

SAMHÄLLSBYGGNADSBOLAGET I NORDEN AB (PUBL)



Q2

JANUARY-JUNE 2023

Summary of period

First six months of the year

The period in brief

- Rental income amounted to SEK 3,472m (3,709).
- The operating surplus decreased to SEK 2,530m (2,661).
- Profit from property management excluding translation gains/losses was SEK 1,518m (2,070).
- Cash flow from operating activities before changes in working capital was SEK 917m (1,789).
- Profit before tax amounted to SEK -15,061m (860), of which:
 - Profit before financial items, value changes, properties and goodwill are included in the amount of SEK 2,041m (2,136). Included items affecting comparability of SEK -157m (-30).
 - Changes in the values of properties are included in the amount of SEK -8,284m (1,526).
 - Profit from associated companies/joint ventures is included in the amount of SEK -3,661m (358).
 - Financial items are included in the amount of SEK -3,129m (-1,195), of which costs for early redemption of loans are included in the amount of SEK -112m (-3) and translation gains/losses in the amount of SEK -2,112m (-732).
 - Changes in the values of financial instruments are included in the amount of SEK -1,949m (-1,785).
- Profit for the period was SEK -13,796m (218) after the deduction of deferred tax of SEK 1,647m (-549) and current tax of SEK -460m (-284), corresponding to earnings per Class A and B ordinary share of SEK -10.17 (-0.12) before dilution.
- The value of the property portfolio amounted to SEK 130.8bn (135.6).
- Long-term net asset value (EPRA NRV) was SEK 25,831m (62,114), corresponding to SEK 17.76 (42.72) per share.

Significant events during the second quarter

- On 28 April 2023, the Annual General Meeting approved a dividend for ordinary share holders of SEK 1.44 per Class A and B ordinary share, to be distributed monthly, and SEK 2.00 per Class D share, to be distributed quarterly. On 8 May 2023, the company announced, through a press release, its intention to postpone the record dates falling after the Extraordinary General Meeting held on 14 June 2023. The Extraordinary General Meeting on 14 June 2023 authorizing the Board of Directors to determine record dates for all share classes in relation to the dividend approved by the 2023 Annual General Meeting. Based on this authorization, the Board of Directors resolved on 21 June 2023 that the dividend for all share classes approved by the 2023 Annual General Meeting and not yet distributed shall be distributed on a record date and that this record date shall be 28 June 2024 for all share classes. This date may change depending on when the 2024 Annual General Meeting is held, as the record date for the previously approved dividend must fall before the 2024 Annual General Meeting.
- SBB's credit rating was downgraded to sub-investment grade by S&P, Scope Rating, and Fitch Rating during the quarter.
- On 11 May, SBB sold 19 million shares in JM AB, for a total purchase consideration of approximately SEK 2.8 billion, to Swedish and international investors. Following the transaction, SBB's holding in JM, directly and via derivatives, to approximately 1.9 million shares, which corresponds to about 2.9 percent of the shares and votes in JM.
- On 29 May, it was announced that SBB's Board of Directors had decided to expand its review of strategic options with the aim of maximizing value for SBB's shareholders. As part of this strategic review, the Board of Directors is considering various options that can generate

maximum value for SBB's shareholders. Such options may include a sale of the company, business segments or specific assets, as well as other strategic transactions. The Board of Directors has, however, decided that a new share issue of Class A, B or D shares is not part of the review.

- Ilija Batljan resigned from his role as CEO on 2 June 2023. The Board of Directors appointed Leiv Synnes as the new CEO, with him starting work in that position on 5 June 2023. Ilija Batljan remains as a Board Member at SBB.
- At the end of the quarter, SBB sold eight properties in health and social care in Linköping to municipally-owned Lejonfastigheter. The total lettable area is slightly more than 13 thousand m² with a selling price of SEK 400m. SBB intends to use the net cash from the transaction to strengthen the company's liquidity and financial position.
- The agreement for the sale of SBB's stake in SBB Industricentralen Holding AB, which owns shares in Heba AB, was signed on the last day of June.

Significant events following the end of the quarter

- In early July, two sales to Swedish municipalities were conducted – in part, a residential property in the Municipality of Nykvarn at an underlying property value of SEK 221m to the public utility company AB Nykvarnbostäder and, in part, two LSS properties in Gävle to municipally-owned Gavlegårdarna for SEK 46m.
- On July the 13th SBB entered into LOIs with existing tenants that intend to acquire properties in which the tenants conduct business. The agreed property value in the deals amounts to over SEK 3 billion.

SEK **130.8**BN

Property value
30 June 2023

SEK **3,472**M

Rental income
January-June 2023

SEK **-13,796**M

Profit for the period
January-June 2023

SEK **917**m

Cash flow from operating activities
January-June 2023

SEK **-10.17**/SHARE

Earnings per share
31 June 2023

2.16%

Average interest rate
31 June 2023

SBB key ratios

	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Property-related key ratios					
Market value of properties, SEKm	130,799	157,400	130,799	157,400	135,616
Number of properties	2,043	2,537	2,043	2,537	2,050
Number of m ² , thousands	4,699	5,502	4,699	5,502	4,627
Surplus ratio, % ¹⁾	73	72	76	75	72
Yield, % ¹⁾	4.5	3.8	4.5	3.8	4.3
Economic letting ratio, %	96.3	95.1	96.3	95.1	95.3
Average contract length of social infrastructure properties, years	11	11	11	11	10
Financial key ratios					
Rental income, SEKm	3,472	3,709	1,747	1,878	7,447
Net operating income, SEKm ¹⁾	2,530	2,661	1,323	1,405	5,346
Profit for the period, SEKm	-13,796	218	-9,897	-2,721	-9,811
Cash flow from operating activities before changes in working capital, SEKm	917	1,789	632	1,045	3,485
Equity attributable to Parent Company shareholders, SEKm	25,397	59,322	25,397	59,322	44,319
Return on equity, %	-23	-	-16	-3	-13
Loan-to-value ratio, %	52	46	52	46	49
Secured loan-to-value ratio, %	19	19	19	19	21
Equity/assets ratio, %	36	40	36	40	38
Adjusted equity/assets ratio, %	40	45	40	45	42
Non-pledged quota, multiple ¹⁾	1.79	2.91	1.79	2.91	2.24
Interest-coverage ratio, multiple	2.8	5.6	-	-	3.9
Share-related key ratios					
Current net asset value (EPRA NTA), SEKm	19,776	54,250	19,776	54,250	39,663
Actual net asset value (EPRA NTA), SEK/share	13.60	37.31	13.60	37.31	27.28
Actual net asset value (EPRA NTA) after dilution, SEK/share	13.60	37.30	13.60	37.30	27.27
Long-term net asset value (EPRA NRV), SEKm	25,831	62,114	25,831	62,114	45,577
Long-term net asset value (EPRA NRV), SEK/share	17.76	42.72	17.76	42.72	31.34
Long-term net asset value (EPRA NRV) after dilution, SEK/share	17.76	42.71	17.76	42.71	31.33
EPRA Earnings (Company-specific), SEKm ¹⁾	-514	747	-460	-355	1,321
EPRA Earnings (EPS) (Company-specific), SEK/share ¹⁾	-0.35	0.51	-0.32	-0.24	0.91
EPRA earnings after dilution (EPS diluted) (company-specific), SEK/share ¹⁾	-0.35	0.51	-0.32	-0.24	0.91
EPRA Vacancy rate	3.7	4.9	3.7	4.9	4.7
Earnings per Class A and B ordinary share, SEK	-10.17	-0.12	-6.18	-1.99	-7.23
Earnings per Class D ordinary share, SEK	1.00	1.00	0.50	0.50	2.00
Average number of Class A and B ordinary shares	1,454,143,768	1,453,561,788	1,454,145,660	1,451,141,898	1,453,854,227
Average number of Class D ordinary shares	193,865,905	193,865,905	193,865,905	193,865,905	193,865,905
Number of Class A and B ordinary shares	1,454,226,534	1,454,141,898	1,454,226,534	1,454,141,898	1,454,141,898
Number of Class D ordinary shares	193,865,905	193,865,905	193,865,905	193,865,905	193,865,905

¹⁾ The definition has been changed and the comparative figures have been recalculated. See all definitions and calculations on pages 27-32.

