

THE SOCIAL INFRASTRUCTURE CHAMPION IN EUROPE

23 February, 2022



 **SUSTAINALYTICS**
a Morningstar company

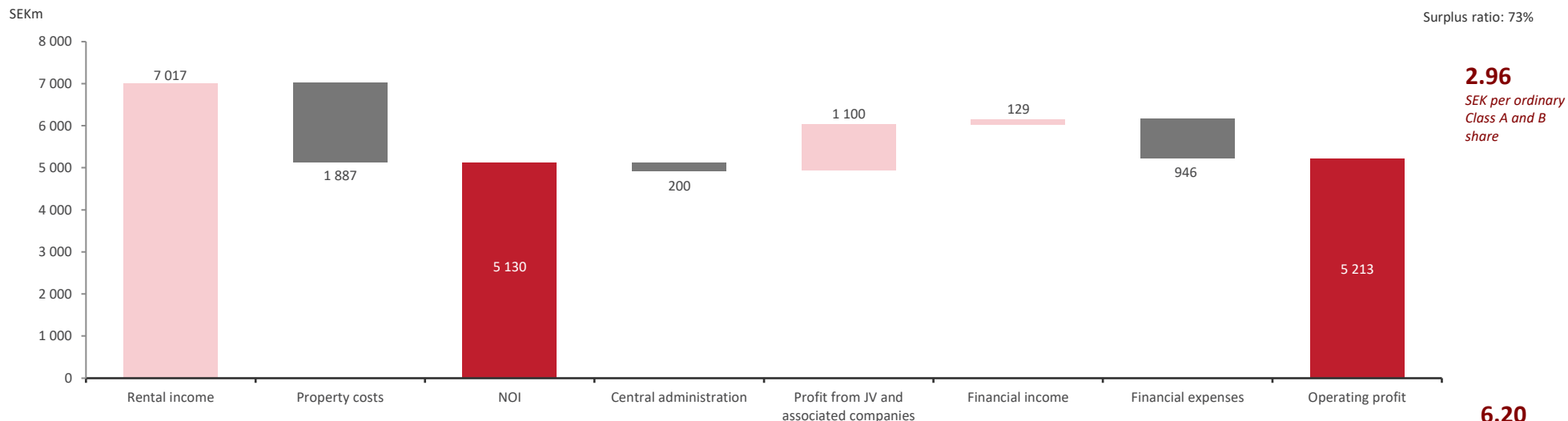
ESG
REGIONAL
TOP RATED



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

CONTINUES TO DELIVER AN EVEN STRONGER OPERATING PROFIT – ROLLING 12 MONTHS

Current earnings capability for the Group for 12 months



1 Profit after tax for the period was SEK 25.8bn, a strong increase compared to the corresponding period of the previous year. Corresponding to 17.21 SEK per ordinary Class A and B share (6.41).

2 Rental income increased like for like by 1.8 percent compared to the corresponding period last year. Net operating income increased like for like by 4.7 percent.

3 For the full year 2022, earnings per ordinary share A and B are estimated to be **SEK 8.10**. SEK 5.65 are illustrated in earnings capacity 12m rolling.



CONTINUING TO DELIVER ON OPERATIONS AND CASH CONVERSION

Key notes from the quarter

Quarterly numbers

- ✓ Like for like – rental growth – corresponding to an **increase of 1.8%**
- ✓ Like for like – net operating income – corresponding to an **increase of 4.7%**
- ✓ **Operating profit amounted to SEK 5,397m.** Adjusted for value changes in Joint Ventures and one-off costs operating profit was **SEK 3,370m (SEK 2,567m)** operating profit corresponding to an **increased of 31%**
- ✓ EPRA NRV **increased to SEK 45.11** per ordinary A and B share
- ✓ **WAULT increased** from 9 years **to 11 years** during the quarter
- ✓ New created building rights of **490,618 sq.m** during the quarter¹⁾
- ✓ Building rights with granted zoning plan (legal force) **463,987 sq.m. GFA** during the year 2021
- ✓ Total disposal during FY2021 of **SEK 19,381m** with profit of **SEK 3,141m**, of which **SEK 851m** has been reported as realized value changes. The rest has been reported **as unrealized value changes in the periods before closing**
- ✓ Total disposals of **SEK 12.6bn** during the quarter, of which:
Investment properties – **SEK 10bn**
Building right and development properties – **SEK 2.6bn**

