

# THE SOCIAL INFRASTRUCTURE CHAMPION IN EUROPE

23 February 2023



ESG  
**REGIONAL**  
TOP RATED



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



# IPO OF SVEAFSTIGHETER – PORTFOLIO OVERVIEW

**1** No. of apartments **5,000+**

**2** No. of building rights **4,900+**

**3** 25% of Heba Fastighets AB **SEK 15,718m<sup>1</sup>**

**4** Unique assets **Largest Stockholm-focused rent-regulated platform**

**Attractive platform**

**Strategic locations**

**Sustainability**

Climate neutral by 2023

Neptun 1, Västerås municipality

**Focus area**

100% Stockholm region

<b>3.8% - 4.0%</b> Initial yield 2023E <sup>2</sup>	<b>100%</b> Occupancy rate	<b>SEK 47,430</b>	Avg. book value per sq.m.
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Portfolio clusters in densely populated areas with housing shortage

**Total equity value (SBB's share)**

**SEK ~8bn**

The property portfolio is 100% located in Stockholm/Mälardalen region

Population per square kilometre

- <10
- 10-25
- 25-50
- 50-75
- 75-100
- 100+

Najaden, Västerås

**Architecture**

Qualitative and varied architecture where our projects are designed uniquely for the location with great care for beautiful design, quality and details

**Sustainability**

Our core values are permeated by a long-term focus on environmental and social sustainability. All projects from 2021 are built to at least achieve Miljöbyggnad Silver

Gamla Landsvägen, Nacka



# AWARD-WINNING ARCHITECTURE WITH CUTTING-EDGE TECHNOLOGY

Winner Uppsala Architecture Award 2021



Tryffeln, Uppsala

Nominated Construction of the Year 2022



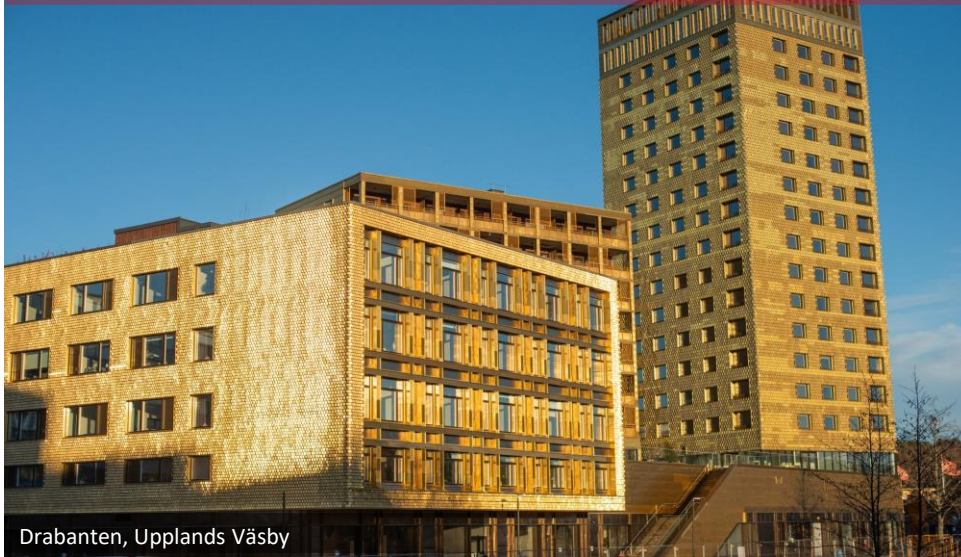
Prisman, Nacka

Winner Kundkristallen 2021



Hydran, Västerås

Nominated Facade of the Year 2022



Drabanten, Upplands Väsby


Winner of the Year's Sustainability Award 2018



Neptun, Västerås



# DRIP DIVIDEND (DIVIDEND REINVESTMENT PLAN) TO BE PROPOSED FOR FISCAL YEAR 2022



**1**

**DRIP (Dividend Reinvestment Plan) alternative**

The Board's ambition is to propose a **DRIP Dividend** for fiscal year 2022 based on:

- **SEK 1.44** per Class A and B share  
Opportunity to be reinvested into new Class B shares
- **SEK 2.00** per Class D share  
Opportunity to be reinvested in new Class B shares

**DRIP Dividend:** Dividend reinvestment alternative

- DRIP dividends are offered to shareholders as an alternative to a cash dividend, so that their dividend payments are automatically rolled into new shares
- The number of new shares distributed by the company to the shareholder, will be determined by the DRIP reference price which will be calculated by taking the VWAP price of the Class B share over the five business days commencing on the ex-dividend date (Sv. avstämningsdag)

