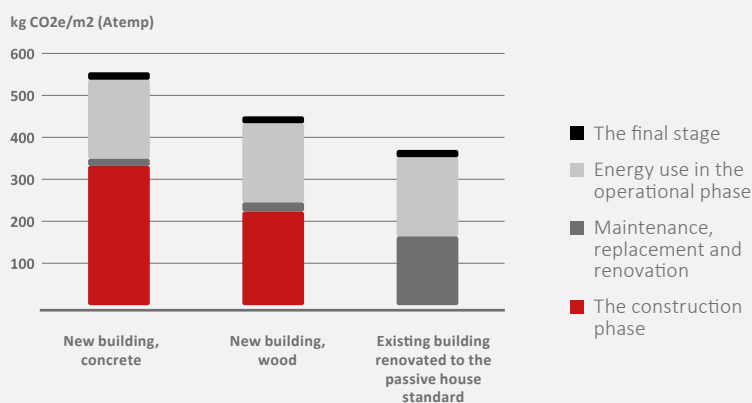
An updated national inventory according to TCFD (Task Force on Climate Related Financial Disclosures) was conducted in the first quarter.

SBB has joined a new operational forum for sustainable urban development. Sveafastigheter has taken the initiative and has invited a number of industry colleagues who want to be at the forefront of the sustainable transition. RISE (Research Institutes of Sweden) will lead this forum.

In order to safeguard biodiversity, SBB installed signs on 25 properties regarding sustainable lawn mowing during the first quarter. Vegetation that flowers will benefit pollinators and other insects. Reduced use of lawnmowers and transports results in less exhaust fumes.

Internally, SBB has begun work to reduce its demand for electricity. To reduce the load and lower the power peaks, the properties need to be equipped with intelligent technology allowing electricity to be stored and used when demand for power is high. These times are isolated to a few hours per day. This requires that the properties are connected, equipped with solar cells and a smart hub, battery storage and accumulator tanks on which heat pumps have been installed. Knowing that grid tariffs will change in the near future and where short power outputs will be punished higher than now, it is important to create these conditions before the changes take effect. Accordingly, SBB is setting up an effect strategy, which is an extension of SBB's energy and cost efficiency. This is a prerequisite for SBB to be able to expand and develop its properties in the future, carry out densifications on its properties and cope with electric car charging in the rapid development that is taking place in this area. SBB's first electric car charging facility will be a newly built facility in Ludvika, which will be

Comparison of climate impact during 50 years of operation



ready for occupancy in October 2021. In Norway, several environmental and sustainability projects are underway. Among other things, work has begun to collect data on the follow-up of energy surveys per property, mapping of deficiencies and further collection of measurement data for water consumption and waste.

Social sustainability

SBB owns 4,355,141 m² (which includes residential properties, nursing homes, LSS and building rights for future residential), contributing to social sustainability.

How can you optimally build properties for tenants? With the help of future tenants. Together with White Arkitekter, Sveafastigheter has held four workshops with 28 third-year students from Fryshuset. Via a link and shared screens, Sveafastigheter wanted to bring in the future tenants' insights and opinions about the homes they will build in Sjöstadshöjden, Stockholm. The students bring knowledge otherwise lacking to the table, being a younger generation and representing a greater breadth of society. Their upbringing has been characterized by an awareness of the ongoing climate crisis, unequal living conditions and that young people today will not always be better off than previous generations. Their experiences of the

city today and their view of the city tomorrow are extremely important and valuable.

In Höganäs, the Tenants' Association and SBB have agreed on a so-called tenant influence agreement. This is the first time SBB has entered into such an agreement. SBB is the largest private landlord in Höganäs. The agreement includes formal meetings between tenants and landlords. The meetings are comprehensive and address issues such as well-being, renovations and common areas. The tenant influence agreement also means that SBB contributes money to certain activities for tenants, so-called operating funds. The tenants in Höganäs can come up with ideas on how they can be used.

Good health is important. SBB sponsors Good Life, which is committed to schools within the City of Gothenburg with a focus on health. The founder of Good Life is the handball club Redbergslids IK. Through school visits, Good Life fosters the joy of movement, healthy eating and good values among the students. Good Life focuses on year four to advocate good habits at a young age. There are several municipal schools within the City of Gothenburg that participate in Good Life and these are spread around the city, geographically.

During the first quarter of 2021, SBB has donated to the Better Shelter refugee shelters and 100 tents to UNHCR to improve the housing

situation for refugees. This is done annually in accordance with SBB's Vision 2030.

