

THE SOCIAL INFRASTRUCTURE CHAMPION IN EUROPE

23 February, 2021



Skellefteå Perseus 6 – Cultural center



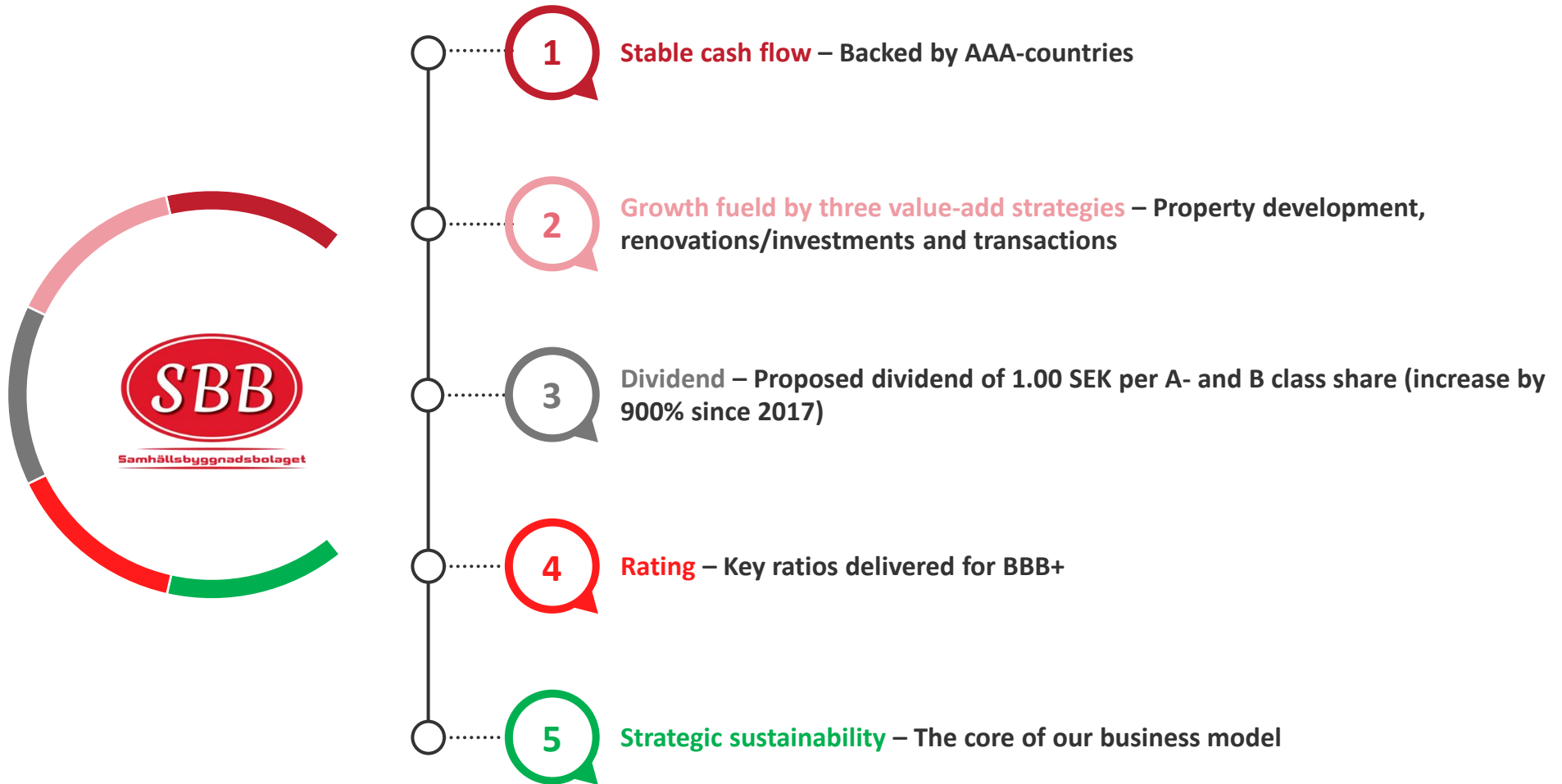
Linköping Adjunkten 2 – Elderly care



Sigtuna 2:227 – Pre-school



THE SOCIAL INFRASTRUCTURE CHAMPION IN EUROPE



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 tenants are government-funded and highly regulated Swedish residentials
- ✓ 3 value-add strategies deliver growth and additional profit
- ✓ Sustainability is the core of SBB's business model as the first private member ever of Public Housing Sweden
- ✓ Strongest and safest cash flow in Europe, 99.8% rent collection