DELIVERING SUCCESSFULLY INTEGRATING ON RECENT ACQUISITIONS AND ACHIEVING THE ANTICIPATED SYNERGIES

| S&P adjusted Debt/(Debt + Equity) | | | |
|--|---------|---------|---------------------------|
| Financial thresholds | Q1-2019 | Q4-2019 | Q4-2021 |
| <55% S&P adjusted Debt/(Debt + Equity) | 62.0% | 61.2% | ✓ 53.8% adjusted 52.0% |

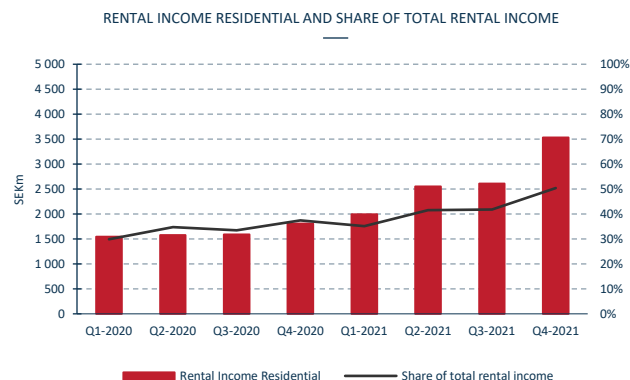
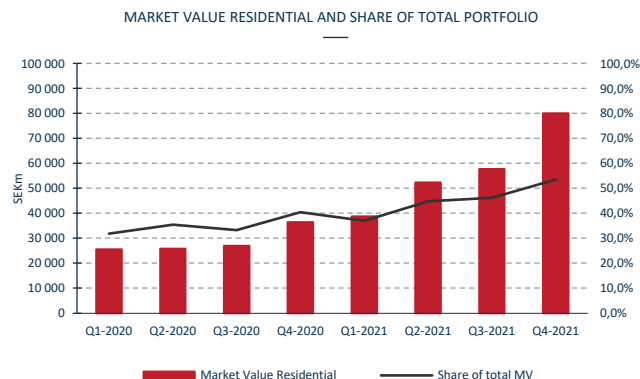
| ICR incl 50 % hybrid | | | |
|----------------------|---------|---------|---------|
| Financial thresholds | Q1-2019 | Q4-2019 | Q4-2021 |
| ICR >3.0x | 1.5x | 1.7x | ✓ 4.1x |

| EBITDA margin | | | |
|-------------------------|---------|---------|---------|
| Financial thresholds | Q1-2019 | Q4-2019 | Q4-2021 |
| 62-63% EBITDA margin | 56.5% | 52.4% | ✓ 69.4% |

| Comments |
|--|
| <ul style="list-style-type: none"> The management has shown commitment to deliver on adjusted debt to debt plus equity remaining well below 55%, despite increased focus on acquiring large low risk rent regulated residential in greater cities with main focus on Stockholm. The management has shown a great commitment to its new financial policy on having interest cover ratio above 3.0x. Our interest cover ratio is 4.1 times and will increase significantly in 2022 even if we assume that interest rates will increase with more than 100 bps. Our strong EBITDA-margin demonstrates a successful integration of recent acquisitions, achieving the anticipated synergies, and establishing an operational track record with a mature portfolio that is over performing. Rental income increased 2021 like for like by 1.8 percent compared to the corresponding period last year (1.45% over CPI). Net operating income increased like for like by 4.7 percent. In 2022 rental income expected to increase with 4% LFL, compared to S&P expectations for growth-LFL of 1.5%-2.0% for SBB's properties 2021-2022. |

INCREASED FOCUS ON RESIDENTIAL PROPERTIES

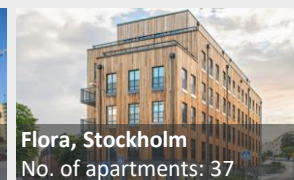
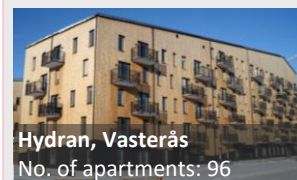
High growth within the Residential Segment



Strong position in the residential market with lowest risk in Europe

- ✓ **Rents more stable than European peers** - Since 1969 rent levels have increased on with inflation +2% per year and since 2020 with inflation +1 %.
- ✓ **Most liquid assets in the real estate space** – yields is tightening in the market
- ✓ **SBB rents well below market rent** – SBB average rent of 1 132 SEK/sqm compared to new construction of 1 850 SEK/sqm
- ✓ **Renovated apartments are deemed to have a higher utility value** - opportunity to negotiate a significantly higher normative rent with focus on sustainability.