Economic sustainability

SBB has issued an additional social bond of SEK 1 bn under its framework for sustainable financing during the first quarter. The framework was established in November 2020. It received a C rating from ISS (Institutional Shareholder Services), which is above the average for the property sector. The proceeds from the issue will be used for social assets permitted in accordance with the framework. SBB aims to achieve an investment grade rating of BBB+ in the short term and of A- in the longer term.

Reports published during the first quarter

SBB's Sustainability Report 2020. See: <https://corporate.sbbnorden.se/en/sustainability-reports/>

Sveafastigheter's Sustainability Report 2020. See: <https://sveafastigheter.se/sveafastigheter-bostads-hallbarhetsrapport-2020/>

Sveafastigheter's Yearbook 2021. See: <https://sveafastigheter.se/wp-content/uploads/2021/03/Arsbok-2021.pdf>



Summer jobs at SBB can lead to employment, with Måns Persson being a good example of this. Måns got a summer job at SBB 2020. Whilst at SBB, Måns met Olof Nilsson at Saxtorps Fastigheter, which manages the external environment in SBB's residential stock in Kävlinge. Olof noted that Måns was a diligent and clever man, so when the summer was over, Måns got a job at Saxtorps Fastigheter.

The share

Samhällsbyggnadsbolaget's series B share (ticker SBB B) and series D share (ticker SBB D) are traded on Nasdaq Stockholm, Large Cap.

Samhällsbyggnadsbolaget's series B share (ticker SBB B) and series D share (ticker SBB D) are traded on Nasdaq Stockholm, Large Cap. As of 31 March 2021, the number of series B ordinary shares totalled 1,119,504,867, while series D shares totalled 192,724,976. There was a total 30,713 preference shares, as well as 209,977,491 series A ordinary shares. Ordinary series B shares were trading at SEK 27.18, series D shares at SEK 29.75 on 31 March 2021. The market capitalization of the series B shares (including the value of unlisted series A ordinary shares at the same price) was SEK 36,135m, for the series D shares, it was SEK 5,733m. SBB's closing price for the series B shares of SEK 27.18 represents an increase of 43 percent compared with 31 March 2020 (19.00).

SBB's share is liquid, during the year the average trading volume per day was approximately SEK 133m. SBB works actively with its investor base by participating in roadshows, presentations and events for private and institutional investors.

Mandatory convertible bonds

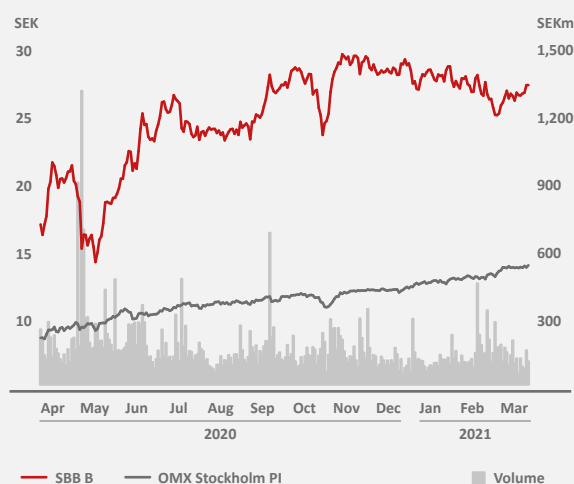
In July 2020, SBB issued a mandatory convertible subordinated note for SEK 2,750m maturing in July 2023. The issue price was set at 100 percent and the convertible note matures at an annual interest rate of 7 percent. On maturity, the convertible note can be converted into series B SBB shares, subject to the entitlement to premature conversion of SBB and the holders of the convertible note or on fulfilment of certain specific criteria, in accordance with the terms of the convertible note. The minimum conversion price of the convertible note, applied if SBB demands early redemption, is SEK 24.33 per series B share, and the maximum conversion price is SEK 30.11 per series B share. The number of shares issued in the event of mandatory conversion on maturity will be linked to the prevailing market price for series B SBB shares at the time of conversion. The number of shares issued upon conversion will decrease proportionally as the price for series B shares increases within the limits set in accor-

dance with the terms of the convertible note. For accounting purposes, the convertible note is divided into an equity portion and a debt portion, with the debt portion corresponding to the present value of the future interest payments for the instrument. Given conversion at the average share price at the end of March, 103,711,123 new shares would be issued.

