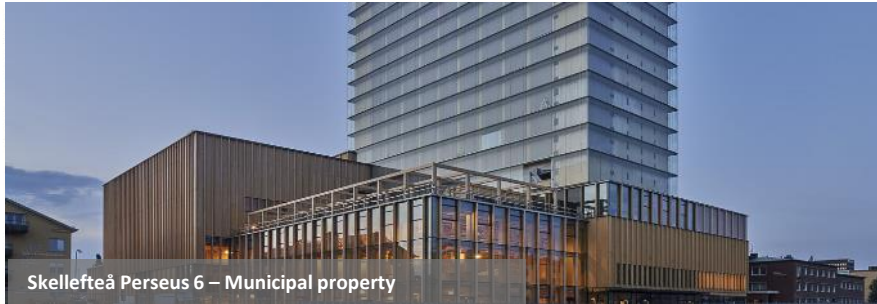


Ability to adapt to new conditions

November 2023



PRESENTERS



LEIV SYNNES
CEO



DANIEL TELLBERG
Finance Director



HELENA LINDAHL
Treasury Director

HIGHLIGHTS

- New group structure and strategy
- Reduced debt SEK 20.5bn last 15 months. Financial stability and liquidity remain a priority
- 12.5 percent like-for-like growth in NOI
- 86% of the gross debt has a fixed interest rate – Average interest maturity of 3.1 years
- Continued pressure on property valuation. Value decrease of 8,9% for the period and, whereof 2.7% in the quarter

SEK **118** bn

Property Value

2.6

Interest Coverage Ratio

53 %

Loan-to-Value

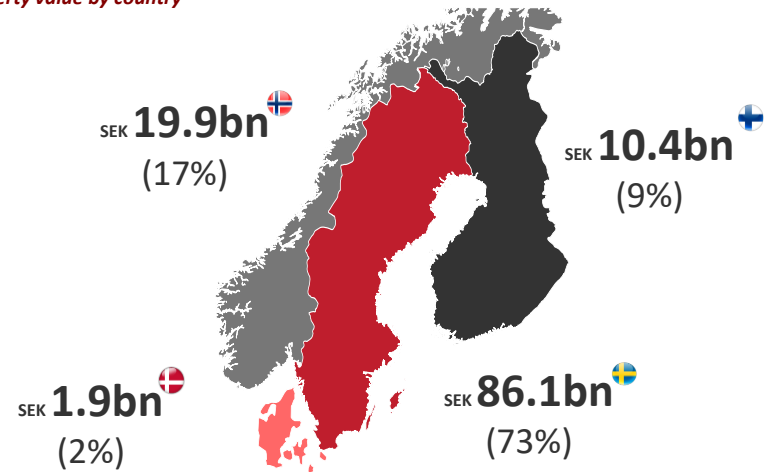
4.75 %

Yield

3.7

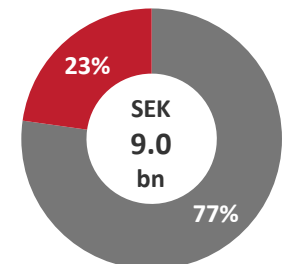
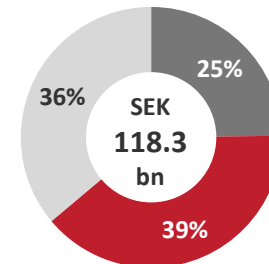
EPRA Vacancy Rate

Property value by country



Value by segment

SEKbn	Property	JV and Associate companies
Residential	29.4	6.9
Community	46.2	2.1
Education	42.7	-



RESULT OF THE STRATEGIC REVIEW

A new group structure and strategy were presented during the quarter, strengthening our financial position over the long term.

Continued strategic sales and raising capital to increase flexibility

- Sold properties for SEK 8.4 billion in the last 15 months
- SBB Residential Properties AB (JV) issued preference shares of SEK 2.4 billion to Morgan Stanley
- The EduCo transaction will result in total cash proceeds to SBB of approximately SEK 8.2 billion

Implemented decentralised group structure

- We now have three focused business units that each has a distinct niche and unique property portfolio
- Improves access to bank funding and enable equity raising in subsidiaries