Samhällsbyggnadsbolaget i Norden

Ilija Batljan founded SBB in March 2016 with the vision of building the best European property company for social infrastructure. The company's strategy is to own, manage and develop community service properties and rent-regulated residentials over the long term. The company also aims to actively conduct project and property development to develop new social infrastructure.

SBB operates in markets with stable and strong underlying driving forces (economic development and population growth). SBB's property portfolio is characterized by a high occupancy rate and long lease contracts. Rental income consists of secure, long-term flows, primarily from Nordic central governments/municipalities/county councils and from Swedish rent-regulated residentials. Of the company's income, 98 percent derives from community service properties in the Nordics and Swedish rent-regulated residentials – social infrastructure. Cash flows are uniquely stable with three of the Nordic central governments being among only ten sovereigns around the world to hold an AAA rating from the three leading credit rating agencies. As a whole, the property portfolio provides exposure to the Nordics' strong demographic trend, with a sharp increase in population compared with the rest of the EU.

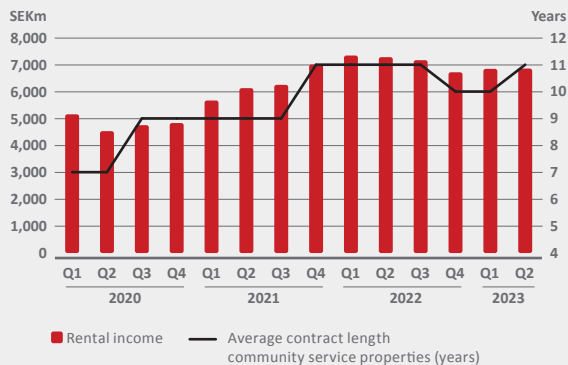
Rental income rolling 12-month

Classification	Rental income, SEKm	Total, %
Rental apartments	1,650	24
Building rights for future rental apartments	48	1
Total, Residentials	1,698	25
Elderly care units	858	12
LSS	474	7
Total, Publicly funded residentials	1,332	19
Education	2,307	34
Preschool	931	14
Primary school/upper-secondary school	983	14
University	393	6
Hospitals and health centres	460	7
Central government infrastructure and town halls	452	7
Public offices	324	5
Building rights for future community service properties	185	3
Total, Community service properties	3,728	54
Total, Social infrastructure	6,758	98
Other	108	2
Total	6,866	100

The value of the properties (SEKm) & yield



Rental income – rolling 12-month (SEKm) and average contract length (years)



Property value, by country

SEK 23.4 BN
Property value
NORWAY

SEK 10.7 BN
Property value
FINLAND

SEK 2.0 BN
Property value
DENMARK

SEK 94.7 BN
Property value
SWEDEN

79%

Located in major cities and university cities

99%

Social infrastructure

CEO Leiv Synnes

SBB owns residential in Sweden and premises for publicly funded social infrastructure in the Nordic region.

Net operating income in comparable portfolios increased by 10.5 percent

To some degree, the first half of the year developed in two directions. The underlying operations remained stable and rental income for comparable portfolios increased by 9.5 percent compared with the corresponding period last year. The economic letting ratio continued to increase and amounted to 96.3 percent (95.1) with the vacancy rate of 3.7 percent has predominantly been planned for as a consequence of projects in progress. SBB's core is stable regardless of the current position in the business cycle. SBB's property portfolio is characterized by its low risk for declining income and its superior capacity for increasing its income. That is reassuring.

At the same time, the second quarter was pervaded by discussions regarding the market's view of SBB's financial position. Several parallel processes have been launched to strengthen the company. The strategy is to strengthen both liquidity and equity.

100 percent rent-regulated residentials

SBB's residentials are subject to rent regulation – benefiting therefore from the steadily increasing income that such regulation entails. For example, the average rent level in Sweden has not fallen since the current system was introduced in 1975. For SBB, the increase in rent in existing portfolios is 6.4 percent over the past 12-month period. Over time, regulated rents rise more than inflation, leading to real economic value increases for the properties. Regulated rents also reduce the willingness to increase the supply of residentials in step with increasing demand. SBB has, for example, no real vacancy rate in its housing portfolios in Stockholm.

Average lease of 11 years

SBB's community service properties are characterized by low rent levels and low vacancies, with long-term, index-adjusted leases. The average lease term for community service properties was 11 years (11). The average rent for leases maturing in the upcoming years is about 40 percent lower than the option of moving to newly produced premises. This shows that SBB as a whole does not bear a significant risk of either vacancies or lower rents when current leases expire.

Adapting to new circumstances

Despite steadily increasing income, property prices can develop negatively, particularly when financing costs increase sharply. Over longer periods of time, however, the value trend does not deviate from the trend in net operating income, benefiting long-term owners.

In the same way, the value of fixed interest liabilities changes when the market price for capital changes. Over the past year, inflation has been 9,7 percent while SBB's average interest rate lay below two percent.

Rising inflation reduces the real interest cost, particularly on fixed-interest loans and also entails lower indebtedness in real economic terms.

What is an optimal indebtedness for SBB varies in relation to various environmental factors and therefore changes over time. In the environment in which we currently find ourselves, SBB needs to reduce its debt ratio. Indebtedness will be reduced through net sales, a cautious approach to investments and by obtaining capital (net) from the stock market. New equity can be added by means of new issues in subsidiaries, for example. SBB has already been active with new issues in part-owned housing portfolios.

The intention is to mitigate the impact of higher interest rates on new loans by reducing the capital requirement until the company's financial risk is reasonable. An objective measure of reasonable risk is an investment grade rating.

Need to strengthen liquidity

Over the quarter, SBB's credit ratings were reduced to a level below investment grade. Negative speculation about SBB's future has also impacted opportunities for financing. Overall, the new circumstances entailed financing processes taking longer and the company's liquidity thereby decreasing. The company is conducting several processes aimed at strengthening its financial position.

The company is engaging in constructive dialogue with the large group of bond investors that has been gathered. In my view, creditors, shareholders and employees are all currently working towards the same objective – safeguarding value for all stakeholders.

This largely entails strengthening the company's liquidity and general financial position in an orderly manner.

Average interest rate of 2.16 percent

SBB has an average interest expense of 2.16 percent (1.46) on interest-bearing liabilities, with an average fixed interest maturity of 3.3 years (3.2). On average, the bond loans mature over 4.0 years at an interest rate of 1.97 percent. Over time, SBB intends to mitigate the impact of a higher interest rate by reducing the need for new loans or by refinancing existing loans.

No vacancy risk in projects

Over the past 12 months, the number of apartments in production decreased from 3,866 to 2,270.

SBB's new production currently contracted and in progress requires SEK 1,829m in investment, continuing through 2025, the capital for more than half of which has been financed externally. The contribution from net operating income will be SEK 256m or 14 percent of the remaining investment. It is worth pointing out that we have no vacancy risk in the project portfolio as all of the community service properties are fully leased with index adjustment.

Zoning plans including residentials and community service properties for a total of about 100,000 m² GFA are expected to gain legal force over the upcoming quarters. The value generated in new projects will not be realized until the circumstances have improved.