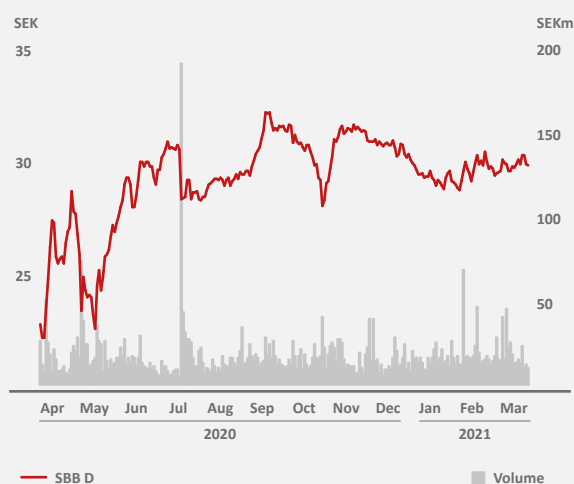
	Share price, SEK	
	31-03-2021	31-03-2020
Series B shares	27.18	19.00
Series D shares	29.75	24.20

	Average trading volume per trading day, SEKm	
	January–March 2021	January–March 2020
Series B shares	133	177
Series D shares	18	23

Series B share trend, past 12 months



Series D share trend, past 12 months



Shareholders

On 31 March 2021, share capital amounted to SEK 152,220,733.4 at a quotient value of SEK 0.1 per share.

At the Annual General Meeting, holders are entitled to one vote per series A ordinary share and to 0.1 votes per series B and D ordinary share.

All preference shares were redeemed on 23 April 2021 in accordance with a resolution from the Extraordinary General Meeting held on 23 February 2021.

Shareholder structure as of 31 March 2021

Shareholders	Series A shares	Series B shares	Series D shares	Preference shares	Share capital, %	Votes, %
Ilija Batljan (private and through company)	109,053,868	19,195,259	530,000	-	8.46	32.54
Arvid Svensson Invest	42,444,700	23,144,429	-	-	4.31	13.12
Dragfast AB	36,163,467	59,412,502	-	-	6.28	12.34
Sven-Olof Johansson	22,315,456	31,081,315	-	-	3.51	7.45
Länsförsäkringar	-	90,029,574	-	-	5.91	2.64
Sveafastigheter Bostad Group AB	-	44,533,762	-	-	2.97	1.31
Läringsverkstedet Gruppen AS	-	-	44,197,779	-	2.90	1.31
Michael Cocozza	-	39,354,519	-	-	2.59	1.15
BlackRock	-	34,160,082	819,514	-	2.30	1.03
Vanguard	-	27,722,139	2,289,719	-	1.97	0.88
Marjan Dragicevic	-	28,000,000	-	-	1.84	0.82
Futur Pension	-	25,164,747	2,102,935	50	1.79	0.80
Avanza Pension	-	16,254,219	8,495,131	1,219	1.63	0.73
Columbia Threadneedle	-	22,825,858	-	-	1.50	0.67
Gösta Welandson with companies	-	20,060,764	224,000	-	1.33	0.59
Lennart Schuss	-	20,074,872	190,000	-	1.33	0.59
Others	-	638,565,698	134,065,898	29,444	50.7	22.6
Total	209,977,491	1,119,504,867	192,724,976	30,713	100	100



Parent Company

Income statement of Parent Company

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Net sales	-	-	-
Personnel costs	-11	-8	-39
Other operating expenses	-13	-20	-83
Operating profit	-24	-28	-122
Profit from financial items			
Profit from participations in Group companies	-	-	166
Interest income and similar items	347	147	927
Interest expenses and similar items	-371	-228	-852
Translation gains/losses	-145	-920	277
Changes in value, derivatives	62	-173	-265
Profit after financial items	-131	-1,202	132
Appropriations	-	-	-62
Profit before tax	-131	-1,202	69
Tax	20	-55	6
PROFIT FOR THE PERIOD	-111	-1,257	75

Statement of comprehensive income of Parent Company

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Profit for the period	-111	-1,257	75
Other comprehensive income	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-111	-1,257	75

Comments on the Parent Company's income statement and balance sheet

The parent company's operations consist of group-wide functions such as business development, transactions, property development and financing. The company has 21 employees. The costs, incl. personnel costs during the period, amounted to SEK -24m (-28).

During the period, SBB issued series D ordinary shares for SEK 382m after issue costs.

Balance sheet of Parent Company

Amount in SEK, millions	31-03-2021	31-03-2020	31-12-2020
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in Group companies	26,698	26,731	26,698
Participations in associated companies/joint ventures	-	3	-
Receivables from Group companies	34,519	30,146	34,044
Receivables from associated companies/joint ventures	1	-	648
Deferred tax assets	229	48	180
Financial fixed assets at fair value	3,724	1,043	1,050
Derivatives	221	9	129
Total financial fixed asset	65,392	57,980	62,748
Total fixed assets	65,392	57,980	62,748
Current assets			
Current receivables			
Other receivables	70	44	239
Prepaid expenses and accrued income	45	17	29
Total current receivables	116	61	268
Cash and bank balances	10,582	2,741	12,986
Total current assets	10,582	2,802	13,254
TOTAL ASSETS	76,090	60,782	76,002