**2**

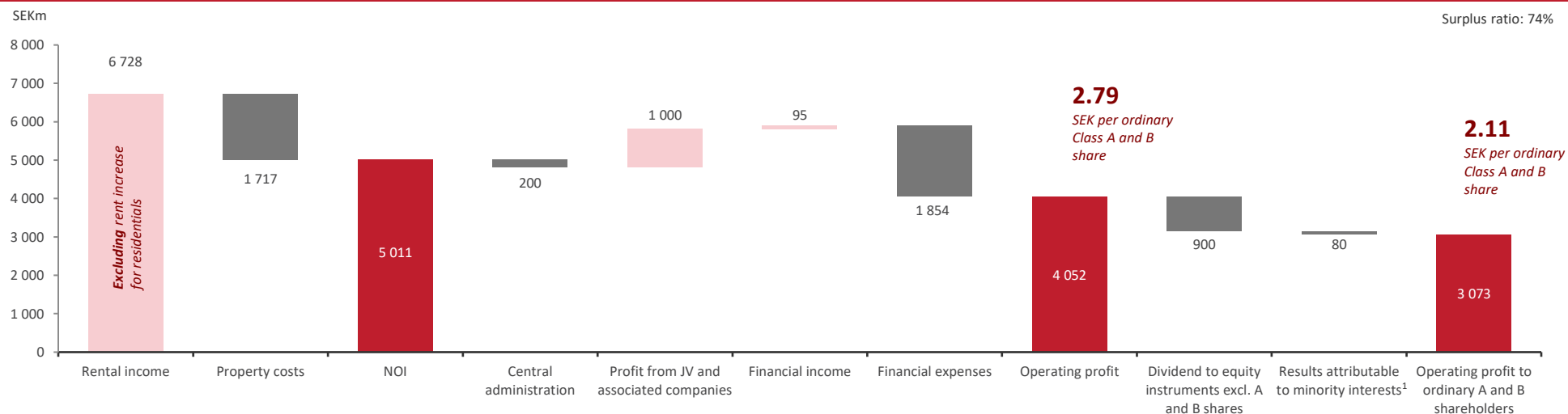
**Cash dividend alternative**

If the shareholder still wants the dividend to be received through a traditional cash dividend alternative, this option will still be available:

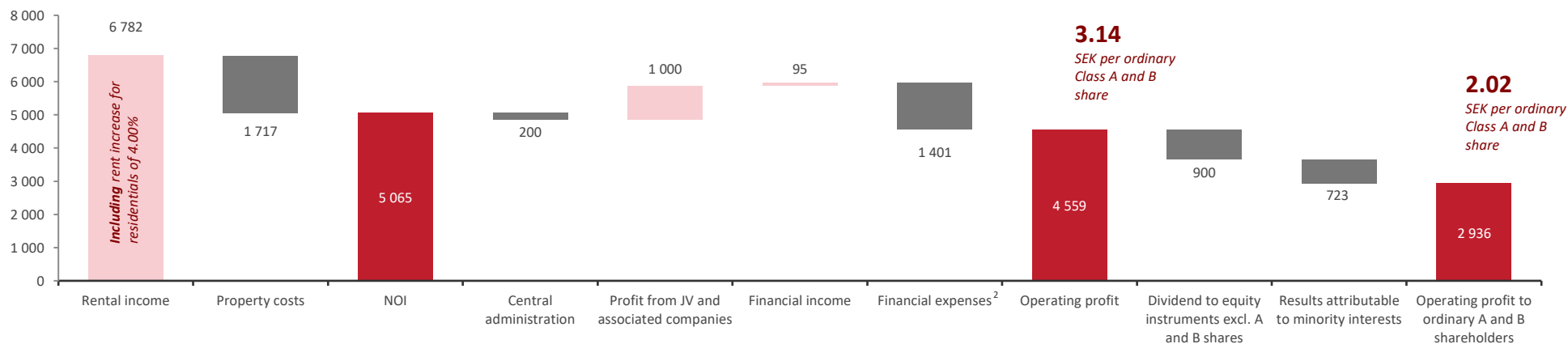
- **SEK 1.44** per Class A and B share, to be distributed with cash on a monthly basis
- **SEK 2.00** per Class D share, to be distributed with cash on a quarterly basis