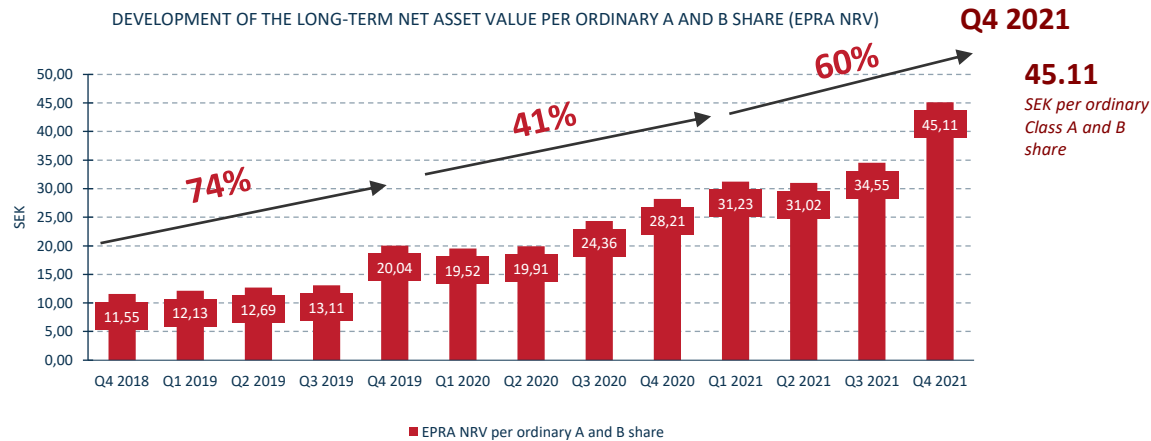
Selected residential development projects



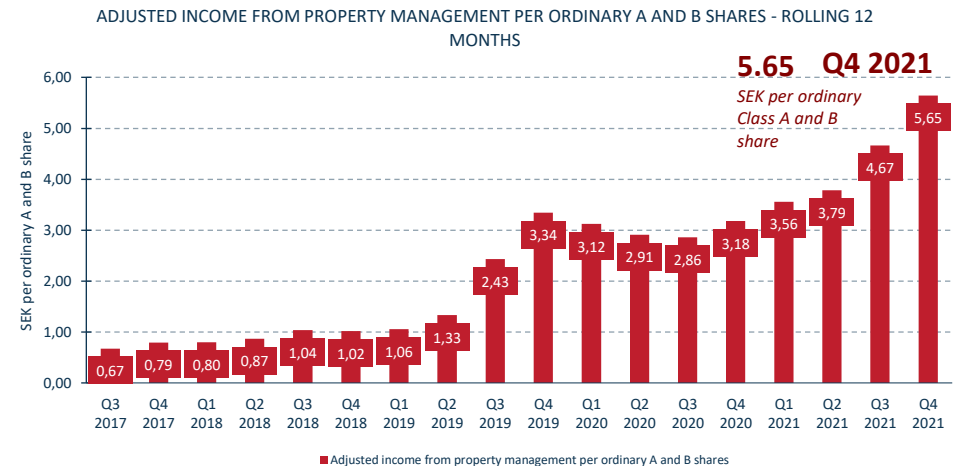
SBB have increased **rental income** from Residential with **SEK 2bn (129%)** and the **value** with **SEK 53.4bn (212%)** over the last **2 years**

THE HIGHEST NET ASSET VALUE GROWTH 2019-2021

EPRA NRV per share



Earnings capacity for the Group for 12 months rolling per ordinary A and B share



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 state-financed organisations and highly regulated Swedish residentials.
- ✓ Properties are in attractive location, major Nordic cities; therefore, **high alternative use potential and strong case for creation 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