Amount in SEK, millions	31-03-2021	31-03-2020	31-12-2020
EQUITY AND LIABILITIES			
Equity	38,574	27,605	38,421
Untaxed reserves	14	-	14
Long-term liabilities			
Bond loans	28,355	28,473	27,255
Liabilities to associated companies	-	122	-
Derivatives	11	-	225
Other long-term liabilities	451	-	457
Total long-term liabilities	28,817	28,595	27,937
Current liabilities			
Bond loans	2,601	194	3,080
Commercial papers	4,914	3,817	5,418
Accounts payable	15	10	5
Current tax liabilities	8	26	9
Other liabilities	706	87	622
Accrued expenses and prepaid income	442	447	496
Total current liabilities	8,686	4,582	9,630
TOTAL EQUITY AND LIABILITIES	76,090	60,782	76,002

Parent Company changes in equity

Amount in SEK, millions	Share capital	Share premium ¹⁾	Retained earnings	Total equity
Total equity 01-01-2020	134	22,628	155	22,917
Profit for the period	-	-	-1,257	-1,257
Other comprehensive income	-	-	-	-
Comprehensive income for the period	-	-	-1,275	-1,275
New/non-cash/offset issue	3	720	-	723
Issue hybrid bonds	-	5,281	-	5,281
Dividend	-	-	-90	-90
Tax effects equity	-	-	31	31
Total equity 31-03-2020	137	28,629	-1,161	27,605
Profit for the period	-	-	1,332	1,332
Other comprehensive income	-	-	-	-
Comprehensive income for the period	-	-	1,332	1,332
New/non-cash/offset issue	13	3,546	-	3,559
Issue hybrid bonds	-	5,052	-	5,052
Issue mandatory convertible bonds	-	2,148	-	2,148
Dividend	-	-	-1,363	-1,363
Tax effects equity	-	-	87	87
Total equity 31-12-2020	150	39,375	-1,105	38,421
Total equity 01-01-2021	150	39,375	-1,105	38,421
Profit for the period	-	-	-111	-111
Other comprehensive income	-	-	-	-
Comprehensive income for the period	-	-	-111	-111
New/non-cash/offset issue	2	380	-	382
Issue mandatory convertible bonds	-	-	-	-
Dividend	-	-	-146	-146
Tax effects equity	-	-	28	28
Total equity 31-03-2021	152	39,755	-1,334	38,574

¹⁾ The entire share premium fund constitutes unrestricted equity

Cash flow statement of Parent Company

Amount in SEK, millions	31-03-2021	31-03-2020	31-12-2020
Operating activities			
Profit after financial items	-131	-1,202	132
Net interest income	107	1,001	-87
Interest paid	-418	-166	-568
Interest received	366	141	918
Tax	-2	-24	-
Cash flow from operating activities before changes in working capital	-78	-250	394
Cash flow from changes in working capital			
Increase (-)/Decrease (+) of operating receivables	133	1,010	-236
Increase (+)/Decrease (-) of operating liabilities	327	-8,089	-8,051
Cash flow from operating activities	383	-7,329	-7,893
Investment activities			
Investment in subsidiaries	-	-2,499	-1,717
Investments in associated companies/joint ventures	-	-3	-
Receivables from Group companies	-475	-11,324	-12,354
Change in receivables from associated companies	647	-165	-648
Change in financial assets	-2,981	-792	347
Change in other long-term receivables	-	-3	-134
Cash flow from investing activities	-2,809	-14,787	-14,505
Financing activities			
Non-cash/offset issue	382	723	665
Issue hybrid bonds	-	5,281	10,333
Emission convertibles	-	-	2,148
Dividend paid	-332	-59	-853
Loans raised/repaid	-29	7,248	11,713
Change in other long-term liabilities	-	-	-287
Cash flow from financing activities	22	13,193	23,720
Cash flow for the period	-2,404	-8,923	1,322
Cash and cash equivalents at the beginning of the period	12,986	11,664	11,664
Cash and cash equivalents at the end of the period	10,582	2,741	12,986

Additional information

GENERAL INFORMATION

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

ACCOUNTING PRINCIPLES

Principles for the consolidated accounts

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRIC). In addition, the Swedish Annual Accounts Act and "RFR1 Supplementary Accounting Rules for Groups" have been applied. The Parent Company applies the same accounting principles as the Group with the exceptions and additions stated in the recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. This interim report was prepared in accordance with IAS 34 Interim Reporting. The same accounting and valuation principles were applied as in the latest Annual Report; refer to SBB's 2020 Annual Report, pages 54-102, except that stated below.