THE NEW GROUP STRUCTURE



Residential

Property value
29.4bn

*JV and Associate companies
value*

6.9bn

Yield
3.65%

Community

Property value
46.2bn

*JV and Associate companies
value*

2.1bn

Yield
5.28%

Education

Property value
42.7bn

*JV and Associate companies
value*

-

Yield
4.84%

RESIDENTIAL

- SEK 1.3 billion in total rental value
- Rent development for Swedish regulated tenancies have outpaced inflation over time
- Strong potential - demographics and development opportunities
- Low downside risk in revenue
- Occupancy rate of 94 percent for the quarter
- Strong organization and prudent capital structure enable growth
- IPO or strategic partnership in 2024 to enhance funding opportunities



Consolidated properties

SEK **29.4** bn
Property value

3.65 %
Yield

1,245
Avg. rent per sq.m

JV and Associate companies

SEK **6.9** bn
Value

COMMUNITY

- Government-funded tenants, minimal risk of rent loss
- Leading and scalable platform - facilitates sourcing opportunities
- Rental income close to 100% CPI-linked.
- Sustainability at the core of the business model
- 30% elderly care as largest property type
- Interest in partnerships from investors



Consolidated properties

SEK **46.2** bn
Property value

5.28 %
Yield

7.2 years
WAULT

JV and Associate companies

SEK **2.1** bn
Value

EDUCATION

- Europe's leading public education property platform with growth potential
- Government-backed income with 13-year leases with minimum tenant turnover
- High lease renewal rate and close to 100% CPI-linked
- Will become an associate company with a strong equity partner
- Prudently financed properties with secure earnings are expected to lead to an investment grade credit rating.
- Nordic banks being repaid, targets US private placement market



Consolidated properties

SEK **42.7** bn
Property value

4.84 %
Yield

12.8 years
WAULT

JV and Associate companies

-
Value



FINANCIAL STATEMENTS

EDUCO TREATMENT

- At the end of the period, SBB owned 51 per cent of EduCo. On 24 September 2023, SBB entered into an agreement to sell an additional 1.16% of EduCo
- SBB will deconsolidate the business in Q4 after closing
- The transaction leads to EduCo being considered as discontinued operations
- Historical periods have been re-calculated
- Classified as assets held for sale at period end
- Earnings per share are almost unaffected

	2023-01-01 - 2023-09-30		
	Continuing operations	Discontinued operations	SBB Total
Rental income	3,512	1,753	5,265
Property costs	-1,016	-265	-1,281
Net operating income	2,496	1,488	3,984
Administration incl. acquisition and restructuring costs	-623	-189	-812
Profit before financial items, value changes in properties and goodwill	1,873	1,229	3,172
Value change properties and goodwill	-10,698	-4,642	-15,340
Operating profit	-8,825	-3,343	-12,168
Results from associated companies/joint ventures	-4,362	0	-4,362
Net interest	-799	-475	-1,274
Financial items	-3,371	-4	-3,375
Tax	1,821	799	2,620
Profit for the period	-15,536	-3,022	-18,559

NET OPERATING INCOME LIKE FOR LIKE

SEKm	Period Like for Like			Quarter Like for Like		
	1 Jan 23 - 30 Sep 23	1 Jan 22 - 30 Sep 22	Change	Q3 2023	Q3 2022	Change
Rental income	2,477	2,262	216	836	769	67
Operating costs	-517	-512	-5	-129	-145	16
Maintenance	-112	-109	-3	-38	-36	-3
Property tax	-50	-42	-7	-16	-12	-4
Net operating income	1,799	1,599	200	653	577	76
<i>Surplus ratio</i>	<i>72,6%</i>	<i>70,7%</i>		<i>78,1%</i>	<i>75,0%</i>	