SEK 7.0bn
passing rent

SEK 149.3bn
portfolio book value

11yr WAULT
but effectively perpetual

1.1%
average interest rate

40%
net LTV on total assets

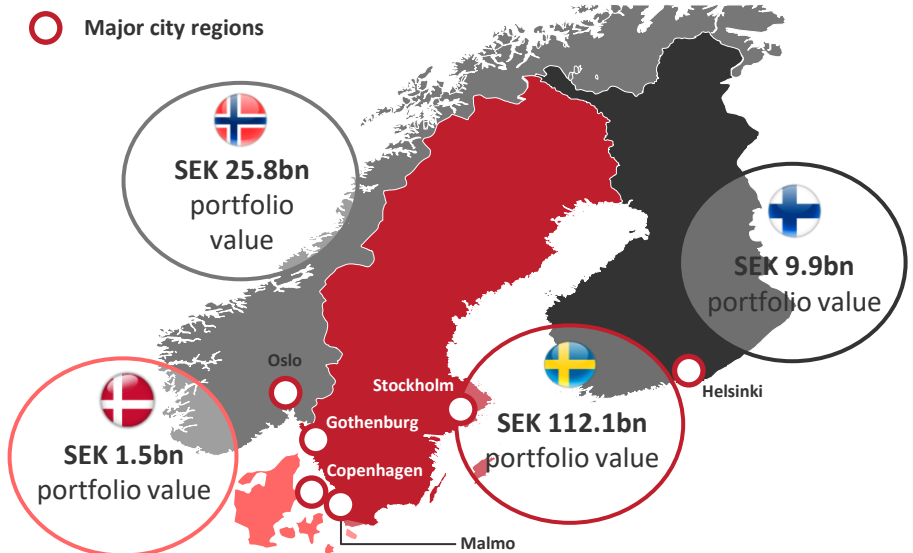
SEK 25,839m
Net profit for the period

3.8%
net initial yield

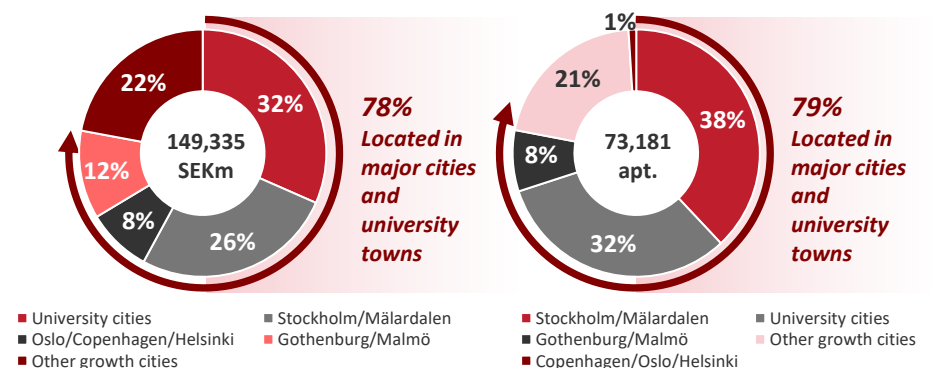
SEK 25,335
book value per sq.m.¹

BBB-
S&P Global Ratings
FitchRatings

Portfolio book value by country



Portfolio book value and building rights portfolio



SBB CREATES VALUE FROM “AAA” ASSETS

Income overview

| Classification | Rental Income, SEKm | % of Total |
|--|---------------------|------------|
| Regulated rent residentials | 2 225 | 32 |
| Building rights for regulated rent residentials | 81 | 1 |
| Sum rent regulated residentials | 2 306 | 33 |
| Apartment for elderly care | 822 | 12 |
| Apartment for specialist residential care (LSS) | 405 | 6 |
| Building rights for publicly funded residentials | 0 | 0 |
| Sum publicly funded residentials | 1 227 | 17 |
| Education | 1 999 | 28 |
| Pre school | 766 | 11 |
| Compulsory/Upper secondary school | 847 | 12 |
| University | 386 | 5 |
| Hospitals and health centres | 443 | 6 |
| Government infrastructure and City Halls | 456 | 7 |
| Public offices | 337 | 5 |
| Other | 0 | 0 |
| Building rights for community service | 158 | 2 |
| Sum community service | 3 392 | 48 |
| Sum social infrastructure | 6 926 | 99 |
| Other | 91 | 1 |
| Total | 7 017 | 100 |



