

Executing on our strategy

August 2024



PRESENTERS



LEIV SYNNES
CEO



DANIEL TELLBERG
Finance Director



HELENA LINDAHL
Treasury Director

HIGHLIGHTS

- Rental income increased by 7.2%, like-for-like
- Net Operating Income increased by 8.9%, like-for-like
- Financial stability and liquidity remain a priority. Reduced debt SEK 7.8bn in the period and SEK 42.6bn in the last 24 months, like-for-like.
- Property valuation decrease, levels off. Value decrease of 1.4% in the quarter
- Strategy execution on-track

SEK **54.4**bn
Property value

7.2 %
Rental income increase,
like-for-like

54 %
Loan-to-value
Q2 2024

SEK **103.4**bn
Total property exposure

8.9 %
Net Operating Income
increase, like-for-like

2.10 %
Average interest rate

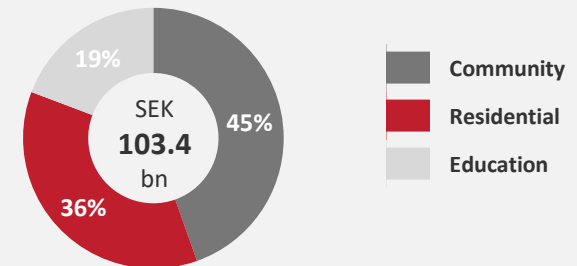
4.9 %
Yield

7.2 %
EPRA Vacancy Rate

2.0 x
Interest coverage ratio

Properties

SEK **103.4**bn
Total property exposure including
share of significant holdings



SEKbn	Property Value	Share of property value, significant holdings
Community	25.8	20.2
Residential	28.0	9.4
Education	0.6	19.3
Total	54.4	49.0

*Investments in other associate companies totalling SEK 5.2bn

STRATEGY EXECUTION ON-TRACK

- **Education** proves our strategy as Nordiqus refinances bank loans of SEK 8.6bn in the capital market and new credit facilities of SEK 1bn
- **Sveafastigheter** is ready for an IPO or strategic partnership
 - All joint ventures in Sveafastigheter have been dissolved
 - New or reorganized debt of SEK 10bn with seven Nordic banks
 - Issue of SEK 1.7bn bonds after the end of the second quarter
- **Community** properties enable capital raised from investors
 - Second joint venture is created with Castlelake generating proceeds of SEK 5.7bn
- Strengthened equity and improved debt position following successful **Exchange Offer** on hybrid and senior securities in July

GROUP STRUCTURE



Community

Total property exposure

SEK **46.0**_{bn}

Property value

SEK **25.8**_{bn}

*SBB's share of property portfolios in
JV and Associate companies*

SEK **20.2**_{bn}

Residential

Total property exposure

SEK **37.4**_{bn}

Property value

SEK **28.0**_{bn}

*SBB's share of property portfolios in
JV and Associate companies*

SEK **9.4**_{bn}

Education

Total property exposure

SEK **19.9**_{bn}

Property value

SEK **0.6**_{bn}

*SBB's share of property portfolios in
JV and Associate companies*

SEK **19.3**_{bn}

COMMUNITY

- Leading and scalable platform
- Elderly care 25% of the property portfolio
- Sustainability at the core of the business model
- Government-funded tenants, minimal risk of rent loss
- Partnership confirms the strong value of the portfolio
- Rental income close to 100% CPI-linked



Consolidated properties



SEK 25.8 bn

Property value

5.71 %

Yield

9.6 years

WAULT

JV and Associate companies

SEK 18.5 bn

SBB's share of property portfolios in significant holdings

SEK 1.8 bn

SBB's share of property portfolios in other holdings

SEK 5.5 bn

Net Investment in significant holdings



RESIDENTIAL

- IPO or strategic partnership in 2024 to enhance funding opportunities for Sveafastigheter and to reduce debt in SBB
- Residential holdings are concentrated to Sveafastigheter
- Independant board and management
- Beneficial market conditions
 - Rent development for Swedish-regulated tenancies driven by population growth and real economic development
 - Rent is expected to increase materially faster than inflation in the coming years