9.5%

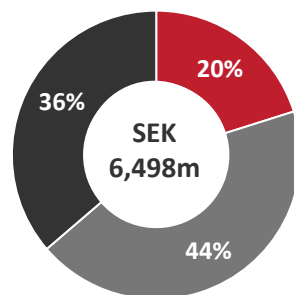
Rental income increase
like for like

12.5%

Net operating income
like for like

Rental income for the period including EduCo

1 January 2023 – 30 September 2023



■ Residential

■ Community

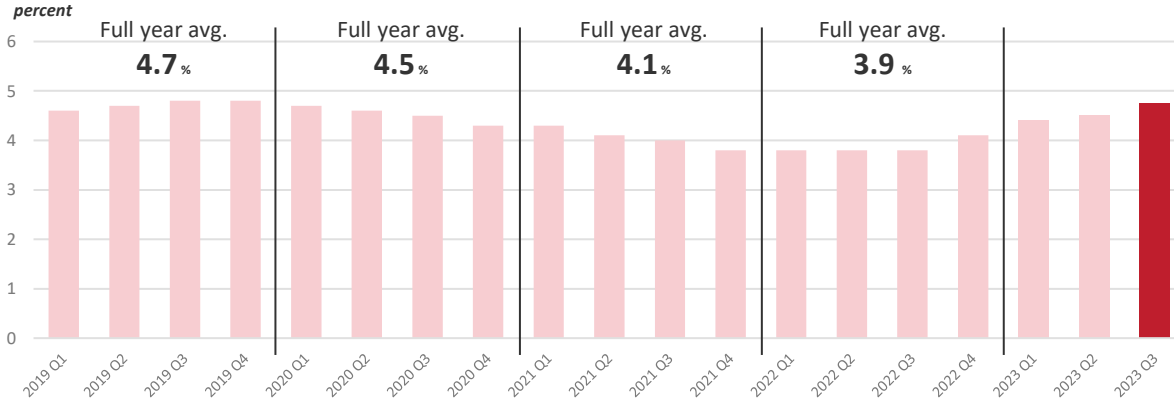
■ Education

Comments

- Rental income **increased by 9.5 percent on like for like basis** compared with the corresponding period in the preceding year. 8.9 percent including EduCo.
- Net operating income **increased by 12.5 percent on like for like basis**. 11.1 % Including Educo.

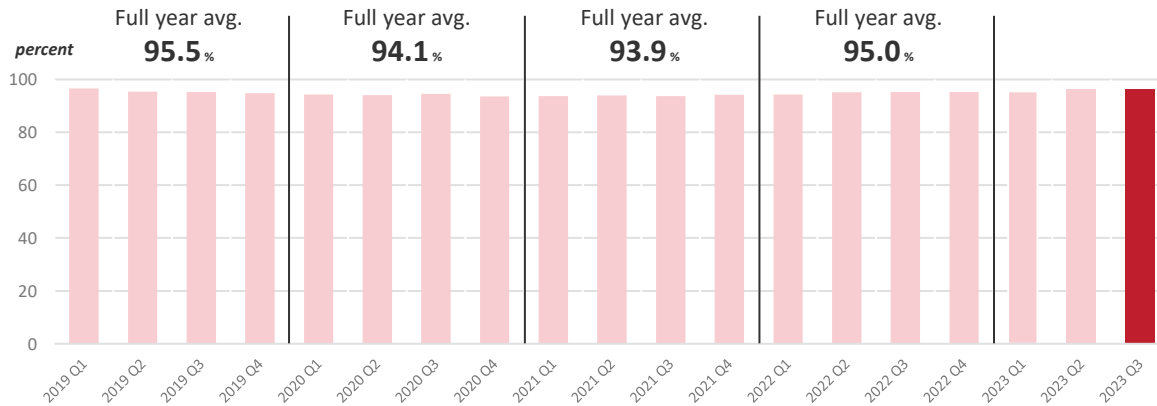
INCREASED YIELD AND STABLE OCCUPANCY

Yield



4.75%
Yield Q3 2023

Rental Occupancy Rate



96.3%
Rental Occupancy Rate Q3 2023

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

SEK m	2023-01-01 2023-09-30	2022-01-01 2022-09-30	Difference	Like-for-like change	Comments
Net operating income	2,496	2,831	-335	+12.5%	<ul style="list-style-type: none"> Income for the period decreases following divestments. Like-for-like continues to increase.
Admin & Restructuring expenses	-623	-702	+79		
Profit before financial items, value changes in properties and goodwill	1,873	2,129	-256		
Changes in value, property	-10,493	-1,191	-9,302		
Other / Goodwill	-205	-190	-15		
Operating profit	-8,825	748	-9,573		<ul style="list-style-type: none"> Rising interest rates on the back of increased inflation which we are now seeing tendency of decreasing.
Results from associated companies/joint ventures	-4,362	-488	-3,874		
Net interest	-799	-475	-324		
Other financial items	-3,371	-2,586	-785		
Tax	1,821	-164	+1,985		
Profit for the period, Continued operations	-15,536	-2,963	-12,573		<ul style="list-style-type: none"> EduCo listed as Discontinued operations due to the transaction with Brookfield.
Profit for the period, Discontinued operations	-3,022	1,103	-4,125		
Profit for the period	-18,559	-1,861	-16,698		

FINANCING IN NEW MARKET CONDITIONS

- Main focus to reduce debt level and decrease the dependence on individual sources of financing
- Continue strengthening the company's financial position
- Long-term ambition of returning to investment grade rating