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

## Current earnings capability for the Group – rolling 12 months

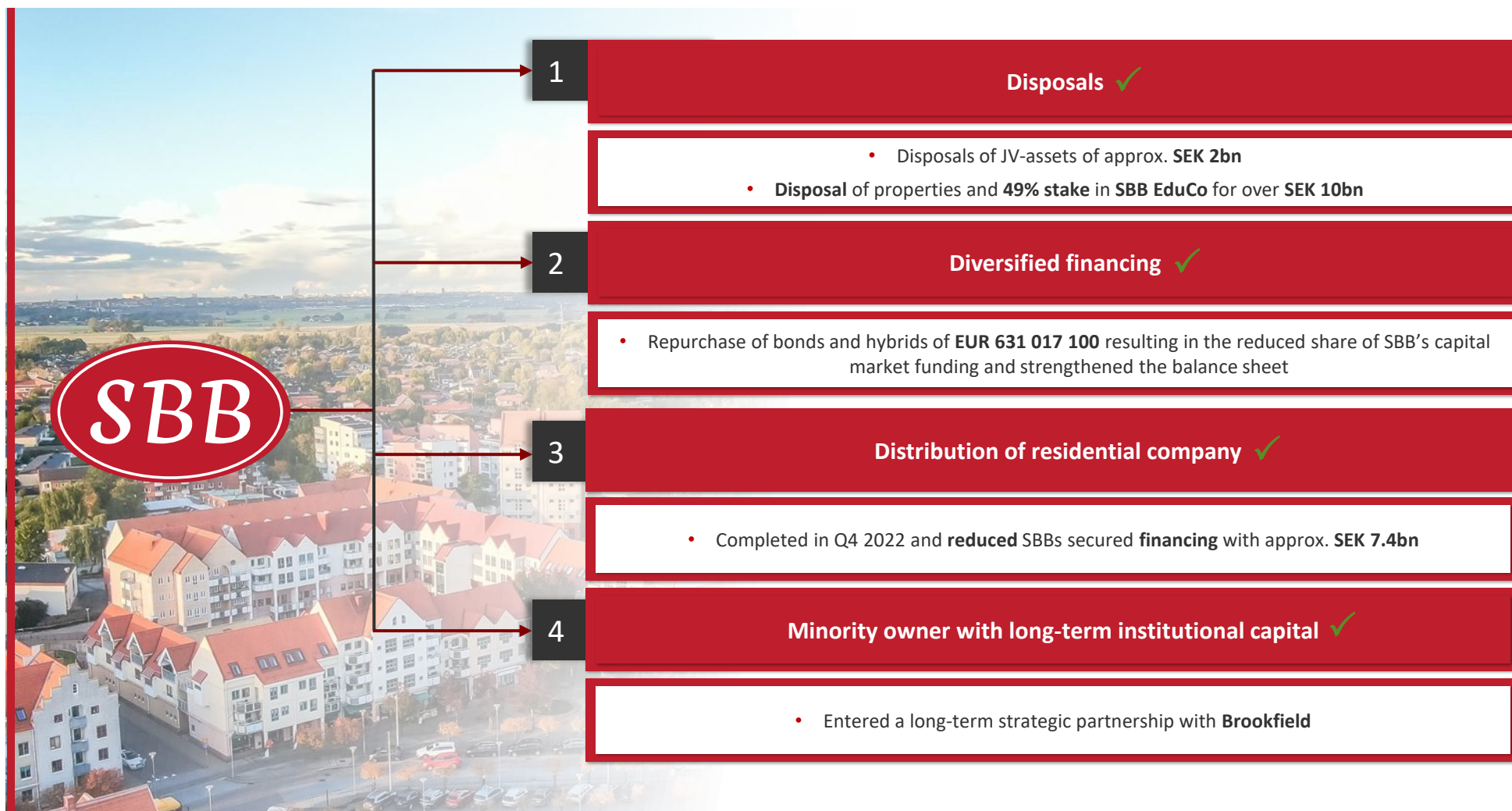


## Estimated earnings capacity for the Group – rolling 12 months

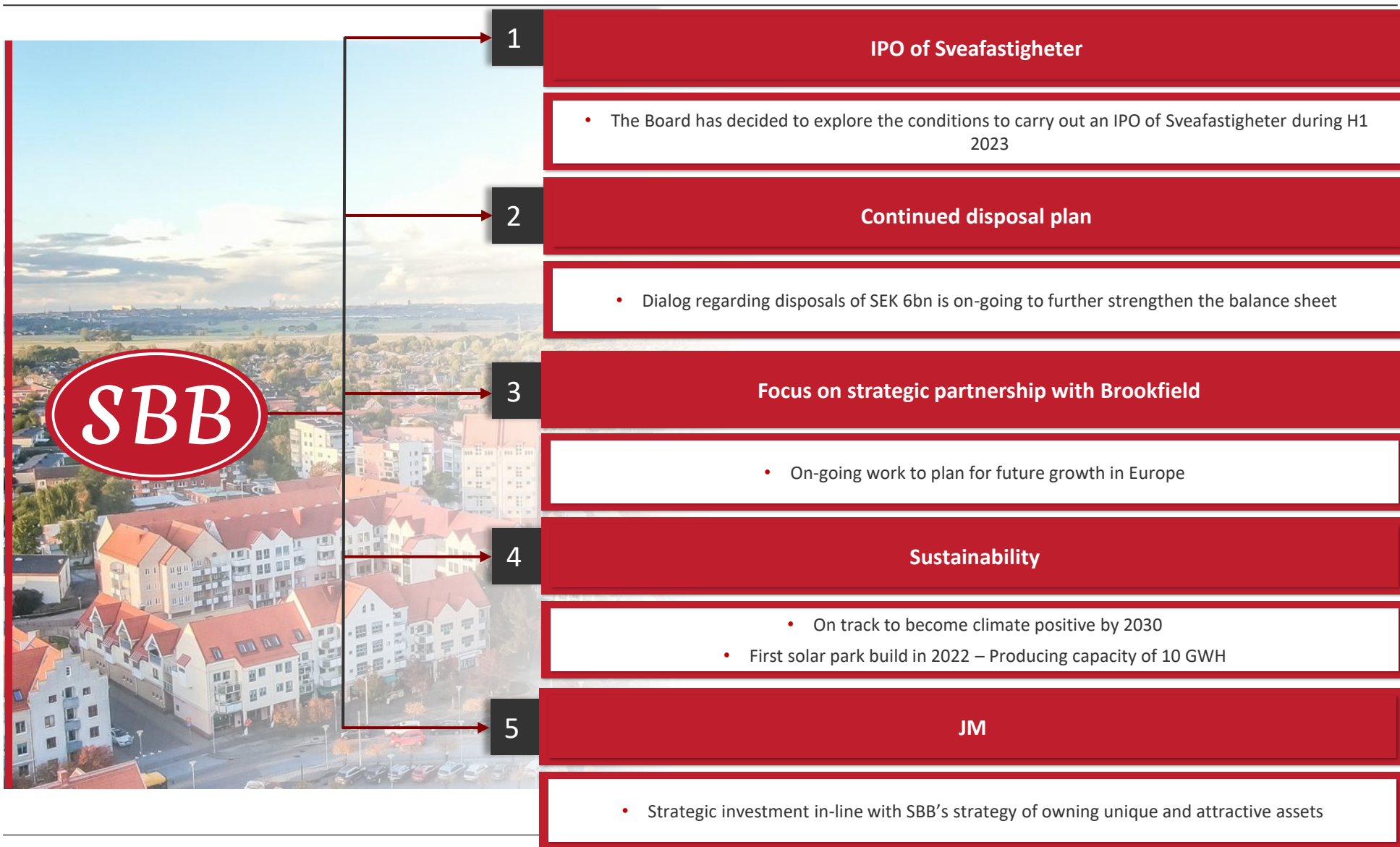


Notes: <sup>1</sup> Brookfield transaction closed post Q4 2022. <sup>2</sup> Adjusted for financing repaid in connection with the sale of shares in SBB EduCo AB and adjusted for consolidated cash and cash equivalents at the end of the period with a calculated average interest rate of 2.12 percent.