Key figures

SEK 4.8bn
passing rent

SEK 90.2bn
portfolio book value

9yr WAULT
but effectively perpetual

1,681
Apartments in production
3,942
Apartments under active development

35%
net LTV on total assets

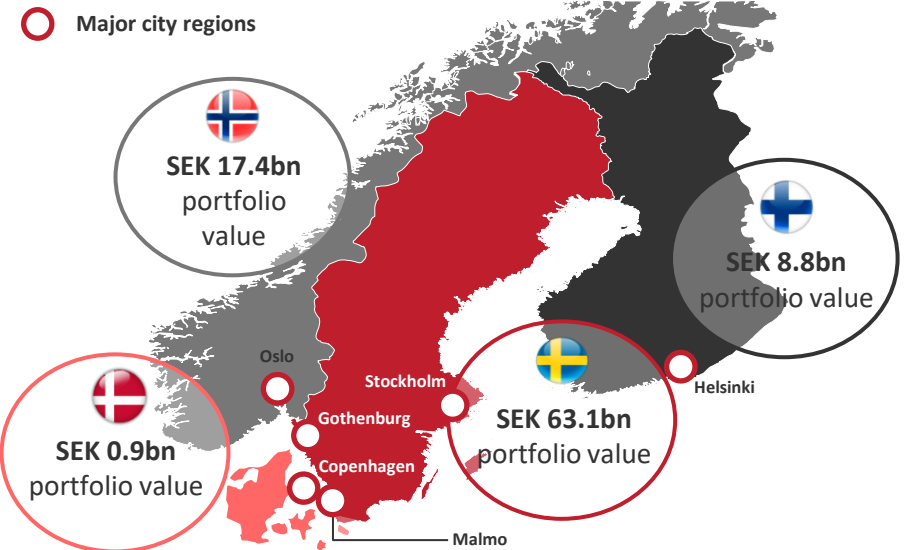
SEK 9,084m
Net profit 2020

4.3%
net initial yield

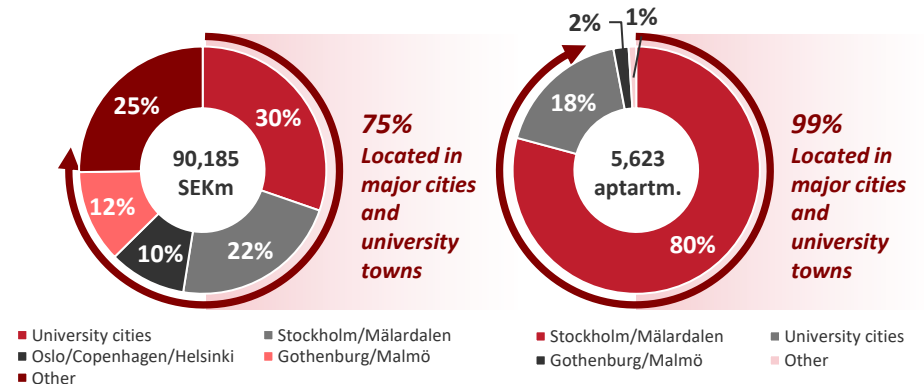
SEK 20,496
book value per sq.m.

BBB-
S&P Global Ratings
FitchRatings

Portfolio book value by country



Portfolio book value and project portfolio



SBB CREATES VALUE FROM “AAA” ASSETS

Income overview

Classification	Rental Income, SEKm	% of Total
Regulated rent residentials	801	17
Building rights for regulated rent residentials	69	1
Sum residentials	870	18
Education	1 386	29
Pre school	442	9
Compulsory/Upper secondary school	646	13
University	297	6
Elderly care	597	12
LSS	344	7
Health care	286	6
Police and justice	481	10
Municipality and department	407	8
Public offices	314	6
Other	2	0
Building rights for community service	80	2
Sum community service	3 895	80
Total social infrastructure	4 765	98
Other	75	2
Total	4 839	100



The trusted partner for municipalities with scale, speed and quality of execution



Legislation prohibits local governments from declaring default: tenant sovereign risk



Sovereign credit risk exposure in community service

Government and government-backed tenants



Sovereign credit rating

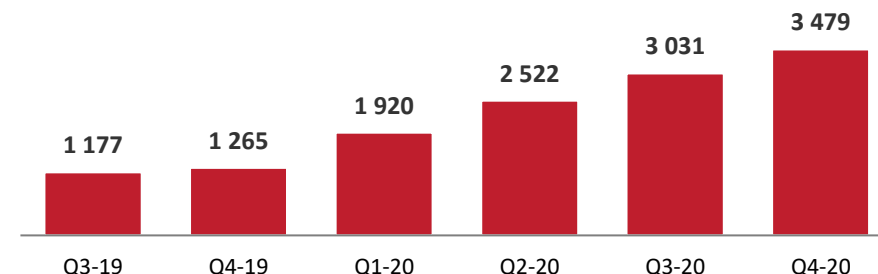
 **S&P Global Ratings** **AAA** (Stable)
FitchRatings **AAA** (Stable)
Moody's **Aaa** (Stable)

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FitchRatings **AAA** (Stable)
Moody's **Aaa** (Stable)

 **S&P Global Ratings** **AA+** (Stable)
FitchRatings **AA+** (Stable)
Moody's **Aa1** (Stable)

 **S&P Global Ratings** **AAA** (Stable)
FitchRatings **AAA** (Stable)
Moody's **Aaa** (Stable)

Stable and low-risk net operating income, LTM NOI (SEKm)



SBB PILLARS OF STRATEGY

Key pillars to deliver attractive returns



Unique and difficult to replicate long-term relationships with municipalities and other market participants creating AAA-rated cash flows



SEK 90.2bn and fastest growing low-risk Nordic social infrastructure property portfolio with sustainability as the core of the business model

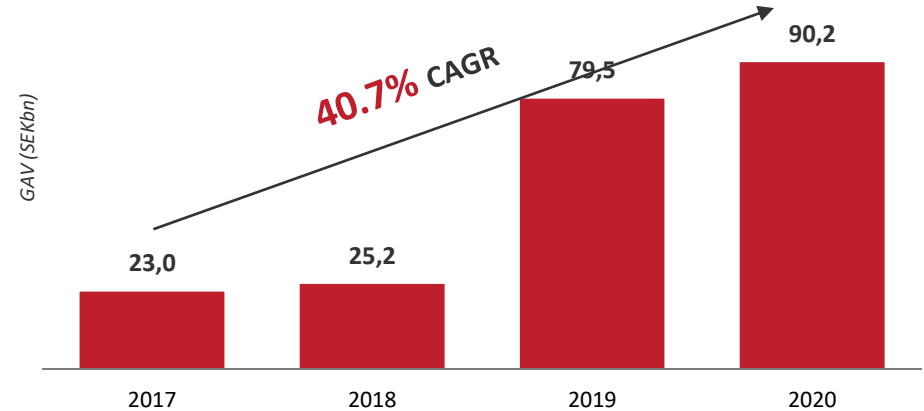


Strong financial position, demonstrated stability of cash flows and credit metrics for BBB+

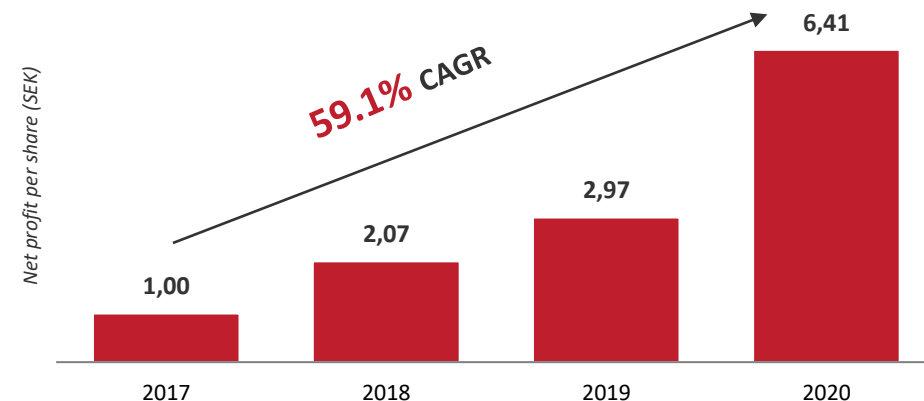


Three value-add strategies fueling fastest growing low-risk European social infrastructure property portfolio with compelling net profit growth – 59% CAGR over the last four years

Portfolio has grown from SEK 23.0bn to SEK 90.2bn over 4 years...