Information on new standards

Amendments to IFRS 3

On 22 October 2018, IASB issued amendments regarding the definition of a business combination in IFRS 3. Among other things, the changes mean that a company may choose to carry out a so-called concentration test that if it indicates

that the acquisition is an asset acquisition it means that no further assessment is required. However, the test never answers the question of whether an acquisition is a business acquisition and can only show if it is an asset acquisition. This voluntary test means that if substantially all of the fair value of the gross assets acquired can be attributed to an asset or group of similar assets, the acquisition constitutes an asset acquisition. The changes, if introduced in IFRS 3, are expected to result in more acquisitions being reported as asset acquisitions compared to current guidance. SBB estimates that the change will not affect the share of asset acquisitions in relation to business acquisitions to any great extent, since the majority of the acquisitions made relate to asset acquisitions. The amendment shall apply for fiscal years beginning on 1 January 2020 and is decided by the EU.

Hedge accounting

Since 1 January 2018, the Group applies hedge accounting for currency loans. Currency loans issued in EUR have been used as hedges against net assets in Finland. The effect of the hedge accounting is that the unrealized exchange rate differences of SEK -153m net after tax in the translation of the loan at the closing day rate were recognized in other comprehensive income. In the Swedish Group, there is also a currency loan in NOK that is used as a hedge against net assets in Norway. The effect of the hedge accounting is that the unrealized exchange rate differences of SEK -94m net after tax in the translation of the loan at the closing day rate were recognized in other comprehensive income.

Reporting of mandatory convertible

During the period, SBB issued a mandatory convertible bond for SEK 2.75bn that will mature in 2023. The convertible bears an annual interest rate of 7 percent which is paid semi-annually, subject to the company's ability to defer interest payments under certain circumstances. Conversion to the company's series B shares will be mandatory upon maturity at the latest. On initial reporting, a division into an equity component and a liability component was made in accordance with IAS 32. The liability reported corresponds to the present value of future interest payments. Equity constitutes the remainder of the capital issued. The issue costs have been divided between the two components. On the first reporting date, SEK 2,148m was reported as equity and SEK 530m as a liability.

The Board of Directors and the CEO provide their assurance that the interim report provides a fair overview operations, position and results of the Parent Company and the Group and describes significant risks and uncertainties that affect the Parent Company and the companies included in the Group.

Stockholm, 5 May 2021

Lennart Schuss
Chairman of the Board

Ilija Batljan
CEO

Sven-Olof Johansson
Board Member

Fredrik Svensson
Board Member

Hans Runesten
Board Member

Eva Swartz Grimaldi
Board Member

Anne-Grete Strøm Erichsen
Board Member

This interim report has not been subject to review by the company's auditors.

Ilija Batljan, CEO, ilija@sbbnorden.se

This information is such that Samhällsbyggnadsbolaget i Norden AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted by the below contact persons for publication on 5 May 2021 at 8:00 a.m. CET.

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

Definitions

Financial definitions

Actual net asset value (EPRA NTA), SEK

Recognized equity attributable to the ordinary share, excluding equity related to preference and D shares, non-controlling interests and the hybrid bond, adding back goodwill and interest rate derivatives less estimated actual deferred tax of 5.5 percent.

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

Number of preference shares outstanding

The number of preference shares outstanding at the end of the period.

Number of ordinary shares outstanding

The number of ordinary shares outstanding at the end of the period.

Return on equity, %

Net profit for the period in relation to average equity for the period.

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

Loan-to-value ratio, %

Net debt in relation to total assets. The key figure is used to illustrate SBB's financial risk.

EPRA

European Public Real Estate Association is an organization for listed property companies and investors in Europe. EPRA sets standards regarding financial reporting.

EPRA Earnings, SEK

Profit from property management after dividends to preference shareholders and holders of D shares and profit attributable to minority interests as well as interest on hybrid bonds less estimated current tax attributable to the plan profit. Taxable profit from property management refers to profit from property management less tax deductible depreciation and renovations.

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

Profit from property management

Profit before changes in value and tax.

The key figure provides a measurement of the operations' profit generation regardless of value changes.

Average number of preference shares

The number of preference shares outstanding weighted over the period.

Average number of ordinary shares

The number of ordinary shares outstanding weighted over the period.

Average interest, %

Weighted average contracted interest for interest-bearing liabilities at the end of the period excluding unutilized credit facilities. The key figure is used to illustrate SBB's financial risk.

Average fixed interest term, years

Average remaining duration until an interest-adjustment point for interest-bearing liabilities.