## FOLLOW-UP ON STRATEGIC UPDATE FROM Q3



# STRATEGIC UPDATE GOING FORWARD



# HIGHLIGHTS FOR THE FOURTH QUARTER 2022

1 Ability to adapt

2 Focus on core business – Increased focus on community service infrastructure assets

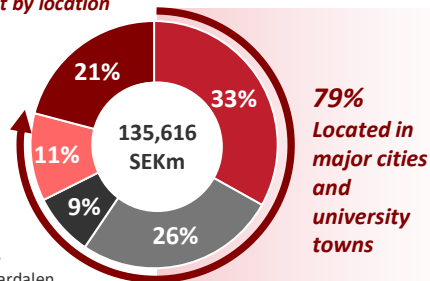
3 Highest net operating income ever - high interest coverage ratio - strong increase in cash flow

4 78% of the gross debt has a fixed interest rate

5 We have unique liquid assets, and we remain committed to continuing to strengthening our balance sheet

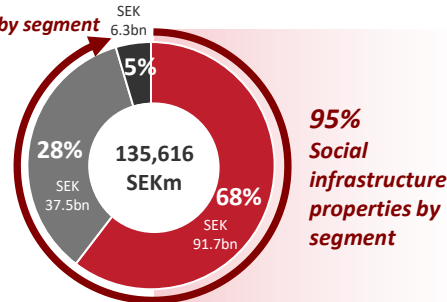
## Property portfolio overview

Split by location



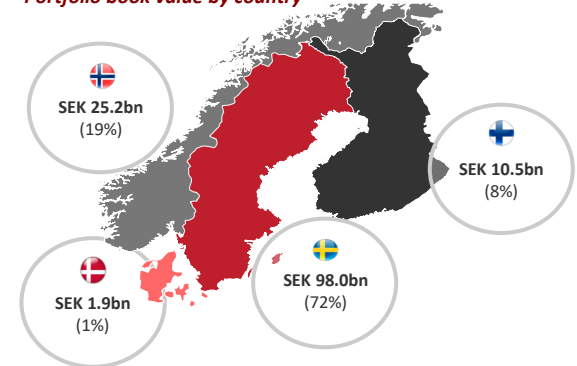
- University cities
- Stockholm/Mälardalen
- Oslo/Copenhagen/Helsinki
- Gothenburg/Malmö
- Other growth cities

Split by segment



- Community service properties
- Residentials
- Other

Portfolio book value by country



**BBB-**  
**(Negative)**

**S&P Global**  
Ratings  
Latest review:  
08-Jul-2022

**BBB-**  
**(Positive)**

**FitchRatings**  
Latest review:  
09-Jun-2022

**BBB**  
**(Stable)**

**SCOPE**  
Scope  
Ratings  
Latest review:  
15-Nov-2021

**4.2%** Initial yield  
2023E<sup>1</sup>

**10 years** WAULT

**98%** Social  
infrastructure



## KEY RATIOS FOR THE FOURTH QUARTER 2022

Key take away's – Consolidated income statement	Q4 2022	Q4 2021	Difference
Rental income for the quarter	1,850m	1,695m	+9,1%
Net operating income	1,105m	1,082m	+2,1%
Cash flow from operating activities before changes in working capital	812m	713m	+13,9%
Profit from property management	656m	1,220m	-46,2%
Adjusted profit from property management <sup>1</sup>	1,236m	989m	+25,0%
Profit for the period	-7,949m	12,305m	neg

Key take away's – Financials	Q4 2022	Q4 2021
Loan-to-value ratio, %	49	40
Interest-coverage ratio, multiple	3.9x	5.5x
The average period of fixed interest for all interest-bearing liabilities, years	3.2	3.6
Average debt maturity, years	3.9	4.1

Key take away's – Share-related	Q4 2022	Q4 2021
Long-term net asset value (EPRA NRV)	45,579m	64,516m
Long-term net asset value (EPRA NRV) per share	31.34	44.46

Key take away's – Property-related	Q4 2022	Q4 2021
Market value of properties	135,616m	149,335m
Surplus ratio, %	66	68
Initial yield,%	4.1	3.8
Valuation yield,%	4.72	4.34
Economic letting ratio, %	95.3	94.1
Average contract length of social infrastructure properties, years	10	11

## PROFORMA LTV

SEKm	LTV	
	Proforma 2023	31 Dec 22
Liabilities to credit institutions	33,896	33,896
Bond loans	52,078	52,078
Commercial papers	1,111	1,111
Total cash and cash equivalents and cash investments	-4,850	-4,850
<b>Adjusted for</b>		
Agreed and committed cash from disposals after reporting date	-10,500	-
<b>Net debt</b>	<b>71,735</b>	<b>82,235</b>
Balance sheet total	157,870	168,370
<b>LTV ratio</b>	<b>45%</b>	<b>49%</b>