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



We create value from underutilised land



Legislation prohibits local governments from declaring default: tenant sovereign risk



We improve our assets to generate additional value



Sovereign credit risk exposure in community service

Government and government-backed tenants



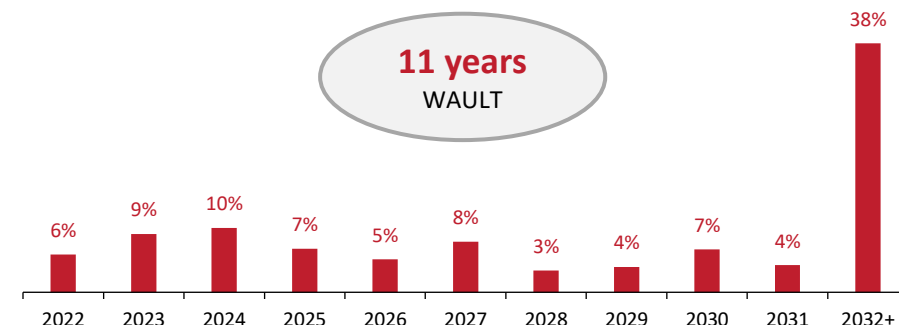
Sovereign credit rating

 **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)



11 years
WAULT

SELECTION OF SBB'S LARGEST JOINT VENTURES AND ASSOCIATED COMPANIES – SBB'S VALUE SEK 35BN

Svenska Myndighetsbyggnader AB

SMB owns and manages properties for the judiciary, the defense forces and other Swedish authorities. The remainder of the company is owned by Kåpan Pensioner. The portfolio includes several police stations currently in production.

| | |
|-----------------------|------------|
| Property value: | SEK 10.4bn |
| Net operating income: | SEK 393m |
| Shareholding: | 50.0% |

JM AB

JM is one of the Nordics' leading project developers of housing and residential areas. The company has building rights at its disposal for some 35,600 apartments and some 8,094 homes currently under production.

| | |
|--------------------------------|------------|
| Company value ¹ : | SEK 37.1bn |
| Profit before tax 2021: | SEK 2,158m |
| Shareholding: | 28.1% |
| Anticipated dividend SBB 2022: | SEK 260m |

Solon Eiendom ASA

Solon is one of Norway's leading project developers of housing and residential areas. The company has building rights at its disposal for some 8,300 apartments and some 820 homes currently under production. The remainder of the company is owned by OBOS.

| | |
|------------------------------|-----------|
| Company value ¹ : | SEK 8.6bn |
| Profit before tax 2021: | SEK 293m |
| Shareholding: | 49.5% |

Public Property Invest AS

PPI owns and manages properties for the judiciary and other Norwegian authorities. The remainder of the company is owned by institutional and private investors.

| | |
|--------------------------------|-----------|
| Property value: | SEK 8.7bn |
| Net operating income: | SEK 405m |
| Shareholding: | 48.4% |
| Anticipated dividend SBB 2022: | SEK 85m |

Heba Fastighets AB

Heba is a long-term and experienced property owner that develops, owns and manages housing and community properties in the Stockholm region, Uppsala and the Mälardalen. The holding is not classified as an associated company.

| | |
|--------------------------------|------------|
| Property value: | SEK 13.5bn |
| Net operating income: | SEK 274m |
| Shareholding: | 22.0% |
| Anticipated dividend SBB 2022: | SEK 29m |

Preservium property AB

In Greater Stockholm, Preservium owns and manages two properties with only public-sector tenants and an average remaining lease term of 19 years.

| | |
|--------------------------------|-----------|
| Property value: | SEK 1.5bn |
| Net operating income: | SEK 56m |
| Shareholding: | 35.4% |
| Anticipated dividend SBB 2022: | SEK 11m |

SBB Kåpan AB

SBB Kåpan AB owns and manages properties in Stockholm and the Mälardalen region. SBB Kåpan has the stated ambition of continuing to expand in the Mälardalen region. As of 31 December 2021, SBB Kåpan had a property portfolio of 2,692 apartments, of which 1,567 apartments are under production. The remainder of the company is owned by Kåpan Pensioner.

| | |
|-----------------------------------|-----------|
| Property value: | SEK 5.7bn |
| Property value on completion: | SEK 8.2bn |
| Net operating income: | SEK 117m |
| Net operating income upon compl.: | SEK 244m |
| Shareholding: | 50.0% |

Arlandastad Group AB

In the existing project portfolio, which has a potential value of approximately SEK 30bn, the company expects to generate some SEK 5–7bn in value added through organic growth over time.

| | |
|-----------------------|-----------|
| Property value: | SEK 5.5bn |
| Net operating income: | SEK 64m |
| Shareholding: | 20.1% |

One Publicus Fastighets AB

The company owns three investment properties in which the City of Solna, the City of Malmö and the Municipality of Öst combined account for approximately 81 percent of the rental income.