...whilst delivering strong earnings per share (SEK)



WORLD-CLASS TEAM UNLOCKING FULL POTENTIAL TO SBB'S SHAREHOLDERS THROUGH THREE VALUE-ADD STRATEGIES BEYOND TRADITIONAL PROPERTY MANAGEMENT

The Social Infrastructure Champion in Europe



Committed to value-add strategies



Property development



Krister Karlsson
Deputy CEO & Prop.
Dev. Manager



Mats Silow
Head of Property
Development



Erik Hävermark
Head of Project
Development



Jenny Asmundsson
Head of Public Tender
Management



Viktor Mandel
Head of
Sveafastigheter

➤ +2,500,000 sq.m. of building rights,
corresponding to c. 34,000 apartments

✓ SEK 1,000–1,400m



Property renovations & sustainability



Peter Olausson
Chief Technical Officer



Marika Dimming
Investor Relations and
Head of Sustainability



Martin Andersson
Sustainability analyst

➤ Renovation potential for c. 75% of the
portfolio
➤ Targets 600 apartments renovated p.a.

✓ SEK 600m



Real estate transactions



Oscar Lekander
Business
Development
Manager



**Carl Lundh
Mortimer**
Project Development
Manager



Joakim Bill
Transaction
Manager



Linus Eklund
Analyst



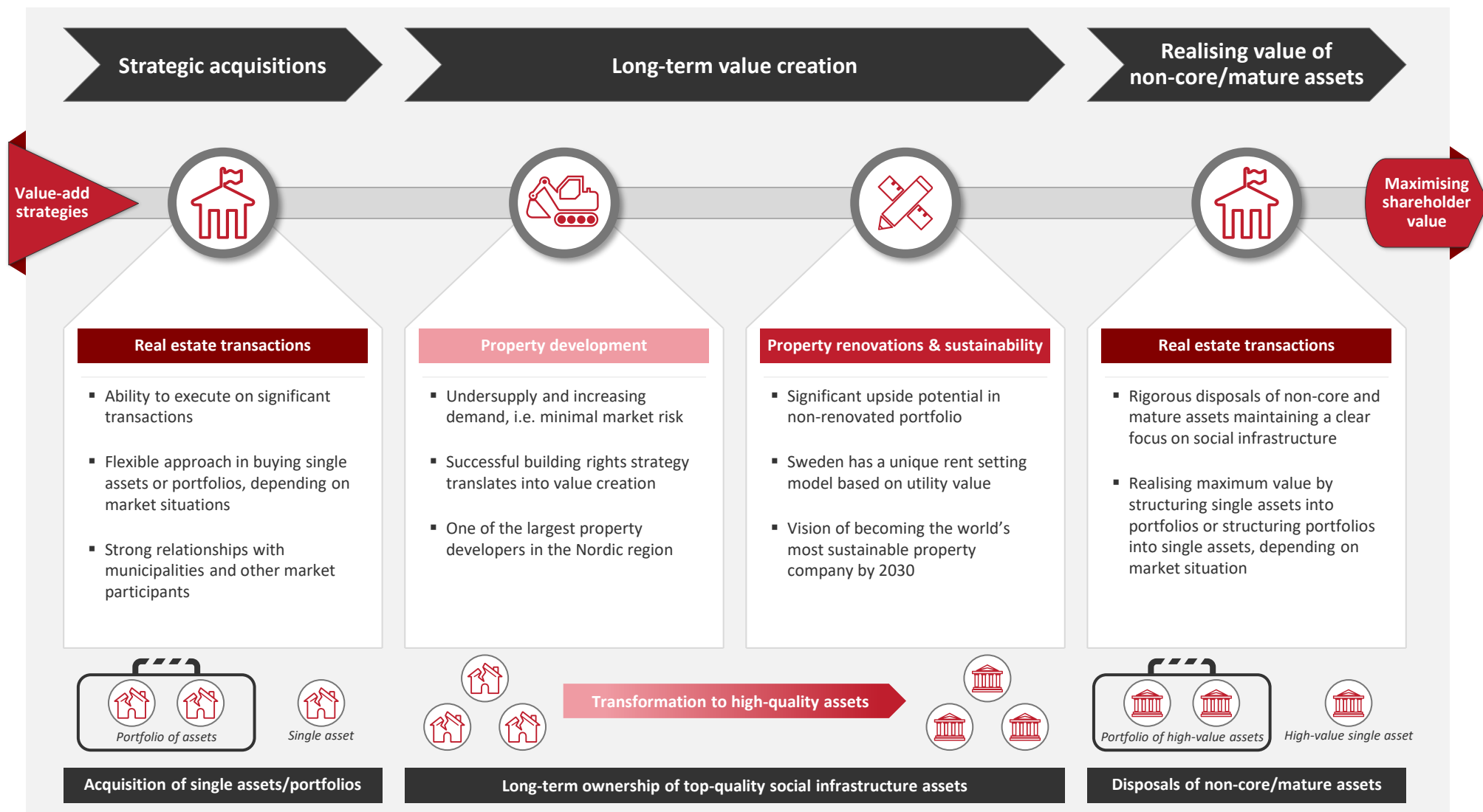
Lovisa Sörensson
Analyst

➤ SEK 72.2bn acquisitions and SEK
20.4bn disposals since 2019

✓ SEK 400m

Property Management as the foundation of our business model,
providing passing rent of SEK 4.8bn with a rent collection of 99.8%, likely the highest in European listed real estate universe

SBB'S LEADING BUSINESS MODEL: VALUE-ADD STRATEGIES



SBB'S VALUE-ADD STRATEGIES

PROPERTY DEVELOPMENT



Krister Karlsson
Deputy CEO and Property
Development Manager
Industry experience
35 years