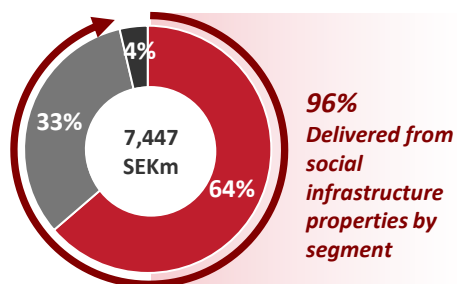


## NET OPERATING INCOME

SEKm	<i>Period</i>		<i>Quarter</i>		<i>Full year</i>
	1 Jan 22 – 31 Dec 22	1 Jan 21 – 31 Dec 21	Q4 2022	Q4 2021	2021
Rental income	7,447	5,930	1,850	1,695	5,930
Operating costs	-1,567	-1,114	-451	-347	-1,114
Maintenance	-393	-322	-134	-110	-322
Property administration	-465	-317	-117	-122	-317
Property tax	-141	-130	-43	-34	-130
<b>Net operating income</b>	<b>4,881</b>	<b>4,047</b>	<b>1,105</b>	<b>1,082</b>	<b>4,047</b>
<i>Surplus ratio</i>	66%	68%	60%	64%	68%

### Rental income for the period

1 Jan 2022 – 31 Dec 2022



- Community service properties
- Residentials
- Other

### Changes in comparable portfolio during the period

- Rental income **increased by 4.0 percent** compared with the corresponding period in the preceding year
- Net operating income **increased by 2.3 percent**

## PROFIT FROM PROPERTY MANAGEMENT

SEKm	<u>Period</u>		<u>Quarter</u>		<u>Full year</u>
	1 Jan 22 – 31 Dec 22	1 Jan 21 – 31 Dec 21	Q4 2022	Q4 2021	2021
<b>Net operating income</b>	<b>4,881</b>	<b>4,047</b>	<b>1,105</b>	<b>1,082</b>	<b>4,047</b>
Central administration	-433	-290	-113	-52	-290
Acquisition, restructuring and other costs	-120	-86	-24	-46	-86
Profit from associated companies/joint ventures	-1,866	2,814	-1,378	2,229	2,814
- of which profit from property management	941	410	314	196	410
- of which value changes	-1,970	3,098	-1,502	2,627	3,098
- of which write-downs	-747	-3	-247	-3	-3
- of which tax	-90	-691	57	-591	-691
<b>Profit before financial items</b>	<b>2,462</b>	<b>6,485</b>	<b>-410</b>	<b>3,213</b>	<b>6,485</b>
Interest income	239	274	59	67	274
Interest expenses	-1,526	-1,011	-528	-268	-1,011
Translation gains/losses	-1,911	118	-580	-231	118
Other	400	-176	423	10	-176
<b>Profit from property management</b>	<b>2,391</b>	<b>3 286</b>	<b>656</b>	<b>1,220</b>	<b>3 286</b>
<b>Profit from property management excl. FX</b>	<b>4,382</b>	<b>3 168</b>	<b>1,236</b>	<b>989</b>	<b>3 168</b>



## PROFIT BEFORE TAX

SEKm	<i>Period</i>		<i>Quarter</i>		<i>Full year</i>
	1 Jan 22 – 31 Dec 22	1 Jan 21 – 31 Dec 21	Q4 2022	Q4 2021	2021
<b>Profit from property management</b>	<b>2,391</b>	<b>3,286</b>	<b>656</b>	<b>1,220</b>	<b>3,286</b>
Changes in value, property	-4,571	21,360	-3,590	9,378	21,360
Realization result on distribution of Neobo	-3,202	-	-3,202	-	-
Dissolution of goodwill after property sales	-387	-252	-195	-243	-252
Write-down of goodwill	-395	-	-395	-	-
Results, production of residentials	-17	9	-19	9	9
Changes in the value of financial instruments	-1,560	2,487	-405	1,151	2,487
<b>Profit before tax</b>	<b>-10,548</b>	<b>29,294</b>	<b>-8,842</b>	<b>13,548</b>	<b>29,294</b>

### Property portfolio change

- External valuations of all of our properties were conducted in the fourth quarter. The outcome shows a decline in value by SEK 4,571m for the full year 2022. The largest portion pertains to residentials, and projects given the rent for residentials will increase less in 2023 in comparison with the inflation for 2022.

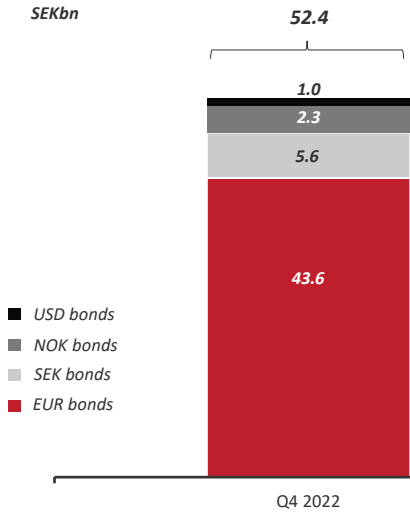
### Comments to changes in value of properties

- Changes in the value of properties over the period amounted to SEK -4,571m (21,360), of which SEK -155m (740) were realized changes in value and SEK -4,416m (20,620) were unrealized changes in value.

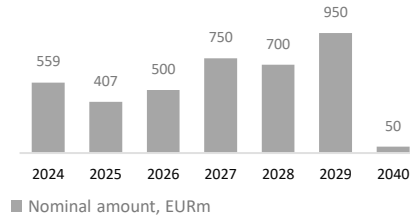
The change in value is explained by higher yield requirements.