Consolidated properties



SEK 28.0bn

Property value

4.03%

Yield

SEK 1,371

Avg. rent per sq.m

JV and Associate companies

SEK 5.9bn

SBB's share of property portfolios in significant holdings

SEK 3.4bn

SBB's share of property portfolios in other holdings

SEK 3.1bn

Net Investment in significant holdings

EDUCATION

- SBB co-owns Nordiqus with Brookfield, one of the world's largest infrastructure investors
- Nordiqus is Europe's leading public education property platform with growth potential
- Government-backed income, high lease renewal rate and close to 100% CPI-linked
- High asset quality with predictable earnings has enabled refinancing with an infrastructure investment grade rating
- Expected to have an attractive dividend yield over time



Consolidated properties



SEK **0.6** bn

Property value

JV and Associate companies

Nordiqus

SEK **19.3** bn

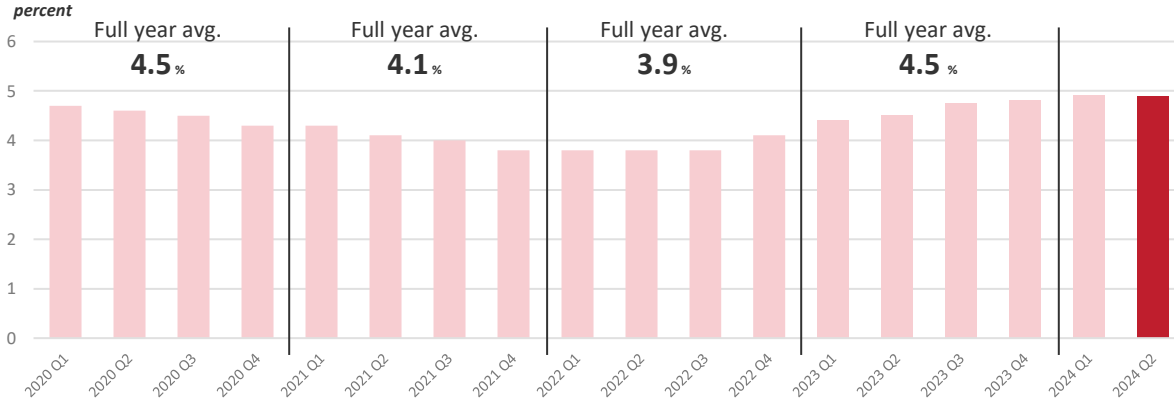
SBB's share of property portfolios in significant holdings

SEK **14.6** bn

Net Investment in significant holdings

INCREASED YIELD AND STABLE OCCUPANCY

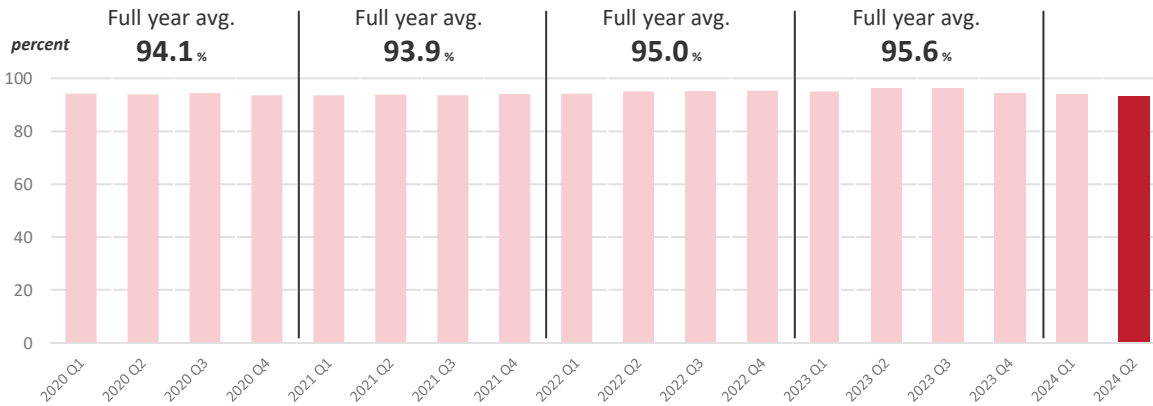
Yield



4.9%

Yield Q2 2024

Rental Occupancy Rate



93%

Rental Occupancy Rate
Q2 2024



FINANCIAL STATEMENTS

NET OPERATING INCOME

SEKm	Period, like-for-like		
	1 Jan 24 – 30 Jun 24	1 Jan 23 – 30 Jun 23	Change, %
Rental income	1,397	1,303	7.2
Total costs	-454	-437	3.9
Net operating income	943	866	8.9