Jenny Asmundsson
Head of Public Tender
Management
Industry experience
25 years



Erik Hävermark
Head of Project
Development
Industry experience
17 years

Jenny Linghede Johan Ågren
Project manager Project manager

Patrik Ahlbin Johan Eklund
Project manager Project lead

Karim El Hage Stig Atle Nilsson
Project manager Project director NO

Erik Nygren Martin Verstad Sylte
Project manager Project manager NO



Mats Silow
Head of Property
Development
Industry experience
12 years

Malin Hein Dymling
Property developer

Lovisa Gustavsson
Property developer

Johanna Peacock
Property developer

Karl-Erik Larsson
Property developer



Victor Mandel
Head of
Sveafastigheter
Industry experience
15 years

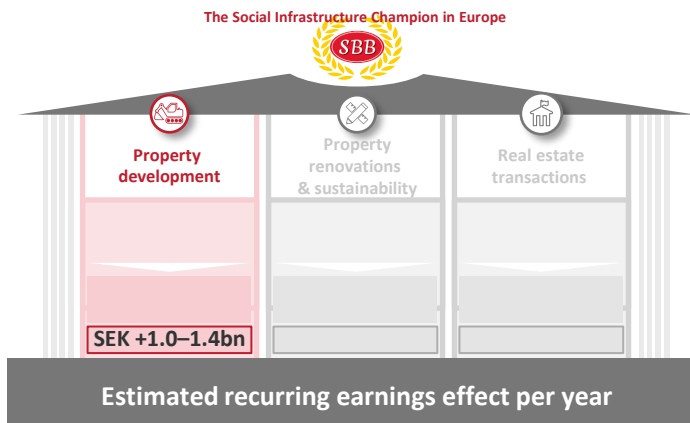
Lars Gärde
Senior VP acquisitions

Svante Jernberg
CEO Sveafastigheter Bostad

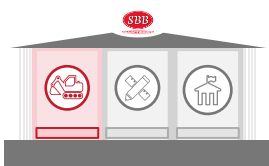
Görel Hällqvist
Director, Construction

Harry McNeil
Group CMO and
sustainability

The Social Infrastructure Champion in Europe



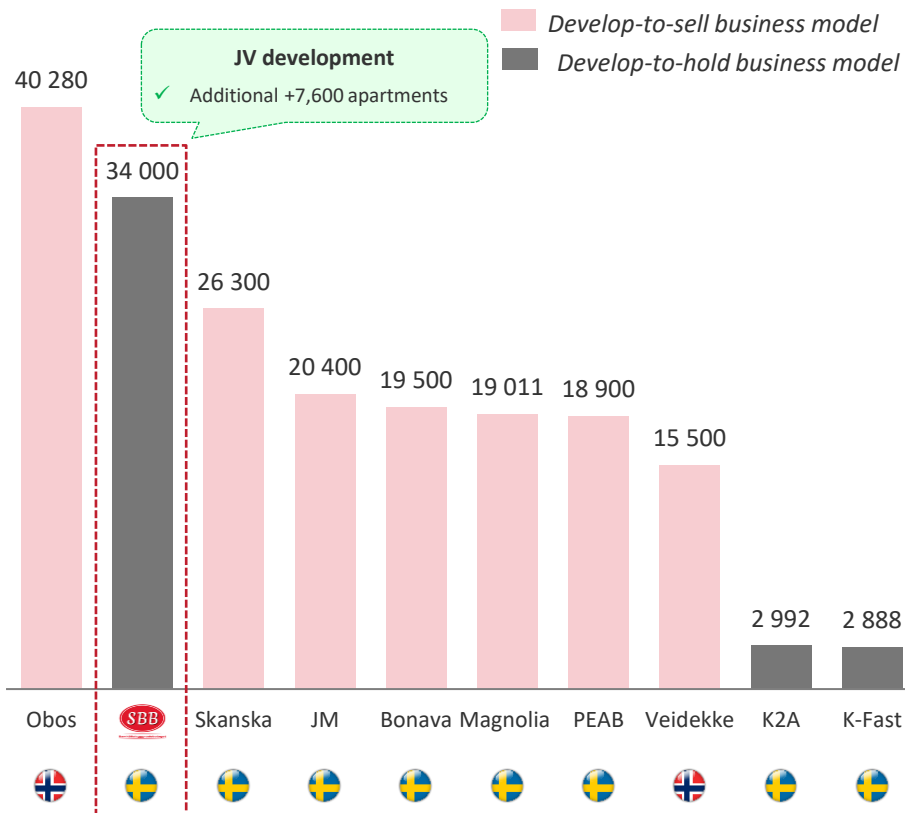
- ✓ Highly skilled and experienced team creates the opportunity to build for own management
- ✓ No. 1 Nordic property developer with ~34,000 building rights on own balance sheet:
 - 3,942 residential units in project development
 - 1,681 residential units developed for own management
- ✓ Development property portfolio's estimated value upon completion of zoning of SEK 8.6bn vs. book value of SEK 3.3bn



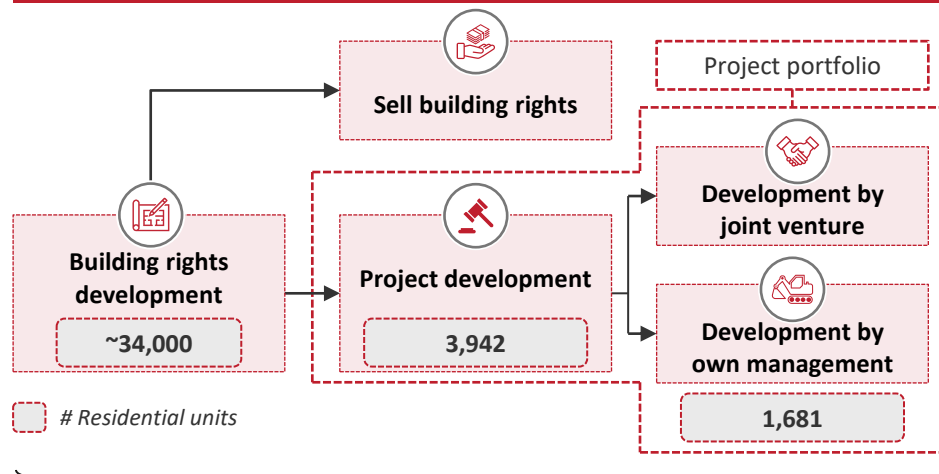
PROPERTY DEVELOPMENT

No. 1 property developer in the Nordic region

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

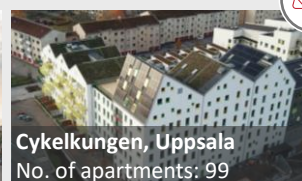
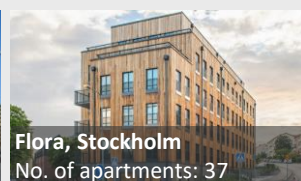
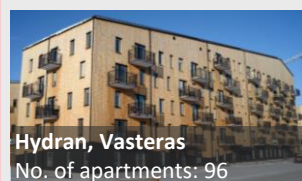