# DEBT PORTFOLIO

## Bond portfolio break down



### EUR bonds - maturity profile

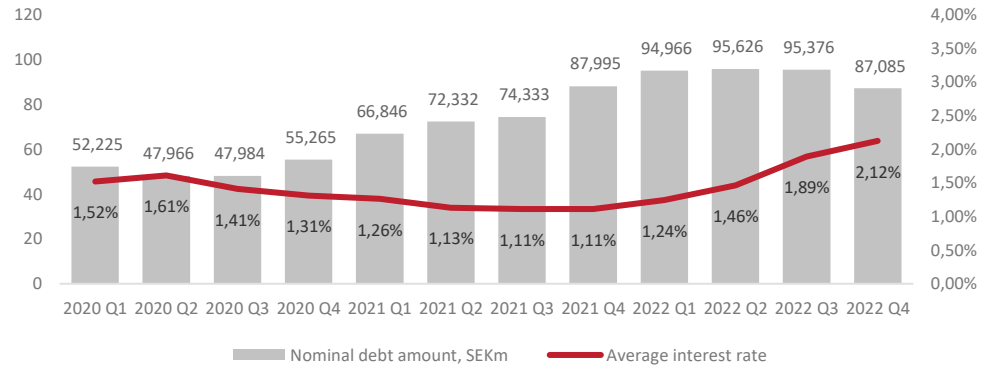


Our EUR bond portfolio totaling **EUR 3,916m** outstanding debt as per Q4 2022. The debt maturity is **4.7 years** with **1.15%** as an average interest rate – **100% fixed**.

Of this, our bonds maturing after 2025 amounts to **EUR 2,950m** (71% of EUR debt portfolio) with a **fixed coupon rate of 1.04%** as per Q4 2022 and with a maturity of over **5 years**.

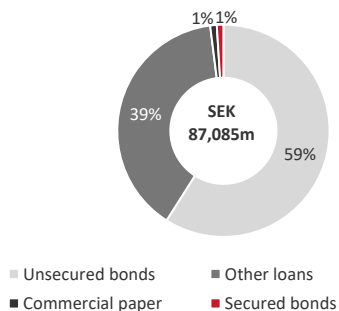
## Cost of debt

Weighted average maturity (years)