7.2 %

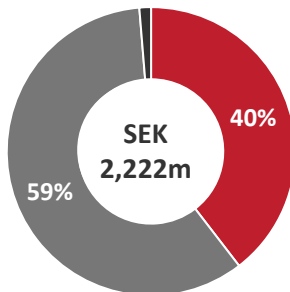
Rental income increase,
like-for-like

8.9 %

Net Operating Income
increase, like-for-like

NOI for the period

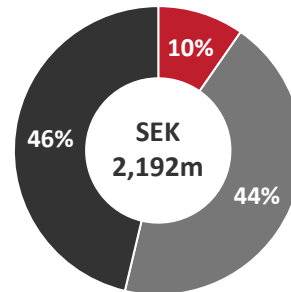
1 January 2024 – 30 June 2024



■ Residential ■ Community ■ Education

Share of NOI for the period in significant holdings

1 January 2024 – 30 June 2024



■ Residential ■ Community ■ Education

KEY TAKE AWAY'S – CONSOLIDATED INCOME STATEMENT FOR THE PERIOD (1/2)

SEK m	2024-01-01 2024-06-30	2023-01-01 2023-06-30	Profit impact	Like-for-like change
Net operating income	1,455	1,568	-113	+8.9%
Admin & Restructuring expenses	-557	-246	-311	
Profit before financial items, value changes in properties and goodwill	899	1,323	-424	
Changes in value, property	-3,579	-6,971	+3,392	
Impairment of goodwill	-320	-78	-242	
Other	-14	-2	-12	
Operating profit	-3,015	-5,728	+2,713	

Comments

- Strong NOI growth like-for-like despite less income due to divestment
- Reorganisation and legal processes are generating temporary high central costs. Expected to halve by the end of 2025
- Changes in property value have levelled off
- Rent development and lower capital costs are expected to lead to positive property value changes in the long term

KEY TAKE AWAY'S – CONSOLIDATED INCOME STATEMENT FOR THE PERIOD (2/2)

SEK m	2024-01-01 2024-06-30	2023-01-01 2023-06-30	Profit impact	Like-for-like change
Net operating income	1,455	1,568	-113	+8.9%
Admin & Restructuring expenses	-557	-246	-311	
Profit before financial items, value changes in properties and goodwill	899	1,323	-424	
Changes in value, property	-3,579	-6,971	+3,392	
Impairment of goodwill	-320	-78	-242	
Other	-14	-2	-12	
Operating profit	-3,015	-5,728	+2,713	
Results from associated companies/joint ventures	-1,987	-3,661	+1,674	
Net interest	-529	-584	+55	
Other financial items	725	-4,178	+4,903	
Tax	1,375	1,087	+288	
Profit for the period, Continued operations	-3,429	-13,064	+9,635	
Profit for the period, Discontinued operations	-	-733	+733	
Profit for the period	-3,429	-13,796	+10,367	

Comments

- Strong NOI growth like-for-like despite less income due to divestment
- Reorganisation and legal processes are generating temporary high central costs. Expected to halve by the end of 2025
- Changes in property value have levelled off
- Rent development and lower capital costs are expected to lead to positive property value changes in the long term
- Net interest improved due to increased interest income from joint ventures
- Other financial items include profit from repurchase of bonds relating to the Tender offer