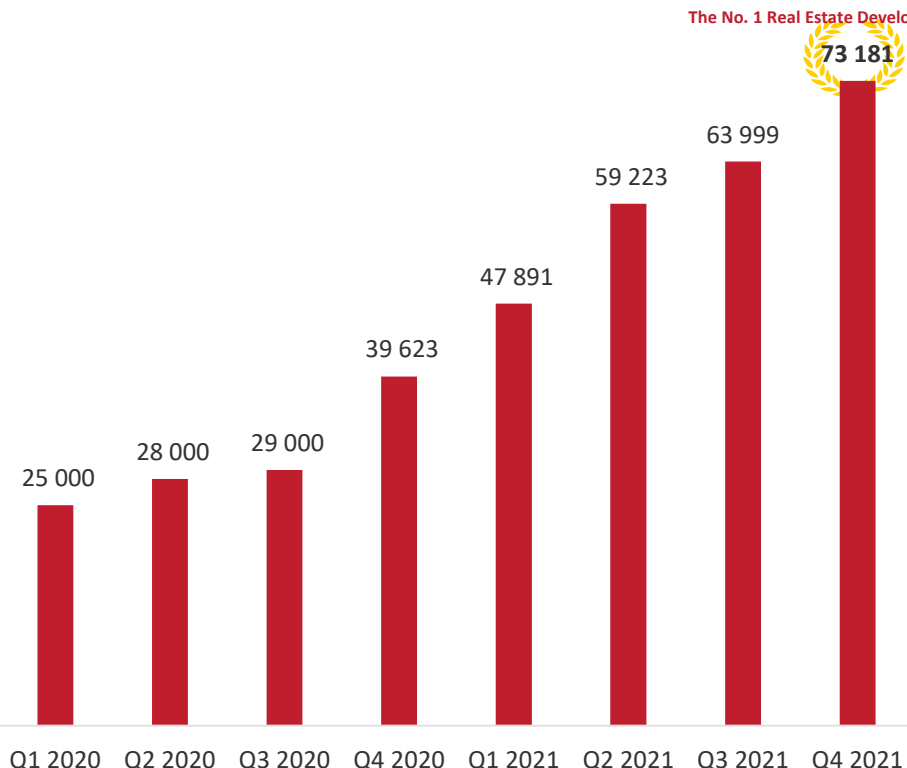
| | |
|--------------------------------|----------|
| Property value: | SEK 777m |
| Net operating income: | SEK 24m |
| Shareholding: | 32% |
| Anticipated dividend SBB 2022: | SEK 5m |

NO. 1 PROPERTY DEVELOPER IN EUROPE

No. 1 property developer

*Top property developer by project portfolio
(no. of apartments, c. 70 sq.m. per apartment)*

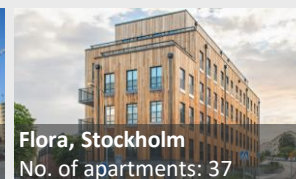
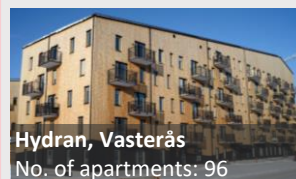
The No. 1 Real Estate Developer in Europe



Utilising building rights to create value throughout the value chain

- ✓ Annual target: **SEK 2,000 – 2,500m**
FY 2021: **SEK 6,612m**
- ✓ Building rights volume: **3.3m sq.m.**
- ✓ No. apt. under project development: **18,465**
No. apt. under construction: **4,471**
- ✓ Community service properties under construction: **95,900 sq.m.**
- ✓ Estimated potential profit from building rights portfolio: **SEK 21.4bn** without need for new investments.