Sustainability in focus

The company is conducting 140 projects that are both decreasing energy consumption and climate impact while also lowering operating costs. Combined, these energy projects are expected to bring savings in line with SBB's ambitious target to cut its energy consumption and climate impact by 5 percent annually.

SBB's certification efforts are progressing and have increased in pace. In the second quarter, 13 properties were certified, corresponding to 1.9 percent of the property portfolio's total market value. To become certified, a building undergoes a thorough quality control of its characteristics and performance – this includes checking the choice of materials, the presence of hazardous substances, the buildings indoor environment and energy performance. The property management procedures are also checked to ensure that they maintain a high level of quality.

Prospects

Population growth and increased costs for competing production provide conditions for favourable occupancy rates and considerable potential for rent-level trends in existing properties and projects. SBB's position in the property market is unique and valuable. In today's market climate, loan-to-value ratio and interest coverage ratio are financial key ratios that are currently deteriorating for the property industry as a whole. On the other hand, SBB benefits from the fact that the net operating income increases while debt decreases, which is a trend that will continue.

SBB is currently conducting a strategic review of the company. We are working swiftly to be able to present the outcome of that review. Right now we are structuring our properties into clear business areas. The largest areas are residentials, educational properties and elderly care units.

Leiv Synnes
CEO



Consolidated income statement

Amounts in SEKm	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Rental income	3,472	3,709	1,747	1,878	7,447
Operating costs	-726	-804	-303	-349	-1,567
Maintenance	-156	-175	-91	-90	-393
Property tax	-60	-69	-30	-34	-141
Net operating income ¹⁾	2,530	2,661	1,323	1,405	5,346
Administration	-332	-495	-175	-328	-898
Acquisition and restructuring costs	-157	-30	-127	-17	-120
Profit before financial items, value changes in properties and goodwill ²⁾	2,041	2,136	1,021	1,060	4,328
Changes in value, property	-8,284	1,526	-5,952	-836	-4,571
Capital loss on the distribution of Neobo	-	-	-	-	-3,202
Dissolution of goodwill after property sales	-78	-192	-78	-192	-387
Impairment of goodwill	-	-	-	-	-395
Results, production of residentials	-2	12	-	7	-17
Operating profit ²⁾	-6,323	3,482	-5,009	39	-4,244
Results from associated companies/joint ventures	-3,661	358	-3,292	-76	-1,866
Interest income and similar items	140	157	91	94	239
Interest expenses and similar items	-1,037	-605	-515	-293	-1,526
Results of early repayment of loans	-112	-3	4	-	424
Translation gains/losses	-2,112	-732	-1,629	-925	-1,991
Leasing costs	-8	-12	-2	-7	-24
Changes in the value of financial instruments	-1,949	-1,785	-750	-1,444	-1,560
Profit before tax	-15,061	860	-11,101	-2,612	-10,548
Tax for the year	-460	-284	-291	-152	-294
Deferred tax	1,647	-549	1,418	-148	645
Dissolution of deferred tax attributable to goodwill	78	192	78	192	387
PROFIT FOR THE PERIOD	-13,796	218	-9,897	-2,721	-9,811
<i>Profit for the period attributable to:</i>					
Parent Company shareholders	-14,322	258	-8,744	-2,668	-9,634
Non-controlling interest	526	-40	-1,153	-1,153	-177
PROFIT FOR THE PERIOD	-13,796	218	-9,897	-2,721	-9,811
Earnings per Class A and B ordinary share before dilution	-10.17	-0.12	-6.18	-1.99	-7.23
Earnings per Class A and B ordinary share after dilution	-10.17	-0.12	-6.18	-1.99	-7.23
Earnings per Class D ordinary share, SEK	1.00	1.00	0.50	0.50	2.00

¹⁾ Property administration is now included on the line Administration. Comparative figures are recalculated.

²⁾ New total line and new definitions.

For further information, see Definitions on pages 27-28.

Consolidated statement of comprehensive income

Amounts in SEKm	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Profit for the period	-13,796	218	-9,897	-2,721	-9,811
Share of comprehensive income in associated companies/joint ventures	-178	46	-180	31	169
Translation gains/losses	-890	-107	239	-1,003	427
COMPREHENSIVE INCOME FOR THE PERIOD	-14,864	157	-9,838	-3,693	-9,215
<i>Comprehensive income for the period attributable to:</i>					
Parent Company shareholders	-15,390	197	-8,685	-3,640	-9,038
Non-controlling interest	526	-40	-1,153	-53	-177
COMPREHENSIVE INCOME FOR THE PERIOD	-14,864	157	-9,838	-3,693	-9,215

Comments on the consolidated income statement

Net operating income

Rental income amounted to SEK 3,472m (3,709) for the period and to SEK 1,747 (1,878) for the quarter. In a comparable portfolio, rental income increased by 9.5 percent compared with the corresponding period in the preceding year. Of the rental income, SEK 2,532m pertained to community service properties, SEK 835m to residentials, and SEK 104m to other properties. The economic occupancy rate at the end of the period was 96.3 percent (95.1). The average contract length for community service properties was 11 years (11).

Property costs amounted to SEK -942m (-1,048) for the period and to SEK -424m (-473) for the quarter. These mainly comprised tax-related costs, operating and maintenance costs. In a comparable portfolio, costs rose by 6.5 percent compared with the corresponding period in the preceding year, with most of the increase comprising tax-related costs. Net operating income in comparable portfolios increased by 10.5 percent

Profit before value changes and goodwill

In total, administration costs for the period amounted to SEK -332 m (-495) and for the quarter they amounted to SEK -302m (-328). Of the administration costs, SEK -177m (-218) was property administration and SEK -155m (-277) was central administration costs, that is, business development costs, transaction, property development and business development.

Value changes

Changes in the value of properties over the period amounted to SEK -8,284m (1,526), of which SEK -390m (-12) were realized changes in value and SEK -7,894m (1,537) were unrealized changes in value. Value changes include general rent development, renegotiations of existing agreements and newly signed leases generating higher net operating income which contributed positively to unrealized value changes. The negative the change in value is explained by increased yield requirements.

Net financial items

Net financial items for the period amounted to SEK -3,129m (-1,195). The change is mostly due to increased costs for translation gains/losses. The financial costs include interest for external financing, as well as other financial costs, such as accrued arrangement fees.

The financial costs include the results from the early redemption of loans by SEK -112m (-3) for the period. Translation losses of SEK -2,112m (-732) were reported for the period and of SEK -1,629m (-925) for the quarter. The translation losses are mainly attributable to the recalculation of loans in EUR to extent these are not matched by hedges in the form of net assets in EUR and currency derivatives.

Profit from associated companies and joint ventures was SEK -3,661m (358) for the period and SEK -3,292m (-76) for the quarter. Kåpan Bostad AB and Public Property Invest AS contributed SEK -138m and SEK -128m respectively to consolidated profit for the period. The period's value changes in holdings in associated companies and joint ventures amounted to SEK -3,949m (88). The outcome is predominantly attributable to the sale of the shares in JM AB (publ) implemented in the second quarter.

Value changes in financial instruments amounted to SEK -1,949m (-1,785) for the period and to SEK -750m (-1,444) for the quarter. The item comprises unrealized changes in value for financial investments in shares of SEK -1,246m (-2,065) and is attributable to the negative price trend for the shares in the portfolio, as well as value changes regarding derivatives of SEK -702m (280).

Items affecting comparability

Over the period, items affecting comparability amounted to SEK -269m (-33), comprising the results of early repayment of loans in the amount of SEK -112m (-3) and Acquisition and restructuring costs of SEK -157m (-30), of which mainly referable to the restructuring of the EduCo Group.