KEY TAKE AWAY'S – CONSOLIDATED BALANCE SHEET FOR THE PERIOD

<u>Comments</u>	SEKm	2024-06-30	2023-06-30	2023-12-31
▪ Goodwill impairment related to deferred tax. The flipside of deferred tax giving no equity net effect	Goodwill	2,372	5,205	2,692
▪ Reduction in investment properties mainly related to transactions with JV:s and associated companies	Investment properties	54,417	130,799	73,205
	Other tangible assets	625	918	484
	Net investment in JV:s and associated companies	24,807	7,246	22,715
	Other financial fixed assets	1,716	4,272	3,295
	Total fixed assets	83,936	148,439	102,390
	Total current receivables and assets	1,693	2,521	1,657
	Cash and cash investments	5,953	1,885	4,060
	TOTAL ASSETS	91,583	152,844	108,107
Property portfolio change, SEKm				
	Opening fair value, 1 Jan 2024	73,205		
	Dissolution of JVs – Sveafastigheter preparation	3,404		
	Other acquisitions	569		
	Investments	608		
	Establishment of JVs	-15,212		
	Contributions to JVs – Sveafastigheter preparation	-1,709		
	Sales to minority shareholders	-3,096		
	Other sales	-720		
	Reclassification	-92		
	Unrealized value changes	-2,775		
	Translation differences	235		
	Fair value at end of period	54,417		

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
- Historic fluctuation in LTV is attributed to changing market conditions