Selected development projects



No. 1 developer with 4,471 apartments under construction. Estimated recurring earnings effect per year: SEK 2,000–2,500m

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

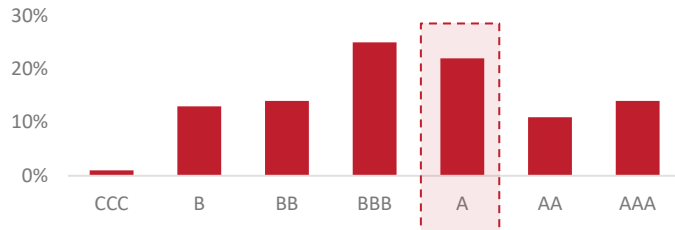
- ✓ Achieve investment grade BBB+ in the short term and A- in the long term
- ✓ 100% sustainable financing
- ✓ SBB to be classified as a green share on Nasdaq Stockholm

RECOGNITION OF ESG PERFORMANCE

ESG ratings



Upgraded from BB to A



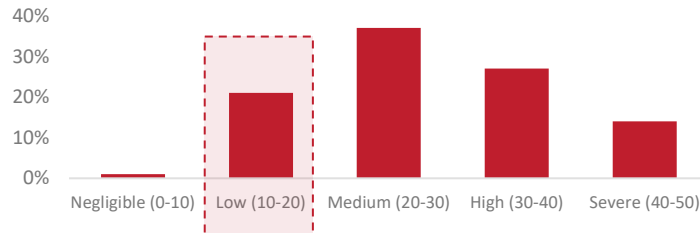
MSCI
ESG RATINGS



CCC B BB BBB **A** AA AAA



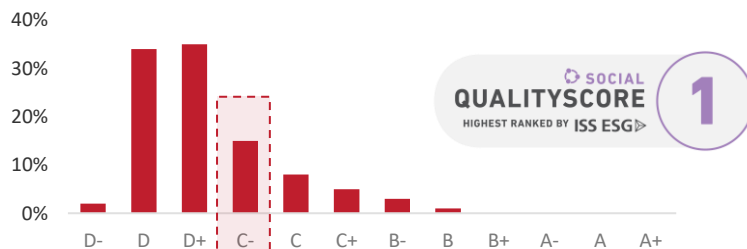
Risk reduced by 2.4 to 11.5,
threshold for negligible ESG-Risk is 10.0