Profit after tax

Profit after tax amounted to SEK -13,796m (218) for the period, while profit for the quarter amounted to SEK -9,897m (-2,721). Tax on the profit for the period was SEK 1,265m (-641), of which SEK -460m (-284) pertained to current tax and SEK 1,647m (-549) pertained to deferred tax related to properties and tax-loss carryforwards. SEK 78m (192) in deferred tax attributable to goodwill was dissolved.

Segment reporting

Segment reporting

For reporting and follow-up, SBB has been divided into three segments: Residential, Community service and Other/Property Development. The division is based on the differences in the nature of the segments and on

the reporting the management obtains to follow up and analyze the business, as well as on the data obtained on which to base strategic decisions.

Period 01-01-2023 – 30-06-2023	Community service properties	Residentials	Other properties	Total segment	Group-wide items and eliminations	Group total
Rental income	2,532	835	104	3,472	-	3,472
Property costs	-544	-354	-45	-942	-	-942
Net operating income	1,988	482	60	2,530	-	2,530
Administration					-332	-332
Acquisition and restructuring costs					-157	-157
Profit before value changes properties and goodwill	1,988	482	60	2,530	-489	2,041
Changes in value of investment properties	-3,821	-4,046	-417	-8,284	-	-8,284
Dissolution of goodwill after property sales					-78	-78
Profit from development of residentials					-2	-2
Operating profit	-1,833	-3,564	-357	-5,754	-569	-6,323
Results from associated companies/joint ventures					-3,661	-3,661
Interest income and similar items					140	140
Interest expenses and similar items					-3,270	-3,270
Changes in the value of financial instruments					-1,949	-1,949
Profit before tax	-1,833	-3,564	-357	-5,754	-9,308	-15,061
Tax					1,265	1,265
Profit for the period	-1,833	-3,564	-357	-5,754	-8,042	-13,796
Investment properties (SEKm)	88,324	36,516	5,959	130,799	-	130,799
Investments (SEKm)	1,126	614	62	1,802	-	1,802
Value of investment properties share m ² (SEK)	29,453	27,321	16,405	27,838	-	27,838
Surplus ratio (%)	79%	58%	57%	73%	-	73%

Period 01-01-2022 – 30-06-2022	Community service properties	Residentials	Other properties	Total segment	Group-wide items and eliminations	Group total
Rental income	2,370	1,208	131	3,709	-	3,709
Property costs	-494	-507	-47	-1,048	-	-1,048
Net operating income	1,876	701	84	2,661	-	2,661
Administration					-495	-495
Acquisition and restructuring costs					-30	-30
Profit before value changes properties and goodwill	1,876	701	84	2,661	-525	2,136
Changes in value of investment properties	1,931	-521	116	1,526	-	1,526
Dissolution of goodwill after property sales					-192	-192
Profit from development of residentials					12	12
Operating profit	3,807	180	200	4,187	-705	3,482
Results from associated companies/joint ventures					358	358
Interest income and similar items					157	157
Interest expenses and similar items					-1,352	-1,352
Changes in the value of financial instruments					-1,785	-1,785
Profit before tax	3,807	180	200	4,187	-3,327	860
Tax					-641	-641
Profit for the period	3,807	180	200	4,187	-3,968	218
Investment properties (SEKm)	93,312	56,589	7,499	157,400	-	157,400
Investments (SEKm)	1,148	1,350	56	2,554	-	2,554
Value of investment properties share m ² (SEK)	31,067	27,409	17,293	28,608	-	28,608
Surplus ratio (%)	75%	49%	55%	66%	-	66%

Period 01-04-2023 – 30-06-2023	Community service properties	Residential	Other properties	Total segment	Group-wide items and eliminations	Group total
Rental income	1,261	428	57	1,747	-	1,747
Property costs	-248	-160	-17	-424	-	-424
Net operating income	1,013	269	41	1,323	-	1,323
Administration					-175	-175
Acquisition and restructuring costs					-127	-127
Profit before value changes properties and goodwill	1,013	269	41	1,323	-302	1,021
Changes in value of investment properties	-2,997	-2,703	-252	-5,952	-	-5,952
Dissolution of goodwill after property sales					-78	-78
Profit from development of residential					-	-
Operating profit	43	-1,897	-129	-1,983	-682	-5,009
Results from associated companies/joint ventures					-3,292	-3,292
Interest income and similar items					91	91
Interest expenses and similar items					-2,143	-2,143
Changes in the value of financial instruments					-750	-750
Profit before tax	43	-1,897	-129	-1,983	-6,775	-11,101
Tax					1,205	1,205
Profit for the period	43	-1,897	-129	-1,983	-5,569	-9,896
Investment properties (SEKm)	88,324	36,516	5,959	130,799	-	130,799
Investments (SEKm)	506	315	38	859	-	859
Value of investment properties share m ² (SEK)	29,453	27,321	16,405	27,838	-	27,838
Surplus ratio (%)	80%	63%	71%	76%	-	76%

Period 01-04-2022 – 30-06-2022	Community service properties	Residential	Other properties	Total segment	Group-wide items and eliminations	Group total
Rental income	1,204	607	67	1,878		1,878
Property costs	-226	-227	-20	-473		-473
Net operating income	978	380	47	1,405	-	1,405
Administration					-328	-328
Acquisition and restructuring costs					-17	-17
Profit before value changes properties and goodwill	978	380	47	1,405	-345	1,060
Changes in value of investment properties	274	-1,079	-31	-836	-	-836
Dissolution of goodwill after property sales					-192	-192
Profit from development of residential					7	7
Operating profit	1,252	-699	16	569	-530	39
Results from associated companies/joint ventures					-76	-76
Interest income and similar items					94	94
Interest expenses and similar items					-1,225	-1,225
Changes in the value of financial instruments					-1,444	-1,444
Profit before tax	1,252	-699	16	569	-3,181	-2,612
Tax					-108	-108
Profit for the period	1,252	-699	16	569	-3,289	-2,720
Investment properties (SEKm)	93,312	56,589	7,499	157,400	-	157,400
Investments (SEKm)	575	788	37	1,400	-	1,400
Value of investment properties share m ² (SEK)	31,067	27,409	17,293	28,608	-	28,608
Surplus ratio (%)	81%	63%	70%	75%	-	75%

Consolidated balance sheet

Amounts in SEKm	30-06-2023	30-06-2022	31-12-2022
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	5,205	5,874	5,283
Total intangible assets	5,205	5,874	5,283
Tangible assets			
Investment properties	130,799	157,400	135,616
Land lease agreements	842	690	829
Equipment, machinery and installations	106	45	37
Total tangible assets	131,747	158,135	136,482
Financial fixed assets			
Participations in associated companies/joint ventures	5,883	16,732	12,649
Receivables from associated companies/joint ventures	1,363	2,751	1,737
Derivatives	1,300	1,217	1,696
Financial fixed assets at fair value	948	2,671	2,298
Other non-current receivables	2,024	69	939
Total financial fixed assets	11,518	23,440	19,319
Total fixed assets	148,469	187,449	161,084
Current assets			
Properties held for sale	139	174	156
Current receivables			
Derivatives	207	-	-
Accounts receivable	117	95	106
Other receivables	1,306	2,563	1,434
Prepaid expenses and accrued income	722	670	740
Total current receivables	2,490	3,328	2,280
Cash investments	206	413	421
Cash and cash equivalents	1,679	4,984	4,429
Total cash and cash equivalents and cash investments	1,885	5,397	4,850
Total current assets	4,375	8,899	7,286
TOTAL ASSETS	152,844	196,348	168,370

Comments

Goodwill

The goodwill item of SEK 5,205m (5,283) is attributable to the acquisition of Hemfosa and consists mainly of synergy effects in the form of reduced financing and administration costs. In addition, goodwill of SEK 1,316m (1,781) was reported, attributable to the difference between nominal tax and the deferred tax that is calculated on the acquisition of properties in company format that must be reported among "business combinations", which the acquisition of Hemfosa is considered to be. During the quarter, SEK 78m in deferred tax attributable to goodwill was dissolved.