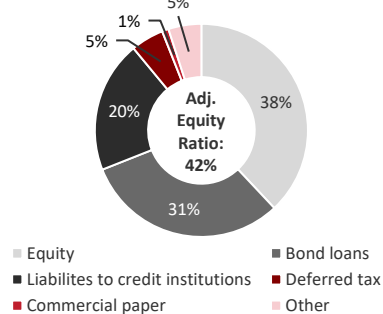


## Diversified debt and capital structure

### Debt structure

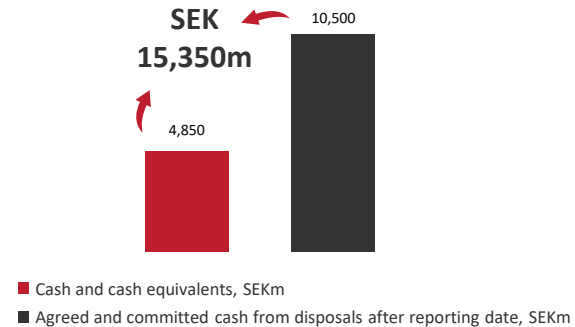


### Capital structure

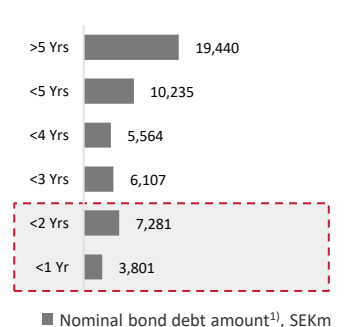


## Liquidity and debt maturity profile

### Liquidity break down

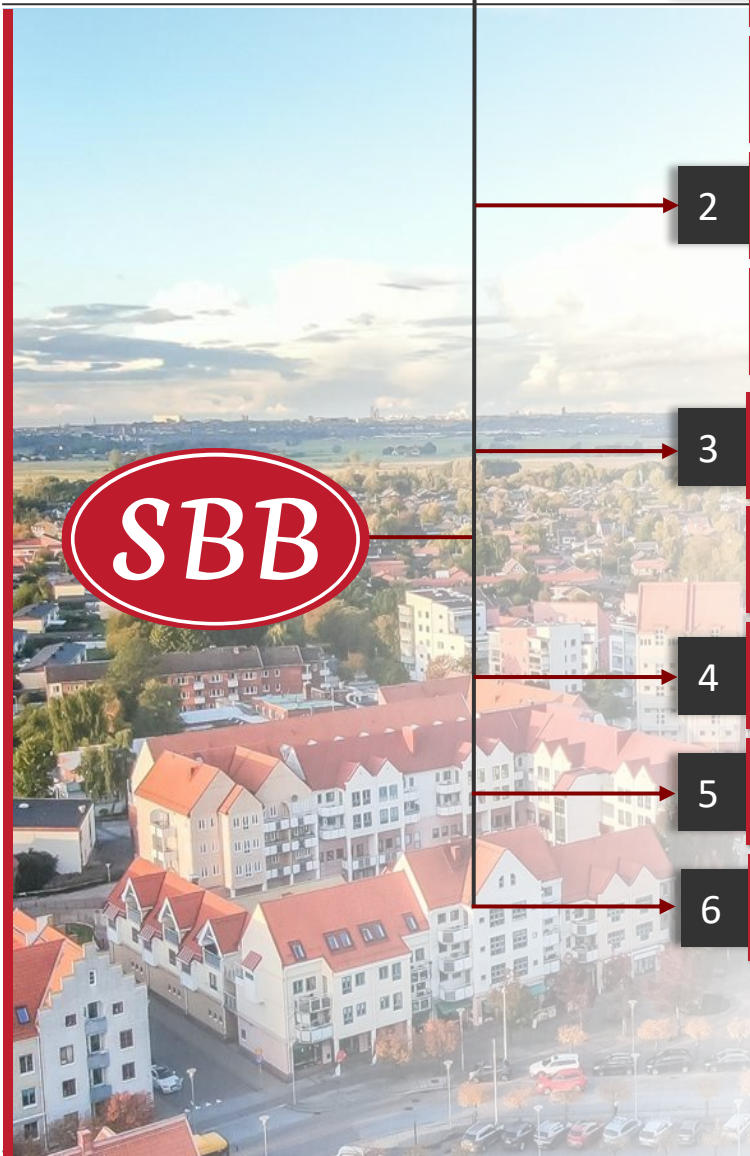


### Total bond maturity profile





## TO SUMMARIZE...



1

### IPO of Sveafastigheter

- SEK ~8bn in equity value attributable to SBB shareholders
- IPO planned during H1 2023

2

### Continued disposal plan

- Dialog regarding disposals of SEK 6bn is on-going to further strengthen the balance sheet

3

### Focus on strategic partnership with Brookfield

- On-going work to plan for future growth in Europe

4

JM – Strategic investment in-line with SBB's strategy of owning unique and attractive assets

5

Focus on core business – Increased focus on community service infrastructure assets

6

Dividend to ordinary shareholders A and B will be proposed at SEK 1.44/share

The Board's ambition is to propose a **DRIP Dividend** for fiscal year 2022 based on:

- SEK 1.44 per Class A and B share  
Opportunity to be reinvested into new Class B shares
- SEK 2.00 per Class D share  
Opportunity to be reinvested in new Class B shares

THANK YOU!

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**Samhällsbyggnadsbolaget**

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# APPENDIX - SBB OVERVIEW AND KEY HIGHLIGHTS

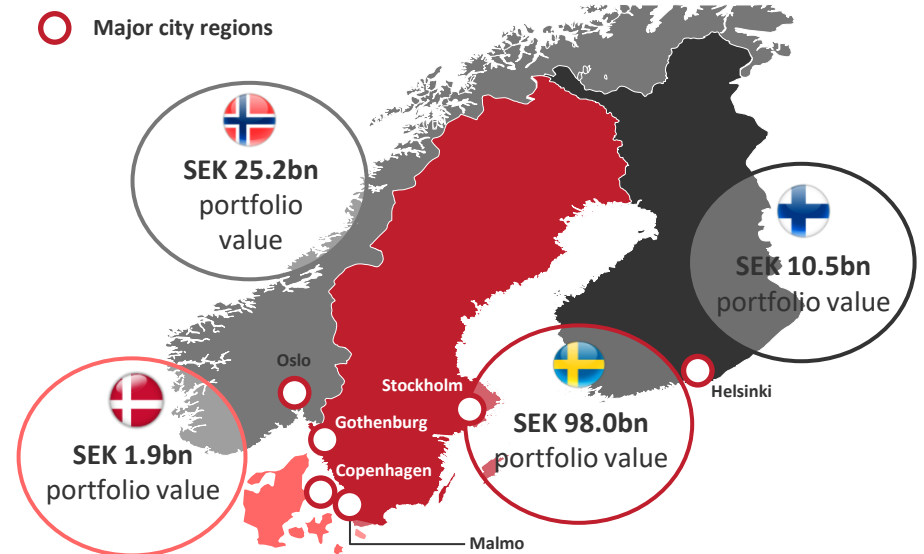
## Company snapshot

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

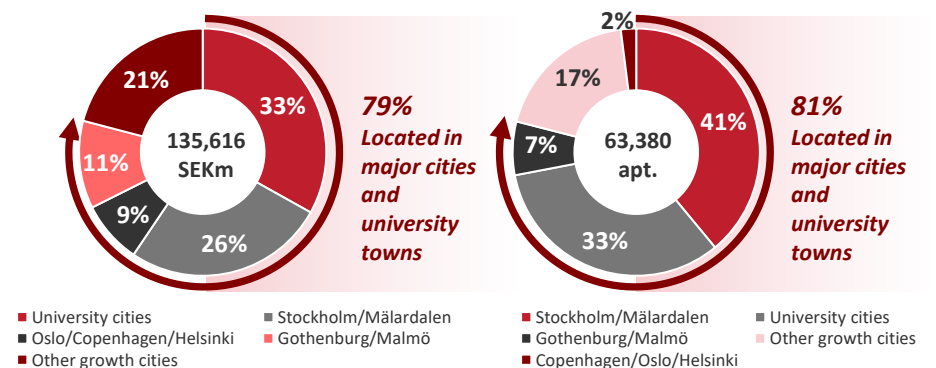
## Key figures

<b>SEK 6.7bn</b> passing rent	<b>SEK 135.6bn</b> portfolio book value	<b>10yr WAULT</b> but effectively perpetual	<b>49%</b> net LTV on total assets	<b>BBB-</b> (negative) S&P Global Ratings
	<b>78%</b> fixed interest rate	<b>4.2%</b> net initial yield 2023E <sup>1</sup>	<b>2.12%</b> average interest rate	<b>BBB-</b> (positive) Fitch Ratings
				<b>BBB</b> (stable) SCOPE

## Portfolio book value by country



## Portfolio book value and building rights portfolio



Notes: <sup>1</sup> Excluding building rights and on-going projects and including estimated rent increase of 4.00% on our rent regulated residentials (not yet final negotiated)