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

Adjusted equity/assets ratio, %

Reported equity including owner loans and convertibles, with reversal of reported deferred tax liability as a percentage of total assets.

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

Tied-up capital, year

Remaining maturity of interest-bearing liabilities.

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

Cash flow from operating activities, SEK

Cash flow from operating activities before changes in working capital according to the cash flow statement.

Long-term net asset value (EPRA NRV), SEK

Recognized equity attributable to the ordinary share, excluding equity related to preference and D shares, non-controlling interests and the hybrid bond, adding back deferred tax liability, goodwill attributable to deferred tax and derivatives. The key figure provides an adjusted and complementary measure of the size of equity calculated in a manner consistent with listed property companies.

Net debt, SEK

Interest-bearing liabilities less cash and cash equivalents.

Earnings per series A and B ordinary share, SEK

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

Interest-coverage ratio, multiple

Profit from property management (past 12 months) after return of net financial items in relation to net interest excluding costs for early repayment of loans and leasing costs.

The key figure is used to illustrate financial risk.

Equity/assets ratio, %

Reported equity as a percentage of total assets.

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

Secured loan-to-value ratio, %

Secured liabilities as a percentage of the total assets.

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

Property-related definitions

Number of properties

Number of properties at the end of the period

Number of m²

Total area in the property portfolio at the end of the period

GFA

Gross floor area

Yield, %

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

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

Net operating income, SEK

Rental income less property costs.

Economic letting ratio, %

Rental income as a percentage of rental value

The key figure is used to facilitate the assessment of rental income in relation to the total value of potential lettable area.

EPRA Vacancy rate, %

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

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

Average contract length of community service properties, years

Remaining contract value in relation to annual rent for community service properties.

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

Rental income, SEK

Charges for the period with deductions for rental losses.

Rental value, SEK

Refers to contracted rent plus the assessed rent on vacant space.

Market value of properties, SEK

Fair value of the properties at the end of the period.

Surplus ratio, %

Net operating income as a percentage of rental income for the period.

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

Calculation of alternative performance measures

Return on equity

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Profit for the period	2,735	1,372	9,084
OB equity	52,136	30,896	30,896
CB equity	57,886	34,875	52,136
Average equity	55,011	32,886	41,516
Return on equity	5%	4%	22%

Loan-to-value ratio

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Liabilities to credit institutions	16,185	15,182	12,064
Bond loans	45,747	32,775	37,783
Commercial papers	4,914	4,268	5,418
Cash and cash equivalents/financial investments	-18,407	-3,878	-13,606
Net debt	48,439	48,347	41,659
Balance sheet total	136,924	96,487	120,231
Loan-to-value ratio	35%	50%	35%

Yield

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Net operating income in accordance with earnings capacity	4,105	3,678	3,487
Investment properties	104,736	80,235	90,185
Building rights and projects in progress	-8,707	-2,590	-9,056
Property value excluding building rights	96,029	77,645	81,129
Yield	4.3%	4.7%	4.3%

Economic letting ratio

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Rental income in accordance with earnings capacity	5,677	5,163	4,839
Rental value in accordance with earnings capacity	6,062	5,476	5,170
Economic letting ratio	93.7%	94.3%	93.6%

EPRA earnings

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Profit from property management	615	319	2,474
Profit attributable to preference shares	-1	-1	-3
Profit attributable to Series D shares	-96	-53	-262
Profit attributable to hybrid bond	-117	-90	-332
Profit attributable to minority interest	-10	-44	-74
Paid tax	-92	-48	-165
Profit from property management after tax paid	299	82	1,638
Average number of series A and B ordinary shares	1,329,482,358	1,259,332,896	1,270,977,083
Earnings per series A and B ordinary share	0.22	0.07	1.29
Average number of series A and B ordinary shares after dilution	1,433,193,481	1,271,772,031	1,312,784,970
Earnings per ordinary A and B share after dilution	0.21	0.06	1.25

Adjusted equity/assets ratio

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Equity	57,886	34,875	52,136
Deferred tax excl. deferred tax attr. to goodwill	5,502	3,905	5,128
Total	63,388	38,780	57,264
Balance sheet total	136,898	96,487	120,231
Adjusted equity/assets ratio	46%	40%	48%

Earnings per series A and B ordinary shares

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Profit for the period	2,735	1,372	9,084
Profit attributable to preference shares	-1	-1	-3
Profit attributable to Series D shares	-96	-53	-262
Profit attributable to hybrid bond	-117	-90	-332
Profit attributable to minority interest	-10	-44	-74
Profit attributable to series A and B ordinary shares	2,511	1,184	8,413
Average No. series A and B ordinary shares ¹⁾	1,433,193,481	1,259,332,896	1,312,784,970
Earnings per series A and B ordinary share	1.75	0.94	6.41

1) Incl. effect of additional shares from mandatory convertible.