Investment properties

As of 30 June 2023, the value of the properties amounted to SEK 130,799m (135,616). The value of the property portfolio has been based on external valuations made by Newsec, JLL, Savills, Cushman & Wakefield Realkapital and Colliers. The valuations have been based on an analysis of future cash flows for each property, taking into account the current lease terms, market situation, rental levels, operating, maintenance and management administration costs and investment needs. An average yield requirement of 5.00 percent (4.31) has been used in the valuation. The value of the properties includes SEK 3,019m for building rights that have been valued through the application of the local price method, which means that the assessment of the value is based on comparisons of prices for similar building rights. Fair value has thus been assessed in accordance with IFRS 13 level 3. See further on investment properties on pages 14-15.

Sensitivity analysis

The property valuations are made according to accepted principles based on certain assumptions. The table below presents how the value has been impacted by a change in certain parameters assumed for the valuation. The table provides a simplified illustration as a single parameter is unlikely to change in isolation.

	Change	Value impact, SEKm
Rental value	+/- 5%	5,392 / -5,393
Property costs	+/- 5%	-1,669 / 1,669
Discount rate	+/- 0.25 percentage points	-5,786 / 6,391
Direct return requirements	+/- 0.25 percentage points	-5,045 / 5,892

Property portfolio change

Opening fair value, 01-01-2023	135,616
Acquisition	1,705
Contributed by minority owner	802
Investments	1,802
Sales	-723
Translation differences	-509
Unrealized value changes	-7,894
Fair value at end of period	130,799

Associated companies and joint ventures

SBB's engagement in associated companies and joint ventures consists partly of a shareholding in the companies and in some cases financing to the companies. As of 30 June 2023, participations in associated companies and joint ventures amounted to SEK 5,883m (12,649) and receivables from associated companies and joint ventures amounted to SEK 1,363m (1,737). Some of the companies conduct property development projects, while other companies own investment properties. The largest holdings comprise the companies: SBB Kåpan AB, Public Property Invest AS and Solon Holding AS. The shares in JM AB (publ) were sold during the quarter.

Cash and cash equivalents and cash investments

Cash and cash equivalents amounted to SEK 1,679m (4,429) and cash investments, comprising shares in listed companies, amounted to SEK 206m (421). Pledged cash and cash equivalents amounted to SEK 0bn (1.1).

Consolidated balance sheet

Amounts in SEKm	30-06-2023	30-06-2022	31-12-2022
EQUITY AND LIABILITIES			
Share capital	165	165	165
Other contributed capital	26,587	26,588	26,587
Reserves	-1,643	48	142
Retained earnings incl. comprehensive income for the year	288	32,521	17,424
Equity attributable to Parent Company shareholders	25,397	59,323	44,318
Hybrid bonds	15,748	17,338	15,748
Other reserves	1,470	136	577
Non-controlling interest	12,103	2,222	2,691
Total equity	54,719	79,019	63,337
Long-term liabilities			
Liabilities to credit institutions	24,211	34,260	30,496
Bond loans	45,995	51,790	48,310
Derivatives	400	623	375
Deferred tax liabilities	7,337	10,728	9,120
Leasing liabilities	842	690	829
Other non-current liabilities	237	304	141
Total long-term liabilities	79,022	98,395	89,271
Current liabilities			
Liabilities to credit institutions	3,019	1,506	3,400
Commercial papers	320	4,377	1,111
Bond loans	8,043	3,693	3,768
Derivatives	1,249	-	596
Accounts payable	340	445	456
Current tax liabilities	128	483	310
Liability, cash collateral	-	2,491	2,178
Other liabilities	4,452	3,837	2,019
Accrued expenses and prepaid income	1,553	2,102	1,924
Total current liabilities	19,103	18,934	15,762
TOTAL EQUITY AND LIABILITIES	152,844	196,348	168,370

Comments

Equity

Equity attributable to Parent Company shareholders amounted to SEK 25,397m (44,318) at end of the period. Total equity amounted to SEK 54,719m (63,337) at end of the period.

Deferred tax

In Sweden, deferred tax is calculated at a nominal tax rate of 20.6 percent on differences between the reported and tax value of assets and liabilities, as well as of tax-loss carryforwards. In Norway and Denmark, the corresponding tax rate is 22.0 percent and in Finland, it is 20.0 percent. As of 30 June 2023, the deferred tax liability amounted net to SEK 7,337m (9,120) and is largely attributable to investment properties and tax-loss carryforwards. The Group's tax-loss carryforwards totalled SEK 8.6bn as of 30 June 2023. Tax loss carryforwards totalling SEK 608m were exercised during the period.

Interest-bearing liabilities

At the end of the period, interest-bearing liabilities in the Group amounted to SEK 81,588m (87,085), of which SEK 27,230m (33,896) pertained to liabilities to credit institutions, SEK 54,038m (52,078) pertained to bond loans and SEK 320m (1,111) pertained to commercial papers. See further under the section Financing on page 18.

Liability, cash collateral

During the first quarter of 2023, SBB redeemed the Total Return Swap (TRS) regarding cash investments in shares of SEK 2bn as reported on the line "Liability, cash collateral".

Consolidated changes in equity

Equity attributable to Parent Company's shareholders

Amounts in SEKm	Share capital	Other contributed capital	Reserves ¹⁾	Retained earnings	Total	Hybrid-bond	Other reserves ²⁾	Holdings without controlling influence	Total equity
Opening equity, 01-01-2022	165	26,371	834	34,778	62,148	17,295	-543	4,071	82,971
Profit for the period	-	-	-	258	258	-	-	-40	218
Other comprehensive income	-	-	-786	46	-740	-	679	-	-61
Comprehensive income for the period	-	-	-786	304	-482	-	679	-40	157
New share issue	-	210	-	-	210	-	-	-	210
Redemption of part of hybrid bond	-	-	-	-	-	-	53	-	53
Issue costs	-	-	-	-	-	-10	-	-	-10
Tax effects in equity	-	7	-	-	7	-	-	-	7
Dividend	-	-	-	-2,308	-2,308	-	-	-	-2,308
Dividend hybrid bond	-	-	-	-244	-244	-	-	-	-244
Redeemed minority interests	-	-	-	-9	-9	-	-	-1,809	-1,818
Closing equity, 30-06-2022	165	26,588	48	32,521	59,322	17,285	189	2,222	79,019
Profit for the period	-	-	-	-9,892	-9,892	-	-	-137	-10,029
Other comprehensive income	-	-	94	1,242	1,336	-	-679	-	657
Comprehensive income for the period	-	-	94	-8,650	-8,556	-	-679	-137	-9,372
Issue hybrid bonds	-	-	-	-	-	-5	-	-	-5
Redemption of part of hybrid bond	-	-	-	751	751	-1,532	1	-	-780
Currency revaluation, hybrid bonds	-	-	-	-1,065	-1,065	-	1,065	-	-
Tax effects in equity	-	-1	-	175	174	-	-	-	174
Dividend hybrid bond	-	-	-	-246	-246	-	-	-	-246
Distribution of Neobo	-	-	-	-5,946	-5,946	-	-	-	-5,946
Divestiture to minority	-	-	-	-	-	-	-	712	712
Redeemed minority interests	-	-	-	-115	-115	-	-	-106	-222
Closing equity, 31 Dec 2022	165	26,587	142	17,424	44,319	15,748	577	2,691	63,337
Opening equity, 01-01-2023	165	26,587	142	17,424	44,319	15,748	577	2,691	63,337
Profit for the period	-	-	-	-14,322	-14,322	-	-	526	-13,796
Other comprehensive income	-	-	-890	-178	-1,068	-	-	-	-1,068
Comprehensive income for the period	-	-	-890	-14,500	-15,390	-	-	526	-14,864
Warrants repurchase	-	-	-	-4	-4	-	-	-	-4
Tax effects in equity	-	-	-	238	238	-	-	-	238
Conversion of mandatory convertibles	-	-2	-	2	-	-	-	-	-
Currency revaluation, hybrid bonds	-	-	-893	-	-893	-	893	-	-
Dividend	-	-	-	-2,482	-2,482	-	-	-	-2,482
Dividend hybrid bond	-	-	-	-278	-278	-	-	-	-278
Redemption minority holdings	-	-	-	-110	-110	-	-	-570	-680
Transactions with minority owners	-	-	-	-	-	-	-	9,456	9,456
Total equity 30-06-2023	165	26,585	-1,641	290	25,400	15,748	1,470	12,103	54,719