53%

LTV Q3 2023

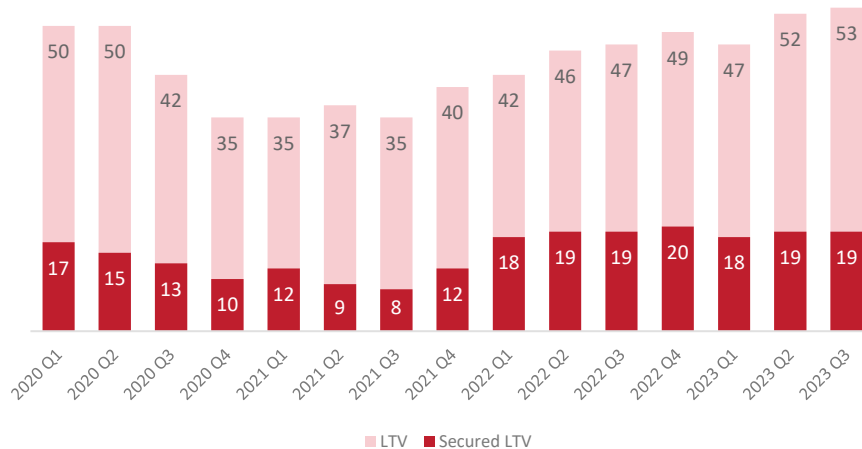
19%

Secured LTV Q3 2023

2.6x

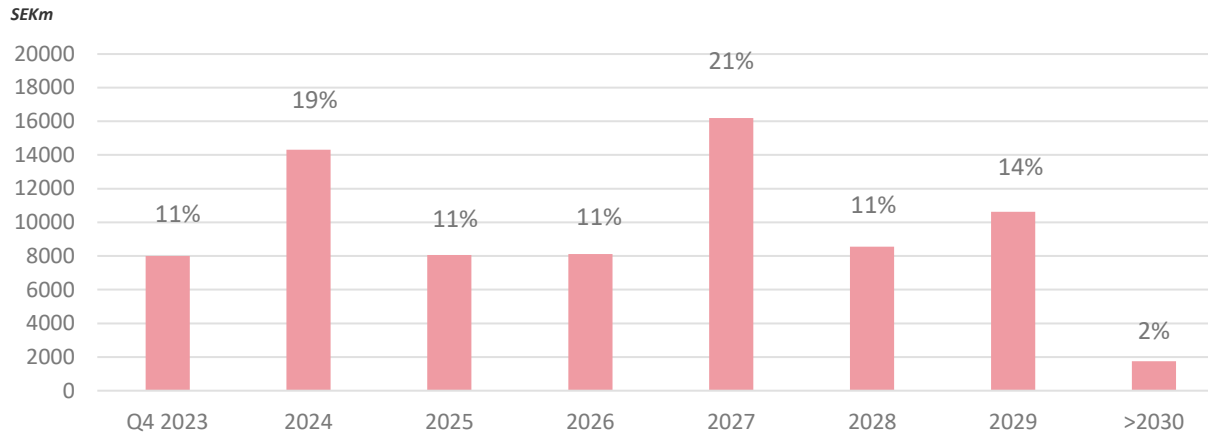
Interest coverage ratio Q3 2023

Loan to value, %



ATTRACTIVE LONG-TERM FUNDING

Interest Rate Maturity



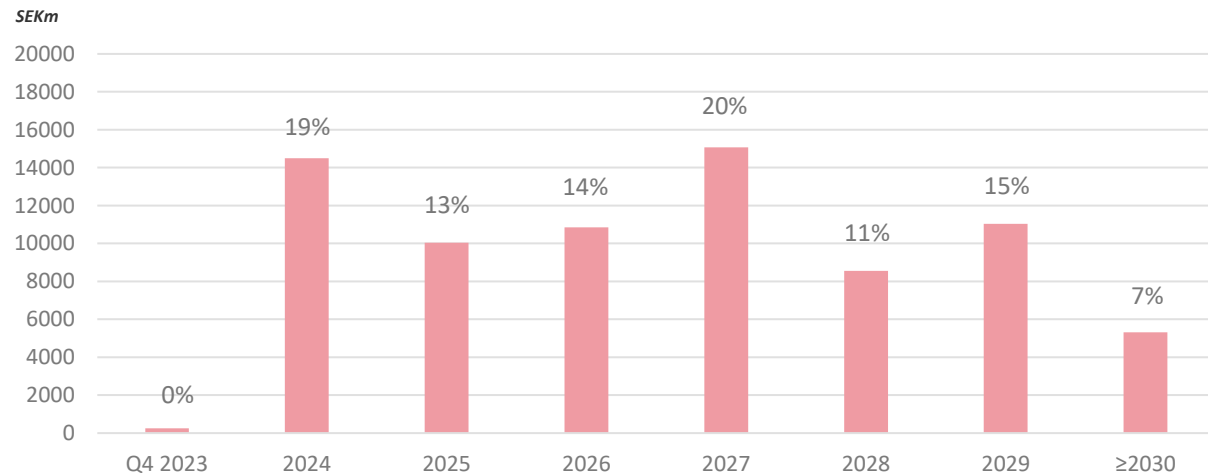
3.1 years

Average interest maturity

2.29%

Average interest rate

Debt Maturity



3.7 years

Average debt maturity

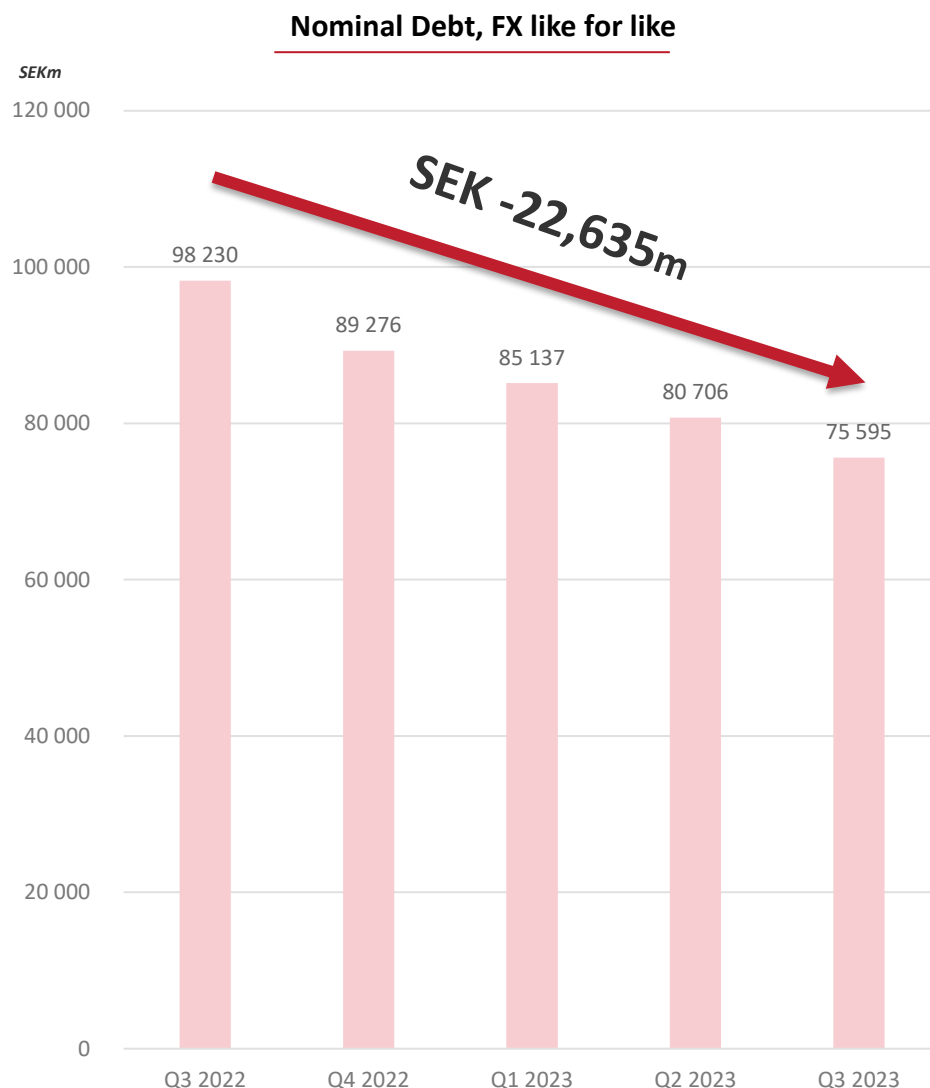
53%

With maturity later than 2026

1.77%

Average interest of debt with maturity later than 2026