Utilising building rights to create value throughout the value chain



Estimated recurring earnings effect per year: SEK 1,000–1,400m

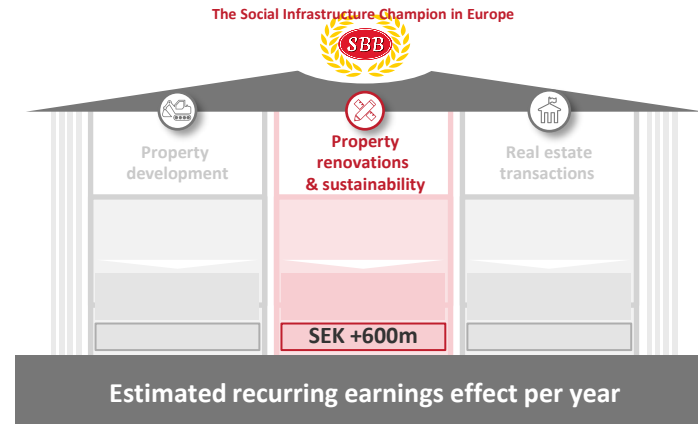
Selected development projects



No. 1 developer in the Nordic region with +2.5m sq.m. of building rights, 3,942 apartments under project development and 1,681 apartments in production for own management. Estimated recurring earnings effect per year: SEK 1,000–1,400m

SBB'S VALUE-ADD STRATEGIES

PROPERTY RENOVATIONS & SUSTAINABILITY



Strong sustainability delivery

- ✓ 100% renewable electricity
- ✓ 95% total social impact of total rental income
- ✓ Sustainable financing through social and green bonds
- ✓ 52% of new production in progress constructed in wood



Peter Olausson
Chief Technical Officer
Industry experience
19 years

Karl-Anders Persson

Project manager

Erik Navarette

Project manager

Ulf Mikaelsson

Project manager

Niclas Franzén

Project manager

Peter Landwehr

Project manager

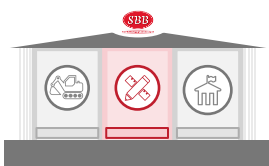


Marika Dimming
Investor Relations and
Head of Sustainability
Industry experience
24 years



Martin Andersson
Sustainability analyst
Industry experience
8 years

- ✓ Vision of becoming the world's most sustainable property company by 2030
- ✓ Value-enhancing renovations across community service and residential properties
- ✓ Target of 600 renovated residential apartments p.a. (695 renovated during 2020)
- ✓ Highly experienced team with strong relationships with tenants to understand needs and requirements



PROPERTY RENOVATIONS & SUSTAINABILITY

Significant renovations upside potential with a clear ESG focus

- ✓ Energy reduction from renovations average ~28%
- ✓ ~8% yield on cost from energy reducing investments
- ✓ Vision of becoming the world's most sustainable property company by 2030
- ✓ 86 percent have been environmentally decontaminated

Significant upside potential in non-renovated residential portfolio

Number of apartment renovations

Target	31 Dec 2020
600 apartments p.a.	695 apartments p.a.

Upside potential

- 75% of property portfolio is non-renovated
- Significant upside potential

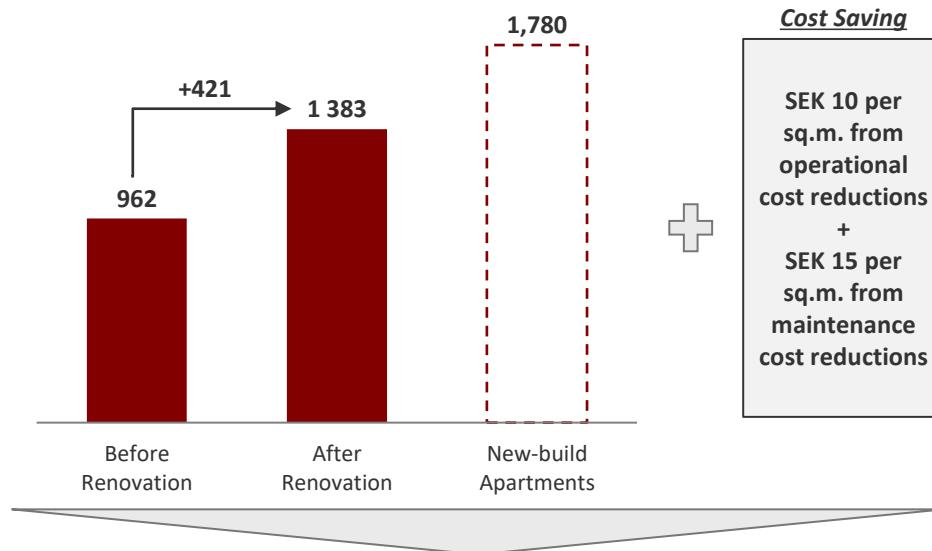
Significant avg. rental uplift after renovations in residential portfolio