1) Reserves consist of hedge accounting and translation differences.

Comments

As of 30 June 2023, equity amounted to SEK 54,719m (63,337). Equity includes hybrid bonds issued for a book value of SEK 17,218m. Minority shares amounted to SEK 12,103m, with new minority shares of SEK 9,465m being added during the year, partly through Brookfield entering as a minority owner in a joint venture that holds a portfolio of educational properties and partly through an expansion of Unobo AB. In other respects, there are minority shareholdings in a few companies within the Sveafastigheter-group, with SBB not holding all of the shares in those companies.

Translation differences in the translation of net assets in subsidiaries in Norway, Finland and Denmark from local currency to SEK amounted to SEK -890m of the change in equity during the period.

The equity ratio was 36 percent (38), the adjusted equity ratio was 40 percent (42) and the loan-to-value ratio was 52 percent (49).

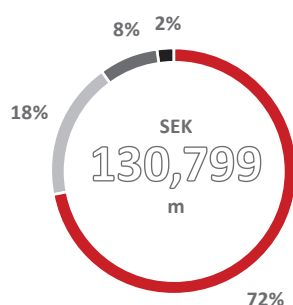
Consolidated cash flow statement, condensed

Amounts in SEKm	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Operating activities					
Profit before tax	-15,061	860	-11,102	-2,612	-10,548
<i>Adjustment for non-cash flow items</i>					
Depreciation	2	2	-	-	10
Changes in value, property	8,284	-1,526	5,952	836	4,571
Capital loss on the distribution of Neobo	-	-	-	-	3,202
Dissolution of goodwill after property sales	78	192	78	192	387
Goodwill impairment	-	-	-	-	395
Results, production of residentials	2	-12	-	-7	17
Results from associated companies/joint ventures	3,661	-358	3,292	76	1,866
Participation in the earnings of associated companies/joint ventures	282	292	282	286	304
Changes in the value of financial instruments	1,949	1,785	750	1,444	1,560
Net interest income	3,129	1,195	2,051	1,131	2,878
Interest paid	-1,094	-511	-470	-240	-1,059
Interest received	146	154	91	91	196
Paid tax	-460	-284	-291	-152	-294
Cash flow from operating activities before changes in working capital	917	1,789	632	1,045	3,485
Cash flow from changes in working capital					
Increase (-)/Decrease (+) of operating receivables	139	-594	660	-1,125	164
Increase (+)/Decrease (-) of operating liabilities	322	-622	-842	-1,082	-1,529
Cash flow from operating activities	1,378	573	450	-1,162	2,120
Investment activities					
Investments in properties	-1,767	-2,826	-824	-1,483	-5,250
Property sales	-	145	-	67	171
Acquisitions of subsidiaries less acquired cash and cash equivalents	-753	-8,751	-3	-2,695	-9,367
Disposals of subsidiaries less cash and cash equivalents	296	6,168	229	3,992	9,677
Investments/divestitures in equipment, machinery and installations	-71	1	-1	9	1
Investments/divestments in associated companies/joint ventures	2,564	-1,497	2,717	-1,199	475
Change in receivables from associated companies/joint ventures	-476	1,137	-443	1,798	2,159
Cash flow from financial assets	663	1,233	819	725	1,772
Change in other non-current receivables	-1,063	141	-1,172	24	-728
Cash flow from investing activities	-606	-4,249	1,323	1,239	-1,090
Financing activities					
Issue hybrid bonds	-	-10	-	-1	-
Issue costs	-	-	-	-	-15
Warrants repurchase	-4	-	-4	-	-
Redemption of hybrid bonds	-	-	-	-	-727
Redemption of mandatory convertible	-2	-	-2	-	-
Redemption of preference shares	-	-	-	-	-
Dividend paid	-1,652	-1,642	-770	-932	-2,837
Distribution of cash and cash equivalents in Neobo	-	-	-	-	-231
Divestiture to minority	8,654	-	-9	-	712
Redeemed minority interests	-680	-1,818	-680	-24	-2,040
Borrowings	23,250	35,056	7,758	10,706	62,038
Repayment of loans	-31,182	-29,741	-11,860	-11,417	-59,710
Change in cash collateral	-2,178	-3,116	-	-2,166	-3,429
Changes in other non-current liabilities raised	275	19	212	-233	-202
Cash flow from financing activities	-3,520	-1,252	-5,356	-4,067	-6,440
Cash flow for the period	-2748	-4,928	-3,583	-3,991	-5,410
Cash and cash equivalents at the beginning of the period	4,429	9,837	5,299	8,913	9,837
Exchange rate change in cash and cash equivalents	-2	75	-37	62	1
Cash and cash equivalents at the end of the period	1,679	4,984	1,679	4,984	4,429

1) For more details, see Additional information on page 25.

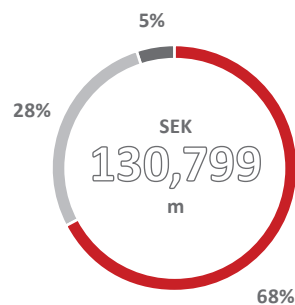
Property portfolio

Property value, by country



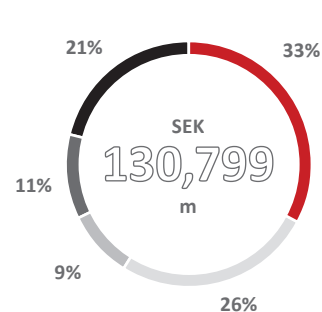
- 72% Sweden
- 18% Norway
- 8% Finland
- 2% Denmark

Property value per segment



- 68% Community service properties
- 28% Residentials
- 5% Other

Property value per region



- 33% University cities
- 26% Stockholm/Mälardalen
- 9% Oslo/Copenhagen/Helsinki
- 11% Gothenburg/Malmö
- 21% Other growth municipalities

Rental income by segment

Largest tenants, community service properties

Tenant	Rental income, rolling 12-month,	
	SEKm	% of total
Læringsverkstedet	310	6.1%
Trygge Barnehager AS	286	5.7%
Swedish state	246	4.9%
Attendo	162	3.2%
Norwegian state	156	3.1%
Municipality of Härnösand	140	2.8%
Academedia	138	2.7%
Finnish state	129	2.6%
Lovisenberg	120	2.4%
Esperi	116	2.3%
International English School	109	2.2%
Municipality of Haninge	99	2.0%
Humana	99	1.9%
Ambea	93	1.8%
Danish state	77	1.5%
Region Västra Götaland	68	1.4%
Municipality of Skellefteå	65	1.3%
Municipality of Boden	65	1.3%
Municipality of Karlskrona	53	1.0%
Municipality of Västerås	52	1.0%
20 largest tenants	2,585	51.1%
Other	2,475	48.9%
Total	5,060	100.0%