## APPENDIX - RENTAL INCOME - ORIGINATES FROM “AAA” ASSETS

### Income overview by category – rolling 12 months

Category	Rental Income, SEKm	% of Total
Regulated rent residentials	1 512	22
Building rights for regulated rent residentials	47	1
<b>Sum rent regulated residentials</b>	<b>1 558</b>	<b>23</b>
Apartments for elderly care	876	13
Apartments for specialist residential care (LSS)	466	7
Building rights for publicly funded residentials	0	0
<b>Sum publicly funded residentials</b>	<b>1 342</b>	<b>20</b>
Education	2 314	34
Pre school	967	14
Compulsory/Upper secondary school	963	14
University	384	6
Hospitals and health centres	486	7
Government infrastructure and City Halls	437	7
Public offices	297	4
Other	0	0
Building rights for community service	180	3
<b>Sum community service</b>	<b>3 714</b>	<b>55</b>
<b>Sum social infrastructure</b>	<b>6 614</b>	<b>98</b>
Other	114	2
<b>Total</b>	<b>6 728</b>	<b>100</b>

**98%** of the rental income (rolling 12m) is attributable from **social infrastructure properties** consisting of Swedish rent regulated residentials and community service properties in the Nordics.

### Sovereign credit risk exposure in community service

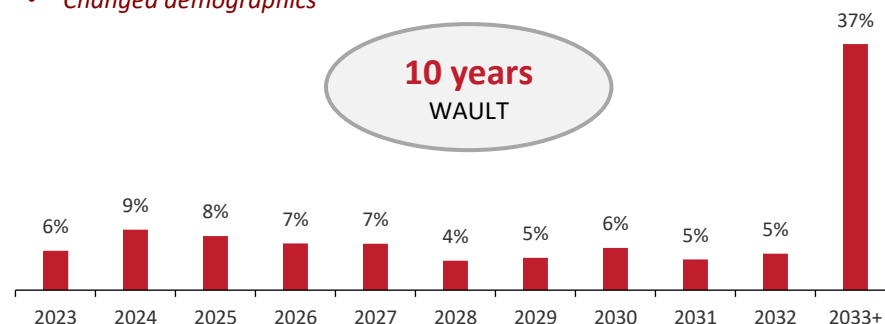
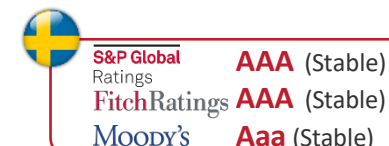
✓ Cash flows originating from the most stable economies in the world, with 99.8% rent collection during the Covid-19 pandemic proving the tenants' ability to pay their rent during stressful times.

✓ The cash flows originates from 3 of the world's total of 10 AAA-rated economies with a combined WAULT of 10 years, which creates a highly predictable and uniquely stable income stream as the basis for SBB's future growth.

✓ Strong global mega trends to support the business model:

- Urbanization
- Sustainability focus
- Changed demographics

### Sovereign credit rating



## APPENDIX - VISION 2030 - BECOMING CLIMATE POSITIVE IN THE ENTIRE VALUE CHAIN

### Vision 2030

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



### E Environmental targets

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

### S Social targets

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

### G Governance and financial targets

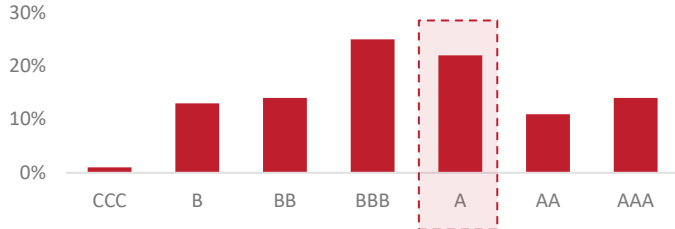
- ✓ Achieve investment grade BBB+ in the short term and A- in the long term
- ✓ 100% sustainable financing
- ✓ SBB to be classified as a green share on Nasdaq Stockholm

# APPENDIX - RECOGNITION OF ESG PERFORMANCE

## ESG ratings



Upgraded from BB to A



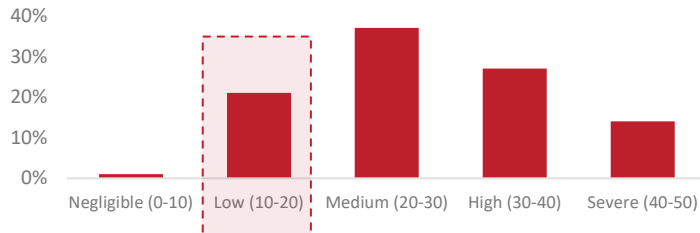
**MSCI**  
ESG RATINGS



CCC B BB BBB **A** AA AAA



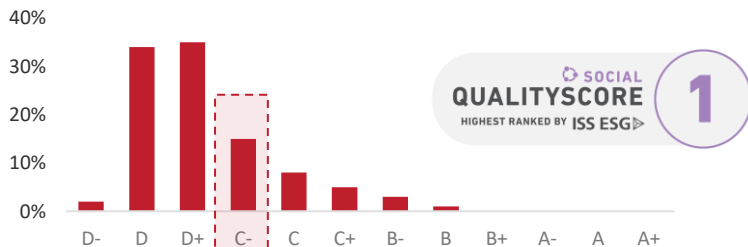
Risk reduced by 2.4 to 11.5,  
threshold for negligible ESG-Risk is 10.0



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



Quality score 1 in  
Social Sustainability: **Industry Leader**<sup>1</sup>



**Regional Top Rated 2022**



**ESG REGIONAL TOP RATED**



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



Notes: <sup>1</sup> As of 21<sup>st</sup> August 2021