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

Stockholm prime, rent levels
Yield: 1.25% – 3.25%

Gothenburg prime, rent levels
Yield: 1.50% – 2.50%

Malmö prime, rent levels
Yield: 2.50% – 3.75%



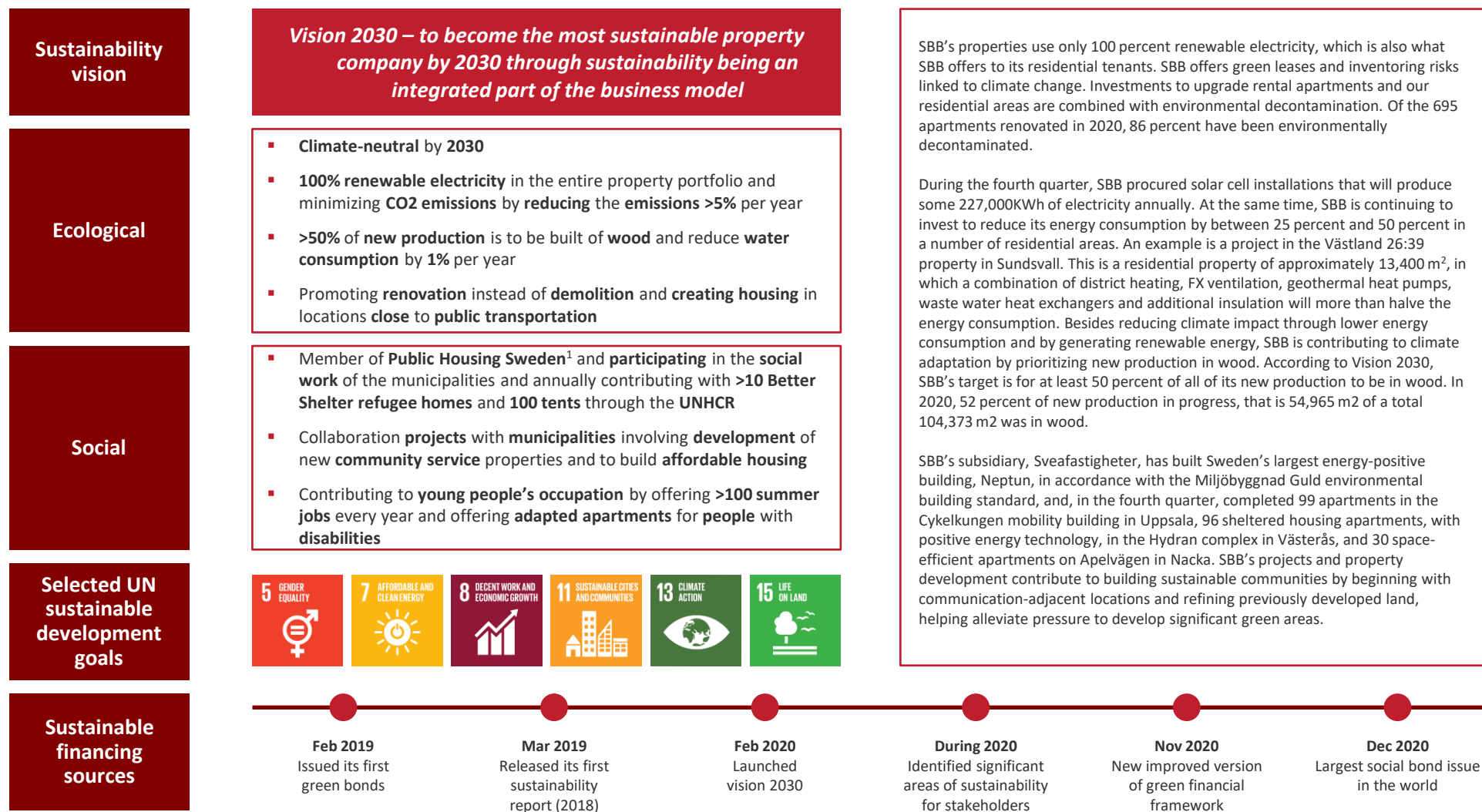
NOI margin improvement from c. 54% to c. 70% on renovated apartments



6–7% net yield on cost

Value-enhancing renovations across the community service and residential properties with a clear vision of becoming the world's most sustainable property company. Estimated total recurring earnings effect per year: SEK 600m

VISION 2030, SUSTAINABILITY FRAMEWORK, ACCELERATING ENVIRONMENTAL INITIATIVES TOWARDS A MORE SUSTAINABLE WORLD



SBB's properties use only 100 percent renewable electricity, which is also what SBB offers to its residential tenants. SBB offers green leases and inventoring risks linked to climate change. Investments to upgrade rental apartments and our residential areas are combined with environmental decontamination. Of the 695 apartments renovated in 2020, 86 percent have been environmentally decontaminated.

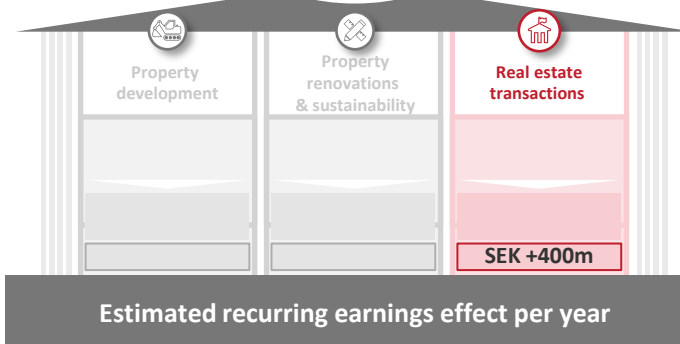
During the fourth quarter, SBB procured solar cell installations that will produce some 227,000KWh of electricity annually. At the same time, SBB is continuing to invest to reduce its energy consumption by between 25 percent and 50 percent in a number of residential areas. An example is a project in the Västland 26:39 property in Sundsvall. This is a residential property of approximately 13,400 m², in which a combination of district heating, FX ventilation, geothermal heat pumps, waste water heat exchangers and additional insulation will more than halve the energy consumption. Besides reducing climate impact through lower energy consumption and by generating renewable energy, SBB is contributing to climate adaptation by prioritizing new production in wood. According to Vision 2030, SBB's target is for at least 50 percent of all of its new production to be in wood. In 2020, 52 percent of new production in progress, that is 54,965 m² of a total 104,373 m² was in wood.

SBB's subsidiary, Sveafastigheter, has built Sweden's largest energy-positive building, Neptun, in accordance with the Miljöbyggnad Guld environmental building standard, and, in the fourth quarter, completed 99 apartments in the Cykelkungen mobility building in Uppsala, 96 sheltered housing apartments, with positive energy technology, in the Hydran complex in Västerås, and 30 space-efficient apartments on Apelvägen in Nacka. SBB's projects and property development contribute to building sustainable communities by beginning with communication-adjacent locations and refining previously developed land, helping alleviate pressure to develop significant green areas.

SBB'S VALUE-ADD STRATEGIES

REAL ESTATE TRANSACTIONS

The Social Infrastructure Champion in Europe



Oscar Lekander
Business Development
Manager
Industry experience
10 years



Carl Lundh Mortimer
Project Development
Manager
Industry experience
8 years



Joakim Bill
Transaction Manager
Industry experience
10 years



Linus Eklund
Analyst
Industry experience
5 years



Lovisa Sörensson
Analyst
Industry experience
4 years

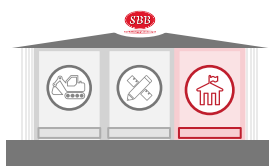


Fredrik Cronqvist
Senior Business
Developer Denmark
Industry experience
15 years



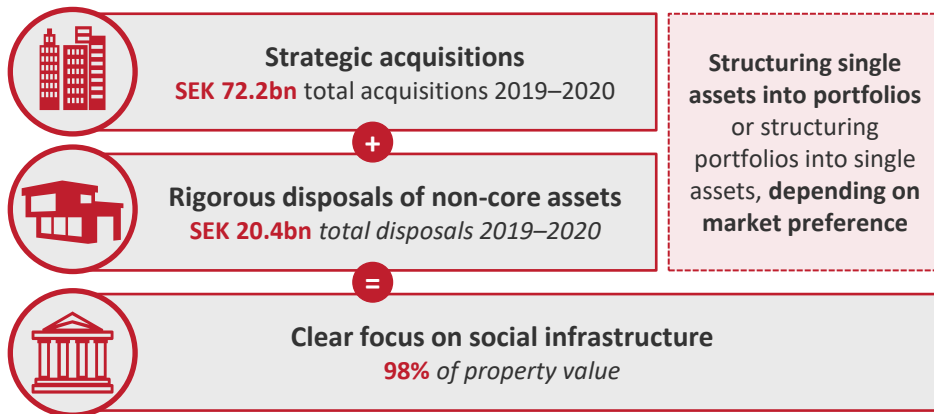
Päivi Loukusa-Virta
Investment Director
Finland
Industry experience
14 years