Interest coverage ratio

Amount in SEK, millions	01-04-2020 31-03-2021	01-04-2019 31-03-2020	01-01-2020 31-12-2020
Profit from property management (rolling 12 months)	2,770	858	2,474
Reversal of net financial items			
Interest income and similar items	-335	-117	-166
Interest expenses and sim. items (rolling 12 months)	919	667	973
Costs for early redemption of loans (rolling 12 months)	124	287	199
Translation gains/losses (rolling 12 months)	-103	39	-158
Land lease expenses (rolling 12 months)	26	12	25
Total reversal of net financial items	780	888	873
Profit from property management (rolling 12 months) excl. net financial items	3,550	1,746	3,347
Net interest income			
Interest income and similar items	186	117	166
Interest expenses and sim. items (rolling 12 months)	-919	-667	-973
Total net interest	-733	-550	-807
Interest-coverage ratio (multiple)	4.8	3.2	4.1

Equity/assets ratio

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Equity	57,886	34,875	52,136
Balance sheet total	136,898	96,487	120,231
Equity/assets ratio	42%	36%	43%

Equity ratio

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
<i>Equity excluding non-controlling interests</i>			
Equity	57,886	34,875	52,136
Hybrid bonds	-14,721	-10,342	-14,480
Non-controlling interest	-1,484	-366	-411
Equity excluding non-controlling interests	41,681	24,167	37,244
Preference share capital	-15	-15	-15
Series D share capital	-5,912	-3,326	-5,531
Reversal of derivatives	-182	28	138
Goodwill attributable to deferred tax	-2,044	-2,383	-2,044
Other goodwill	-4,281	-4,308	-4,275
Reversal of liability portion of mandatory convertible	451	-	541
Reversal of deferred tax	7,546	6,288	7,172
Deduction of deferred tax (5.5%)	-3,724	-2,629	-3,506
Actual net asset value (EPRA NTA)	33,520	17,821	29,724
Actual net asset value (EPRA NTA), SEK/share	25.21	14.05	22.36
Actual net asset value (EPRA NTA), SEK/share (diluted)	23.39	13.84	20.86
Reversal of other goodwill	4,281	4,308	4,275
Reversal of deferred tax deduction (5.5%)	3,724	2,629	3,506
Long-term net asset value (EPRA NRV)	41,525	24,758	37,505
Long-term net asset value (EPRA NRV), SEK/share	31.23	19.52	28.21
Long-term net asset value (EPRA NRV), SEK/share (diluted)	28.97	19.22	26.32
Number of series A and B ordinary shares	1,329,482,358	1,268,092,596	1,329,482,358
Number of series A and B ordinary shares after dilution	1,433,193,481	1,288,092,596	1,425,117,900

Secured loan-to-value ratio

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Liabilities to credit institutions	16,185	15,182	12,064
Secured bond loans	465	1,135	465
Total secured loans	16,650	16,317	12,529
Balance sheet total	136,898	96,487	120,231
Secured loan-to-value ratio	12%	17%	10%

Surplus ratio

Amount in SEK, millions	01-01-2021 31-03-2021	01-01-2020 31-03-2020	01-01-2020 31-12-2020
Net operating income	858	895	3,479
Rental income	1,325	1,341	5,121
Surplus ratio	65%	67%	68%

Appendix 1

Current earnings capacity from property management

The current earning capacity for the Group for 12 months is presented below and takes into account the Group's property portfolio at 31 January 2021. The current earning capacity is not a forecast, but only to be viewed as a hypothetical snapshot and is presented only to illustrate income and expenses on an annual basis, given the property portfolio, financial costs, capital structure and organization at a set point in time. The Group's earning capacity does not include the earning impact of unrealized and realized value changes.

The following information forms the basis for the calculation of the earning capacity:

- Contracted rental income on an annual basis (including supplements and rental discounts) and other property-related revenues on the basis of current lease contracts as of 31 March 2021.
- Operating and maintenance costs are based on budget.
- The property tax is calculated from the properties current tax assessment value as of 31 March 2021.
- Cost for central administration is based on the current organization.
- Financial income and costs are based on contracted interest rates and include interest on external loans.