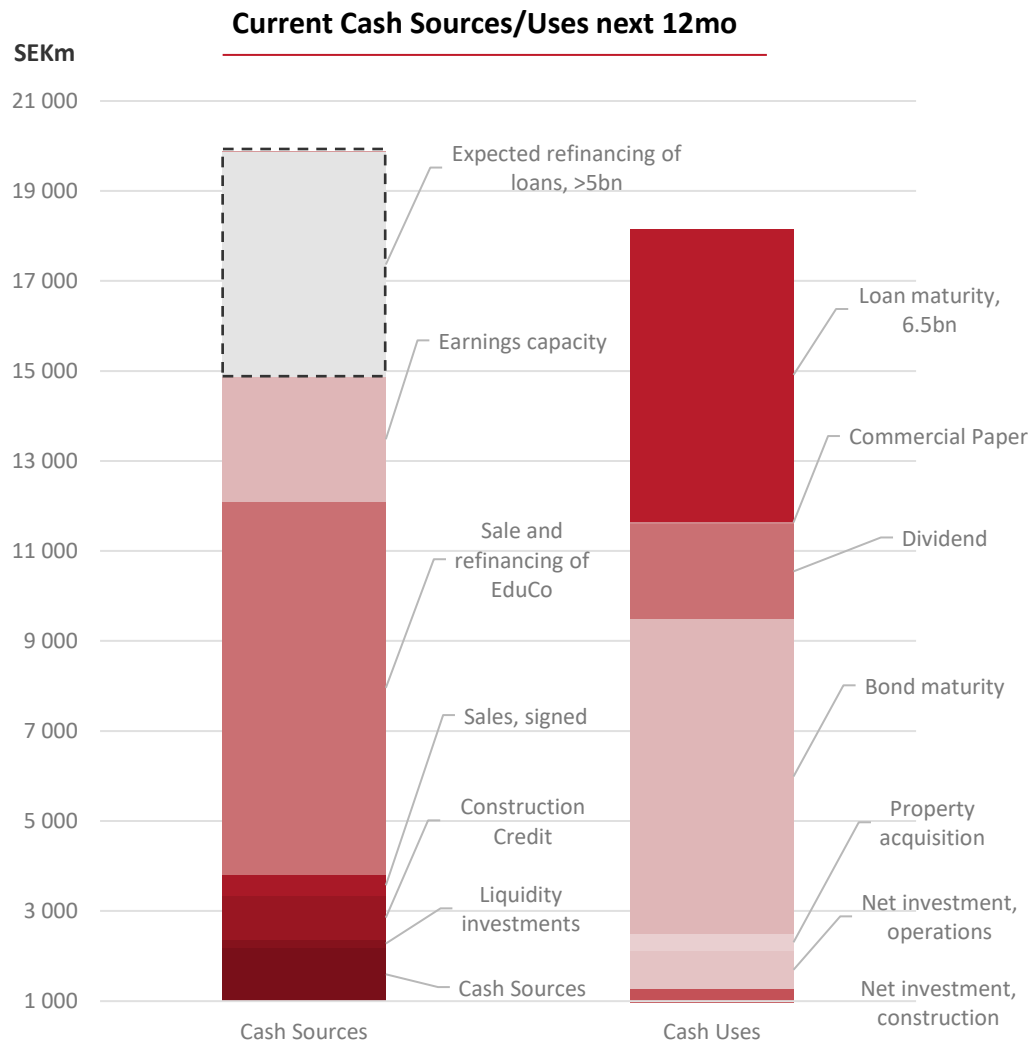
LIQUIDITY HAS BEEN USED TO REDUCE DEBT



Comments

- Actively managing debt portfolio has resulted in a substantial like for like decrease in debt
- Good progress, aim to continue to reduce debt through operating cash flow, divestments, and equity partners

SHORT-TERM LIQUIDITY REMAIN A PRIORITY



Comments

- Done much, much in pipeline
- Introduced a long-term target of min SEK 3bn in liquidity
- Aim to keep cash sources/cash uses above 1.0
- Proceeds from Residential IPO/partnership not included
- Selective sale of individual properties if needed

TO SUMMARIZE



SBB

- 1 New group structure and strategy
- 2 Reduced debt SEK 20.5bn last 15 months. Financial stability and liquidity remain a priority
- 3 12.5 percent like-for-like growth in NOI
- 4 89% of the gross debt has a fixed interest rate – Average interest maturity of 3.1 years
- 5 Continued pressure on property valuation, signs of levelling off

Q&A

THANK YOU!



Samhällsbyggnadsbolaget