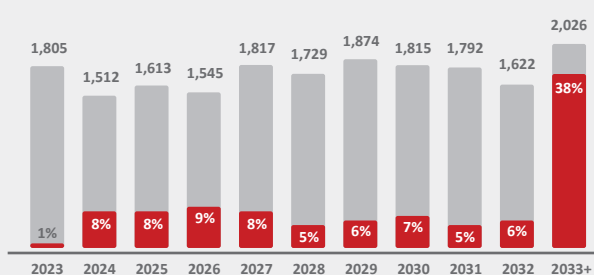
Largest municipalities, residentials

Municipality	Rental income, rolling 12-month,	
	SEKm	% of total
Linköping	130	7.9%
Skellefteå	101	6.1%
Helsingborg	92	5.6%
Höganäs	86	5.2%
Jönköping	85	5.2%
Gävle	78	4.7%
Falun	64	3.9%
Östersund	58	3.5%
Karlskrona	56	3.4%
Stockholm	55	3.3%
Oskarshamn	53	3.2%
Avesta	53	3.2%
Borås	50	3.0%
Södertälje	40	2.4%
Kävlinge	38	2.3%
Växjö	36	2.2%
Landskrona	34	2.0%
Sundbyberg	33	2.0%
Eskilstuna	32	2.0%
Umeå	32	1.9%
20 largest municipalities	1,206	73.1%
Other	444	26.9%
Total	1,650	100.0%

Community service properties

Use	No. thousand m ²	Market value (SEKm)	WAULT (years)	Rental income, rolling 12-month (SEKm)	Net operating income, rolling 12-month (SEKm)	Yield excluding projects
Education	1,349	43,101	13	2,307	1,978	4.65%
Elderly care units	535	15,089	7	858	688	4.88%
Central government infrastructure and town halls	279	8,316	11	452	372	4.59%
Hospitals and health centres	318	8,170	11	460	360	4.48%
LSS	279	7,814	8	474	411	5.31%
Building rights for future community service properties	120	5,541	5	185	138	5.33%
Public offices	239	3,960	6	324	243	6.51%
Total	3,119	91,991	11	5,060	4,190	4.83%

Maturity structure

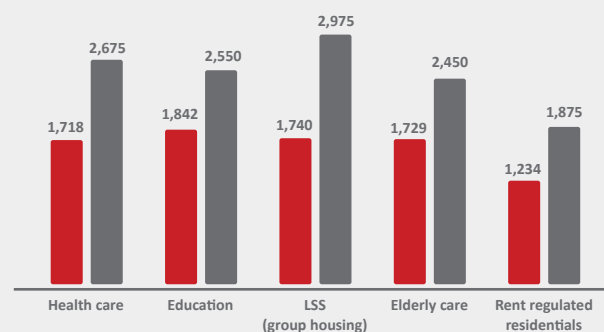


- Maturity structure
- Average rent on rental income in maturity structure

11 years

average remaining lease duration

Rent per m² for new production, compared with SBB's existing portfolio



- SBB
- New production

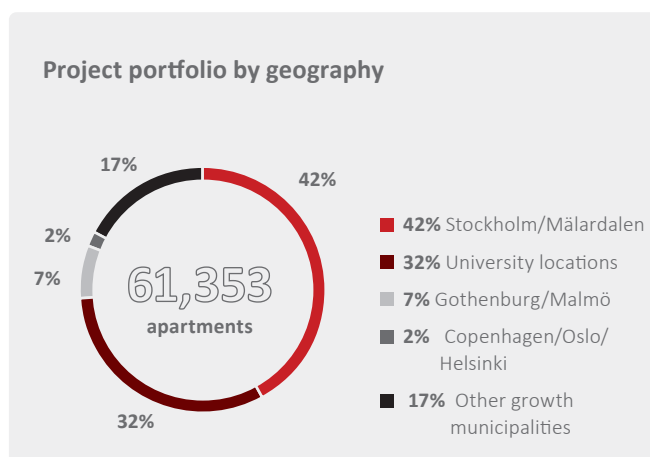
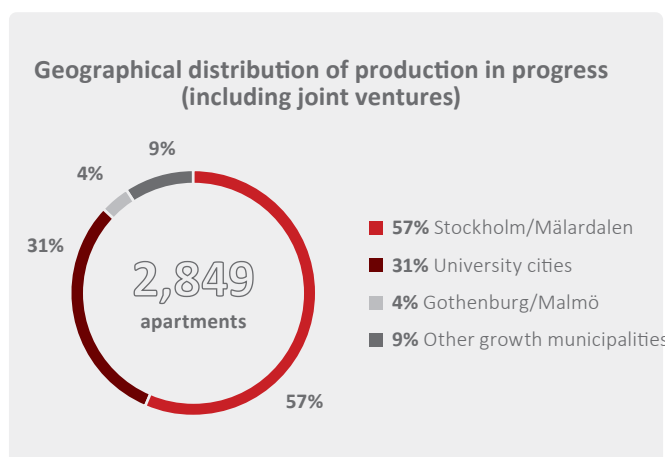
Source: Newsec

Production in progress

New production in progress and investments in existing portfolio

	2023 – 2025	2026-
Remaining investment including SBB's share of the joint venture ¹⁾	2,047	-
Assessed future net operating income	307	-
Return on remaining investment	15.0%	-

1) Of the total investment of SEK 2,047m, SEK 333m is financed via building credits and SEK 702m by vendors of projects until such time that tenants can take possession.



New production

	SBB's share	No. apts.	No. m ²	No. projects	Residential	Community service properties	Rent (SEKm)	Net operating income (SEKm)	Investment (SEKm)	Developed (SEKm)	Remaining (SEKm)	Yield (rent)	Yield (net operating income)
Projects developed by SBB	100%	743	57,479	10	76%	24%	119	102	2,102	1,668	434	5.6%	4.8%
Acquired projects	100%	959	43,497	5	100%	0%	97	82	1,705	661	1,044	5.7%	4.8%
joint venture projects	50%	1,147	64,402	7	100%	0%	169	145	2,713	2,007	706	6.2%	5.3%
Total	79%	2,849	165,378	22	92%	8%	385	329	6,520	4,336	2,184	5.9%	5.0%
SBB's share of total	100%	2,270	132,811		90%	10%	300	256	5,151	3,323	1,829	5.8%	5.0%

Investments in existing portfolio

	No. m ²	No. projects	Net operating income (SEKm)	Investment (SEKm)	Developed (SEKm)	Remaining (SEKm)	Yield (net operating income)
Investments in existing portfolio	117,798	28	58	1,159	941	218	5.0%