54%

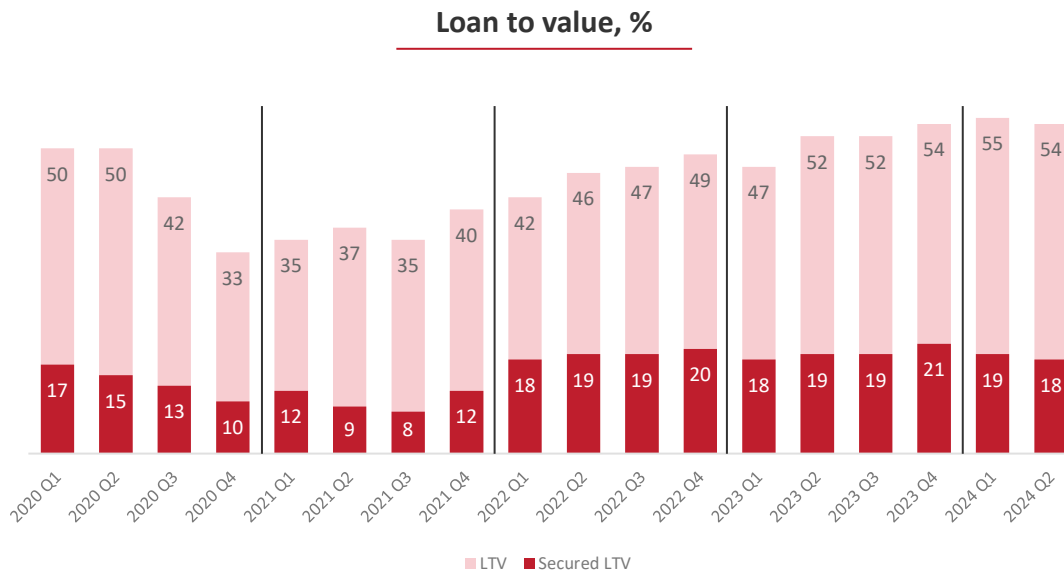
Loan-to-value
Q2 2024

18%

Secured Loan-to-value
Q2 2024

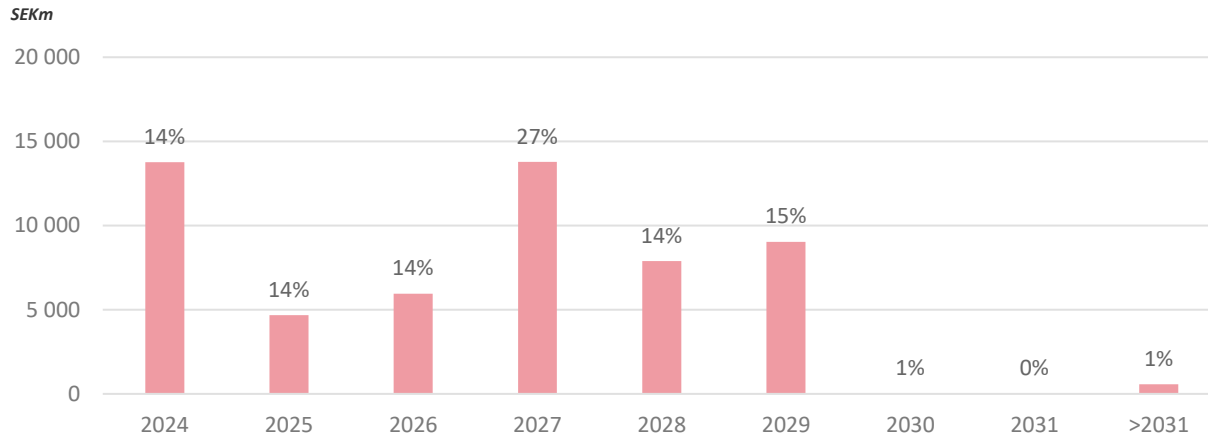
2.0x

Interest coverage
ratio Q2 2024



ATTRACTIVE LONG-TERM FUNDING

Interest Rate Maturity



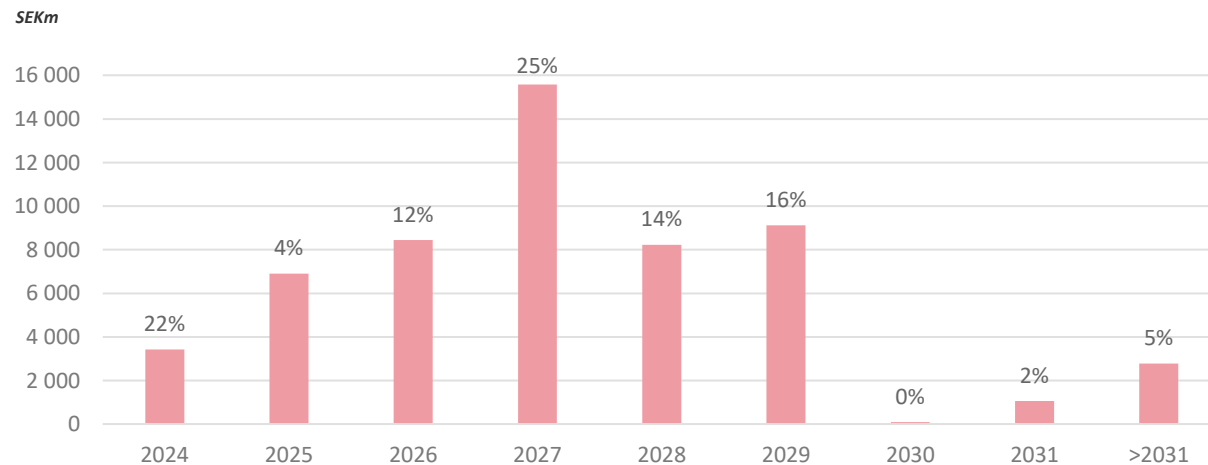
3.4 years

Average interest maturity

2.10%

Average interest rate

Debt Maturity



3.8 years

Average debt maturity

66%

With maturity later than 2026

2.37%

Average interest of debt with maturity later than 2026

LIQUIDITY HAS FACILITATED NOMINAL DEBT REDUCTION



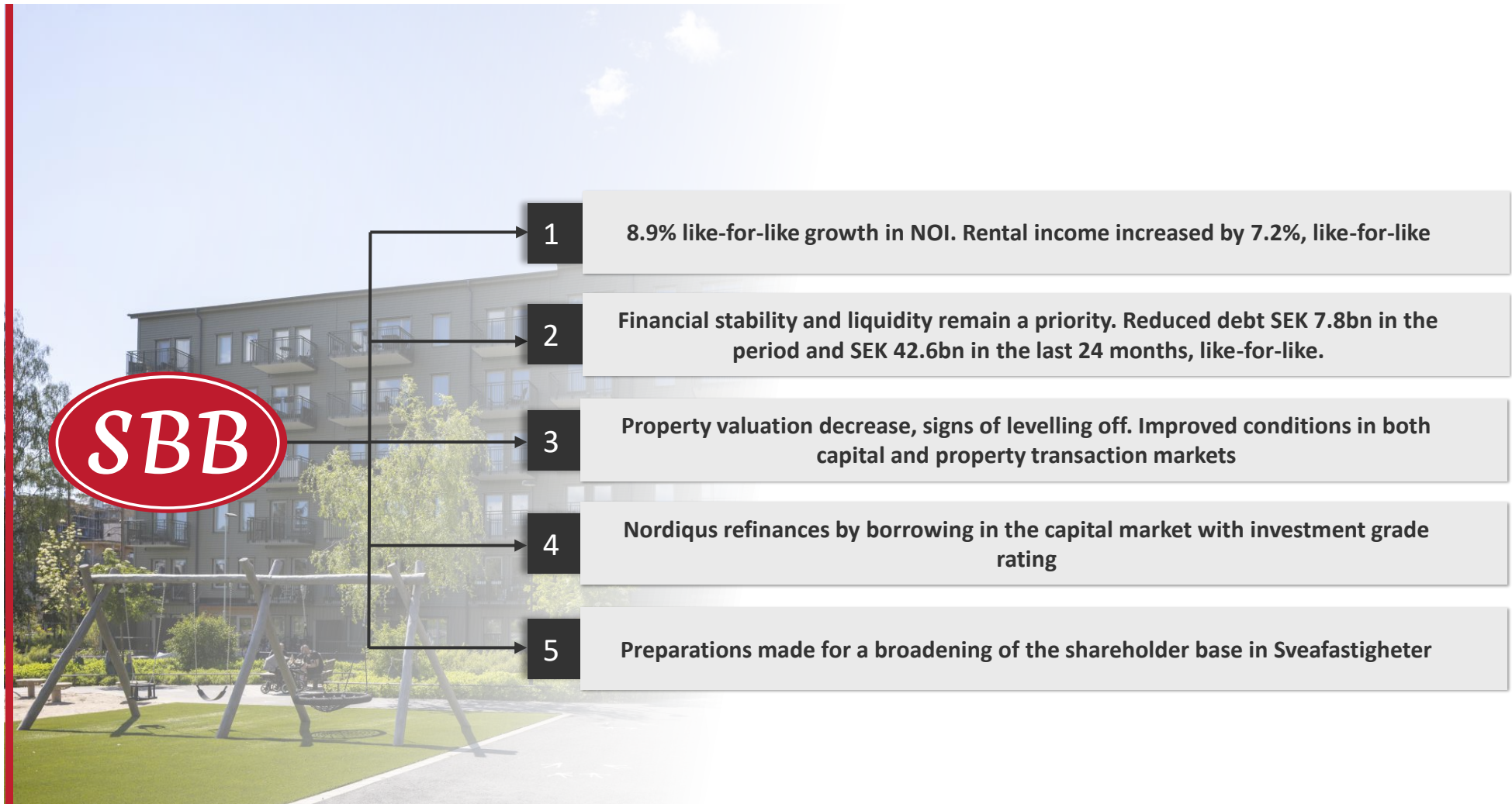
Methods for Continued debt reduction

- No additional dividend
- Limited property investments
- Limited new acquisitions

- Mainly repay maturing debt
- Divestment of financial assets
- Direct sale of real estate

- IPO or strategic equity partner for Sveafastigheter (Residential properties)

TO SUMMARIZE



SBB

- 1 8.9% like-for-like growth in NOI. Rental income increased by 7.2%, like-for-like
- 2 Financial stability and liquidity remain a priority. Reduced debt SEK 7.8bn in the period and SEK 42.6bn in the last 24 months, like-for-like.
- 3 Property valuation decrease, signs of levelling off. Improved conditions in both capital and property transaction markets
- 4 Nordiqus refinances by borrowing in the capital market with investment grade rating
- 5 Preparations made for a broadening of the shareholder base in Sveafastigheter

Q&A

THANK YOU!



Samhällsbyggnadsbolaget