| 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**¹



Regional Top Rated 2022



**ESG
REGIONAL
TOP RATED**

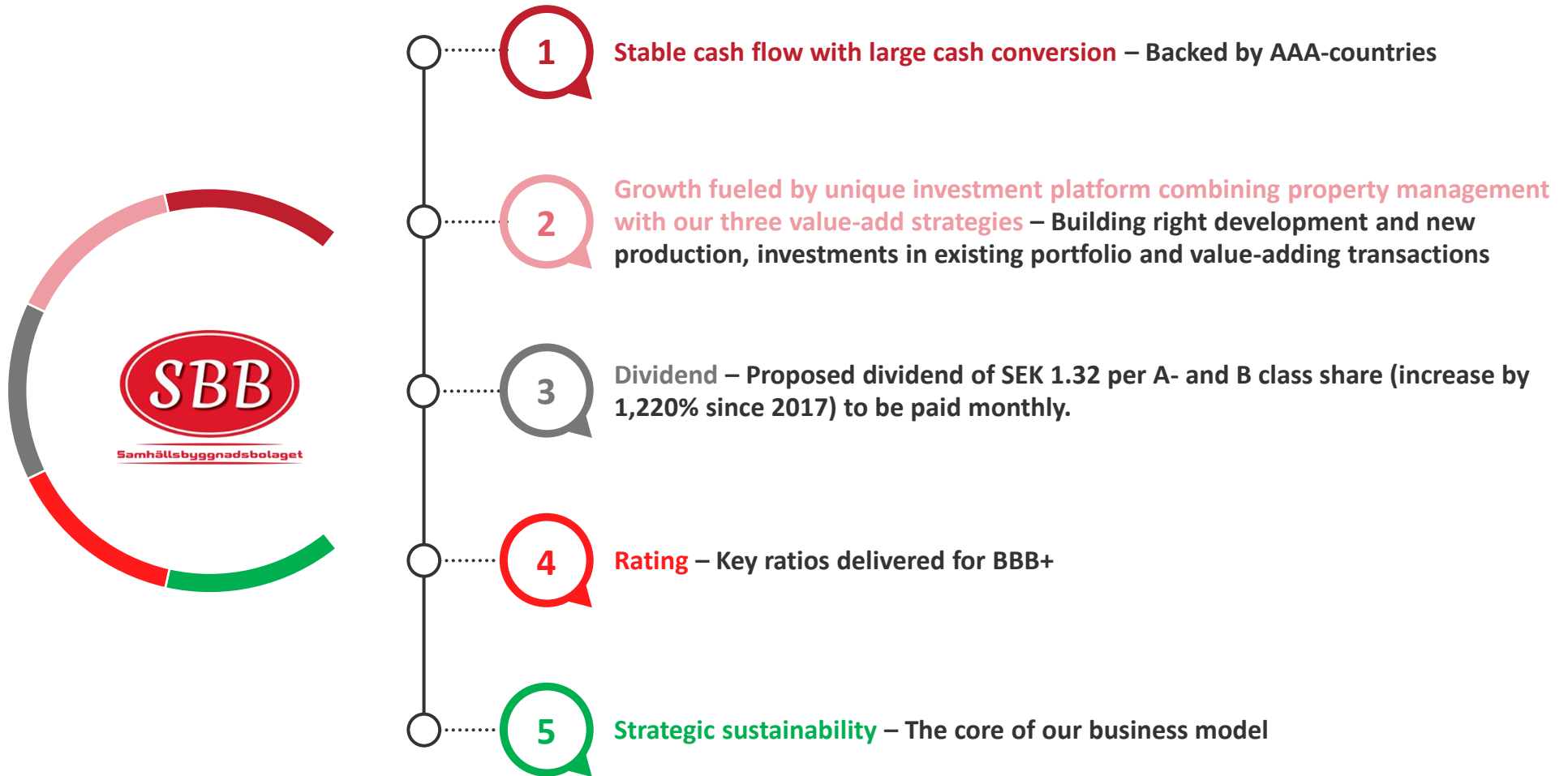


SBB has been identified as a **top ESG performer** (ESG Regional Top Rated 2022) out of more than 4,000 comprehensive companies that Sustainalytics covers in their global universe



Notes: ¹ As of 21st August 2021

THE SOCIAL INFRASTRUCTURE CHAMPION IN EUROPE



IN SUMMARY...

... continuing to deliver on operations and cash conversion...

1

SBB's rolling 12-month **earnings capacity rose by 102 percent** compared with the fourth quarter of 2020 and amounted to **SEK 8,195m** (4,049) at the end of 2021. As of 31 December 2021, earnings capacity per series A and B ordinary share was **SEK 5.65** (3.05), an **increase of 85 percent over the past year**. For the 2022 full year, we **forecast earnings of SEK 8.10 per series A and B ordinary share**.

2

SBB's income comprises secure cash flows from property management of social infrastructure, in which **residential and LSS housing** constitutes **54 percent of the property value and 50 percent of the rental income**. **Educational properties** make up **28 percent** of both property value and rental income. At 11 years, our average lease term is **the longest of any major European property company**. We supplement our uniquely secure property management with three revenue-generating and value-adding strategies: Building rights development, new production and investments in existing portfolios, and value-adding transactions. The value-adding strategies strengthen SBB's earnings, helping generate value over the long term, but also delivered strong cash of SEK 12.6bn in Q4 2021 helping to fund the Amasten bid. These also contributed to earnings per series A and B ordinary share of **SEK 17.35** and produced strong cash flow over the year.

3

Total disposal during FY2021 of SEK 19,381m with profit of SEK 3,141m, of which **SEK 851m** has been reported as realized value changes. The rest has been reported as unrealized value changes in the periods before closing

4

The **interest coverage ratio** continues to increase, the **S&P definition of ICR** (including 50% hybrid) was **4.1x**.

Strong EBITDA-margin of 69.4% demonstrates a successful integration of recent acquisitions, achieving the anticipated synergies, and establishing an operational track record with a mature portfolio that is over performing. **Rental income increased 2021 like for like by 1.8 percent** compared to the corresponding period last year (1.45% over CPI). **Net operating income increased like for like by 4.7 percent**.

THANK YOU!



Samhällsbyggnadsbolaget