Group's earning capacity

Amount in SEK, millions	Community service properties			Total Adjusted ¹⁾	
	Residentials	Other			
Rental income	4,477	846	355	5,677	5,677
Operating costs	-650	-266	-84	-1,001	-1,001
Maintenance	-215	-50	-22	-287	-287
Property administration	-110	-34	-15	-159	-159
Property tax	-85	-17	-22	-124	-124
Net operating income	3,416	477	212	4,105	4,105
Central administration				-150	-150
Results from associated companies/joint ventures				153	153
Financial income				211	211
Financial costs				-849	-693 ¹⁾
Profit from property management before dividend				3,470	3,626
per series A and B ordinary share ²⁾				2.44	2.55
Profit from synergies with Offentliga Hus				90	90
Dividend hybrid bonds				-491	-491
Dividend series D shares				-360	-360
Dividend preference shares				-1	-1
Profit from property management attributable to ordinary shareholders				2,708	2,865
per series A and B ordinary share ²⁾				1.91	2.02

1) Adjusted for non-long-term surplus liquidity held by the Group at the end of the period with an estimated average interest rate of 1.26 percent, which is the weighted average in the debt portfolio as of 31 March 2021.

2) Taking into account the dilution effect from the conversion of the convertible

I Appendix 2

Current earnings capacity from recurring income streams

The Group's earning capacity from recurring revenue streams

Amount in SEK, millions	Total	Adjusted
Profit from property management attributable to ordinary shareholders	2,708	2,865
per series A and B ordinary share ¹⁾	1.91	2.02
Profit from building rights development and new production	1,200	1,200
Profit from value adding transactions	400	400
Profit from investments in existing portfolio	600	600
Adjusted income from property management for ordinary shareholders with recurring income streams	4,908	5,065
per series A and B ordinary share ¹⁾	3.45	3.56

1) Taking into account the dilution effect from the conversion of the convertible

Appendix 3

Scenario analysis, building rights

Illustrative scenarios for application of building rights

	Sales of building rights	Development of properties for management by the company	Assumptions in development for own management	
Building rights (m ²)	2,919,424	2,919,424	Net operating income (SEK/m ² AIU)	1,700
Building rights sold (m ²)	398,660	398,660	Valuation yield (%)	4.25%
Building rights in own portfolio for development for own management (m²)	2,520,764	2,520,764	Value (SEK/M² lettable area)	40,000
Agreed property value (SEKm) – building rights already sold	1,366	1,366	Production costs (SEK/m ² lettable area)	30,000
Income (SEKm) – upcoming sales of building rights	8,823	-	Profit (SEK/m ² lettable area)	10,000
Property value (SEKm) – developed for own management	-	85,706	Efficiency rate (lettable area/GFA)	0.85
Estimated market value (SEKm)	10,188	87,072	Profit (SEK/m² lettable area)	8,500
(-) Development costs, other investments in building rights and external valuation of building rights and cash flow properties (SEKm)	-4,063	-4,063		
(-) Production costs in development for own management (SEKm)	-	-64,279		
(+) Profit from already agreed joint venture collaborations (SEKm)	2,282	2,282		
Assessed result (SEKm)	8,408	21,012		
Estimated time to achieve profit (years)	4	8		
Estimated annual recurring profit (SEKm)	2,102	2,626		

Appendix 4

Sensitivity analysis

Return asset value and earnings including long-term value change

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

management operations must accordingly be supplemented with a value change component and effective tax to provide an accurate picture of profit and return.

One problem is that changes in value can vary greatly between years and quarters and lead to volatile results. For a long-term player with a stable cash flow and a well-composed real estate portfolio, the long-term change in value (or in the absence of this, the long-term average inflation rate) can therefore be used to adjust the numerator in the equation. Given our short history, we have chosen to use the inflation average for the preceding ten years.

	Profit from recurring revenue streams = SEK 2,000 million			Profit from recurring revenue streams = SEK 2,400 million		
	Change in value			Change in value		
		-1% unit	+1% unit		-1% unit	+1% unit
Profit from property management rolling 12 months	3,470	3,470	3,470	3,470	3,470	3,470
Profit target, recurring revenue streams	2,000	2,000	2,000	2,400	2,400	2,400
Change in value of property (inflation average 10 years)	1,152	105	2,199	1,152	105	2,199
D:o %	1.10%	0.10%	2.10%	1.10%	0.10%	2.10%
Current tax, 10%	-347	-347	-347	-347	-347	-347
Profit after tax	6,275	5,228	7,322	6,675	5,628	7,722
Profit SEK/share	4.72	3.93	5.51	5.02	4.23	5.81
Return on long-term net asset value	15.12%	12.59%	17.64%	16.08%	13.56%	18.60%
Profit/share price	17.37%	14.47%	20.27%	18.48%	15.58%	21.38%
P/E	6	7	5	5	6	5



Samhällsbyggnadsbolaget

Upcoming report dates

Interim report January-June	2021-07-15
Interim report January-September	2021-10-29
Year-end report 2022	2022-02-23

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