- ✓ The #1 real estate M&A team in the Nordics enabling off-market transactions at attractive valuations
- ✓ Local presence in all relevant geographies gives insight into local markets and facilitates sourcing
- ✓ The #1 acquirer of Nordic real estate by transaction volume
- ✓ The #1 acquirer of Nordic community service properties by transaction volume



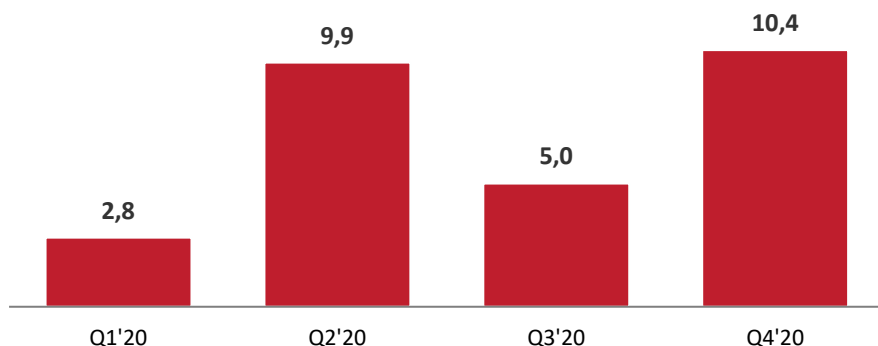
REAL ESTATE TRANSACTIONS

Clear M&A strategy in the world's safest real estate class



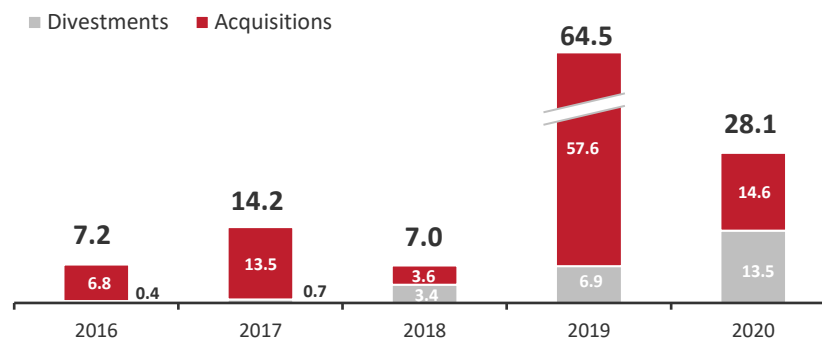
Social infrastructure – a low-risk and highly liquid market

SBB's total transaction volume totaling SEK 28.1bn during a volatile 2020



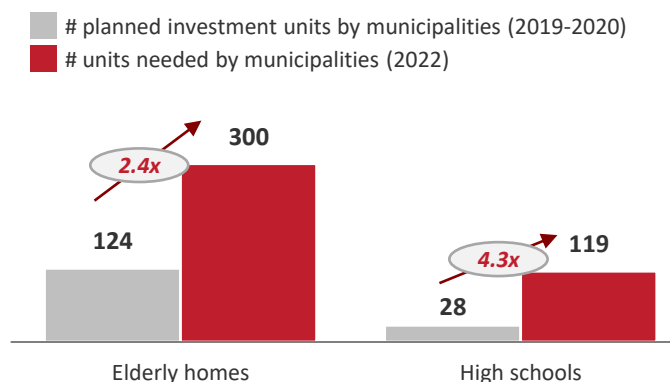
Significant transaction volume since inception

Yearly transaction volume (SEKbn)



Undersupply of CSP; significant investment potential for SBB

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



SBB's market position and strong balance sheet enables single asset acquisitions as well as large portfolio acquisitions

SBB frequently scans the whole SEK +1,000bn¹ market for attractive investment opportunities

SBB has a clear strategy of acquisitions to reach target of SEK 125bn property value by 2025 and BBB+ rating key ratios delivered. Estimated recurring earnings effect per year: SEK 400m



Notes: ¹ Refers to the Swedish community service market size; ² Newsec market report as of September 2019, based on a survey by SALAR

WORLD-CLASS TEAM UNLOCKING FULL POTENTIAL TO SBB'S SHAREHOLDERS THROUGH THREE VALUE-ADD STRATEGIES BEYOND TRADITIONAL PROPERTY MANAGEMENT

The Social Infrastructure Champion in Europe



Committed to value-add strategies



Property
development



Property
renovations & sustainability



Real estate
transactions

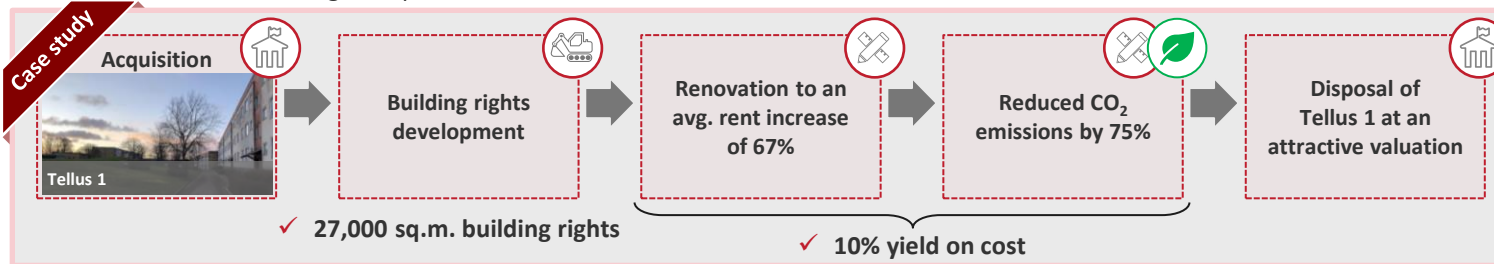
SEK +1,000–1,400m

SEK +600m

SEK +400m

Total value creation

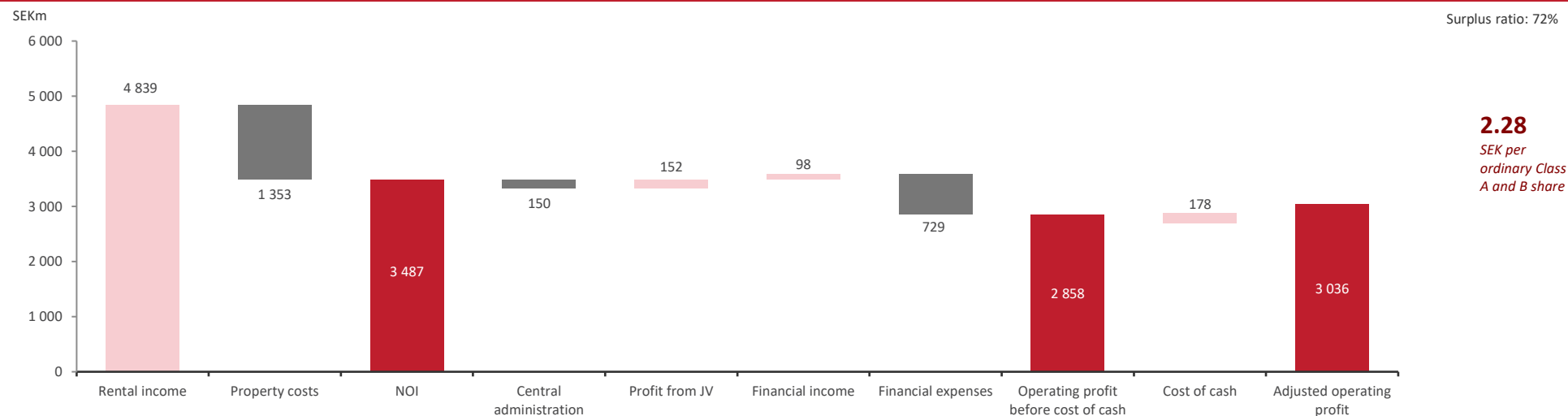
Value-add strategies in practice: Tellus 1



Property Management as the foundation of our business model,
providing passing rent of SEK 4.8bn of which 98% are coming from “AAA” economies and rent-regulated residentials

STRONG OPERATING PROFIT Q4 – ROLLING 12 MONTHS

Current earnings capability for the Group for 12 months



- Profit after tax was SEK 9,084m, a strong increase compared to the corresponding period of the previous year.
- Our strong net operating income combined with long-term reduced financing costs enable continuing strong cash flow. Cash flow from operations before changes in working capital adjusted for non-recurring costs amounted to SEK 2,483m (SEK 933m). An increase of 166 percent from Q4-2019.
- Our estimated earnings capacity adjusted for cost of cash on a rolling 12-month basis at the end of the period was SEK 3,036 million.



BBB+ RATING KEY RATIOS DELIVERED ✓

Interest-bearing liabilities	55 265
50% of hybrid bonds	7 240
Leasing liabilities	614
Cash and cash equivalents	-13 606
Other receivables (sold properties)	-2 398
Financial assets at fair value, realized in Feb 2021	-228
Financial assets at fair value	-2 703
Receivables from associated companies/joint ventures	-827
Profit from property management, before dividend (12 months rolling)	-3 036
Cash from building rights	-974
Dividend (shares serie A, B, D, mandatory convertible and hybrid bonds)	2 072
Adjusted net debt 12 months forward	41 420
Adjusted net debt 2020	46 887

Equity	52 136
50% of hybrid bonds	-7 240
Share of value changes as a result of long agreements, not in balance sheet	1 225
Reversal of reserved but not paid dividend	600
Reversal of reserved but not paid interest mandatory convertible	579
Earnings capacity (12 months rolling)	4 227
Dividend (shares serie A, B, D and hybrid bonds, 2021)	-2 072
Adjusted equity 12 months forward	49 455
Adjusted equity 2020	47 301

Adjusted net debt 12 months forward in % of total capital (S&P adjusted LTV)	45,6%
Adjusted net debt 2020 in % of total capital (S&P adjusted LTV)	49,8%

Comments

■ **LTV, in accordance with S&P's definition, amounted to 45.6 percent**

SBB's pro forma net debt, adjusted for cash inflows from properties that have been sold but not yet transferred and 12 months' earnings capacity divided by total capital, amounted to 45.6 percent (see table).

■ **Supported by high quality assets**

SBB's asset segments have proven to be Europe's most secure in challenging times with rent collection of almost 100 percent.

■ **Continue to raise the interest coverage ratio**

✓ At the end of the period the ICR was 4.1 percent

■ **SEK 70 billion in unencumbered assets**

We have slightly more than SEK 70 billion in unencumbered assets; cash balances, including liquidity from properties that have been sold but not yet transferred and financial assets of SEK 18.7bn, as well as available credit commitments of SEK 29.3bn.

According to our calculations, we have delivered the key ratios for a BBB+ rating

We are on track of reaching our long-term objective to achieve an A- rating

IN SUMMARY...

“Profit after tax per ordinary share of class A and B increased to SEK 6.41 (2.97)”

1

- **Strong and stable cash flow backed by AAA-countries** – more than SEK 50bn in contracted income without break clauses (9.2 years WAULT on community service properties), fully CPI linked rent, strongest rent collection in Europe (99.8%) and 4.5 years in fixed interest rate duration.

2

- **Growth** – strongest growth in the market fuelled by three value-add strategies and over delivering on the targets. Project and property development delivered profit of SEK 2,224m in 2020, exceeding our target of generating an average SEK 1,000-1,400m annually in profit from property development. SBB is focusing on constructing environmentally friendly rent-regulated residentials in Stockholm and Gothenburg. We currently have 1,681 apartments in production. As of 31 December 2020, SBB's portfolio of building rights amounted to approximately 2,518,000 m2 GFA for social infrastructure, corresponding to approximately 34,000 apartments, making SBB one of the leading property developers in the Nordics. We exceeded our target of 600 apartments annually by 16 percent and completed renovations of 695 apartments in 2020. Of the 695 apartments renovated in 2020, 86 percent have been environmentally decontaminated.

3

- **Proposed dividend of 1.00 SEK per A- and B class share** – increase by 900% since 2017 and 67% since 2019

... SBB CONTINUES TO DELIVER STRONG CASH FLOW, PROFIT AND GROWTH

	Profit 2020	Profit growth 2020	Income growth 2020	P/E
Sinch	443	61%	59%	213,7
Stillfront	581	70%	103%	74,8
Evolution Gaming	2 857	90%	53%	74,3
EQT	3 804	137%	18%	64,5
SBB	9 084	246%	157%	4,6

THANK YOU!



Samhällsbyggnadsbolaget