68%

degree of completion production in progress

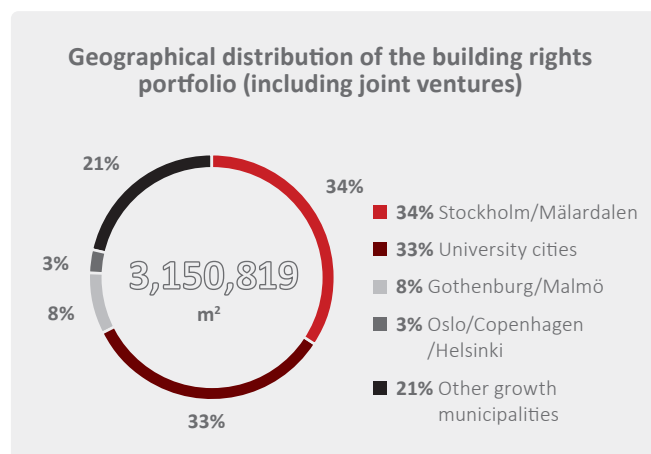
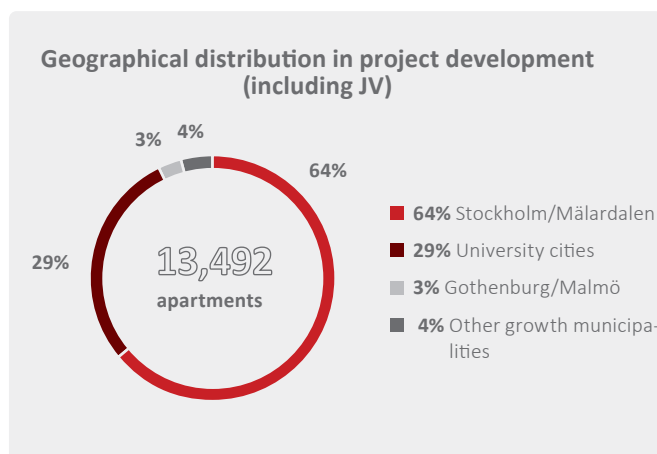
15.0%

return on remaining investment

91%

of housing production in Swedish university locations

Project and building rights development



Project development

	SBB's share	No. apts.	No. m ²	Residentials	Community service properties
Projects developed by SBB	100%	9,925	608,928	85%	15%
Joint venture projects (HR/CS)	48%	3,567	262,811	72%	28%
Total	85%	13,492	871,739	81%	19%
SBB's share of total	100%	11,586	732,986	83%	17%

Building rights development

Planning phase	Shareholding	Application for planning notice	Planning approval	Adoption	Legal force	Number BTA	Book value (SEKm)	per m ² (SEK)
Phase 1 – Project concepts	100%					776,854	423	545
Phase 2 – Ahead of planning approval	100%	✓				119,145	88	738
Phase 3 – With planning approval	100%	✓	✓			789,585	1,100	1,393
Phase 4 – Zoning plan having gained legal force	100%	✓	✓	✓	✓	1,149,152	1,406	1,224
Total	100%					2,834,736	3,018	1,064
Building rights in joint venture	49%					316,083	1,221	3,864
Total	95%					3,150,819	4,239	1,345
SBB's share of total	100%					2,988,456	3,612	1,208

Information on the project portfolio is based on assessments of the size, focus and scope of the projects. The information also builds on assessments of future project costs and rental value. Such assessments and assumptions should not be seen as a forecast. Assessments and assumptions involve uncertainties regarding the implementation, design and size, schedules, project costs and future rental value of the projects. Data on the project portfolio are reviewed regularly and assessments and assumptions are adjusted as a result of projects, currently in project development, being completed, of new projects being added, or of conditions changing.

Financing

52%

Loan-to-value ratio

2.16%

Average interest

19%

Secured loan-to-value ratio

BB-

Negative outlook (S&P)

BB+

Negative outlook (Fitch)

Interest-bearing liabilities

SBB's target is that the loan-to-value ratio shall be less than 50 percent, the interest coverage ratio shall exceed a multiple of 3.0 and the secured loan-to-value ratio shall be less than 30 percent.

The loan-to-value ratio was 52 percent (49) and the secured loan-to-value ratio was 19 percent (21). The interest coverage ratio was a multiple of 2.9 (3.9). At the end of the period, interest-bearing liabilities amounted to SEK 81,588m (87,085) of which SEK 27,230m (33,896) pertained to liabilities to credit institutions, SEK 54,038m (52,078) pertained to bond loans and SEK 320m (1,111) pertained to commercial papers. At the end of the period, the fair value of interest-bearing liabilities and other financial instruments was estimated at SEK 66,427m (75,058). Loans from credit institutions are normally secured through property mortgages.

Outstanding commercial papers for SEK 320m (1,111) matures within one year. Of the remaining interest-bearing liabilities, liabilities to credit institutions and bond loans in the amount of SEK 14,608m mature within a year, corresponding to 17 percent of total interest-bearing liabilities, excluding commercial papers. SBB maintains ongoing discussions with several banks and works actively to continuously refinance and extend its outstanding debt. SBB has continued to work actively to maintain low interest rate levels on its interest-bearing liabilities. At the end of the period, the average interest rate on the interest-bearing liabilities was 2.16 percent. SBB's exposure to variable interest rates is 13 percent (15). The average period of fixed interest for all interest-bearing liabilities was 3.3 years (3.2) and the average debt maturity was 3.9 years (3.9). SBB's total remaining bond maturities in 2023 amount to SEK 1,239m

Liquidity

SBB's available liquidity amounted to SEK 1,629m (4,429), pledged liquidity amounted to 0m (1,142). Cash investments amounting to SEK 206m (421). SBB has unutilized credit commitments of SEK 2,500m (4,700) which can be utilized against pledged collateral. SBB has unused constructions loans of SEK 1,035m for ongoing building projects.

The company has, after the end of the quarter received proceeds, SEK 491m, from the sale of all of its shares in SBB Industricentralen Holding AB, which owned the shares in Heba AB. SBB has signed agreements for disposals with a total property value of SEK 795m with expected closing during Q3, of which SEK 400m is Brookfield's third and final closing of EduCo. The company has during the quarter repaid maturing commercial papers of SEK 2,137m and bonds of SEK 925m. The company is in the midst of a series of procedures aimed at strengthening the company's financial position.

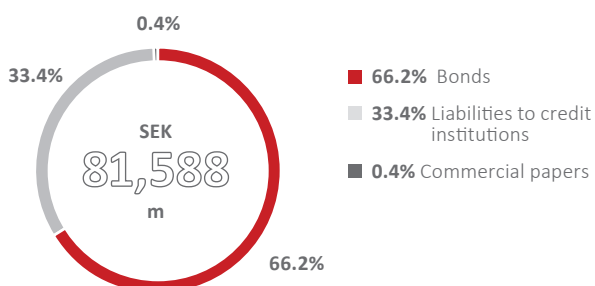
Change in value of derivatives

Interest-rate derivatives are used to limit the interest rate risk for loans with variable interest and to increase predictability in profit from property management. At the end of the period, the total nominal value of the interest-rate derivatives amounted to SEK 29,945m (28,551) with maturities of between one and ten years. The Group reports interest rate derivatives at fair value in accordance with IFRS 9. If the agreed interest rate deviates from the market rate, a surplus or deficit arises on the interest rate derivatives, with the change in value not affecting cash flow being reported in the income statement. At the end of the period, the fair value of derivatives amounted to SEK -142m (725).

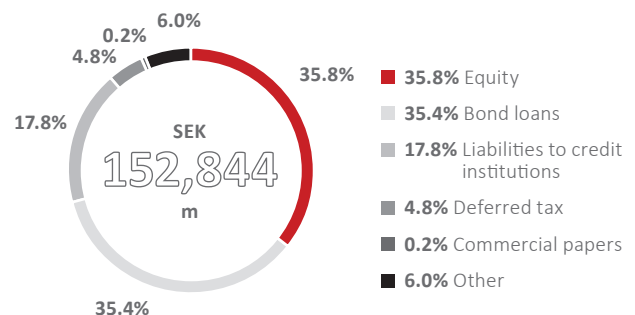
Rating

SBB has an official credit rating from Fitch Ratings ("Fitch"), Scope Ratings ("Scope") and S&P Global Ratings ("S&P"). Fitch rating is BB+, rating watch negative. Scope's rating is BB-, review for possible downgrade. S&P rating is BB-, watch negative.

Distribution of interest-bearing liabilities



Capital structure



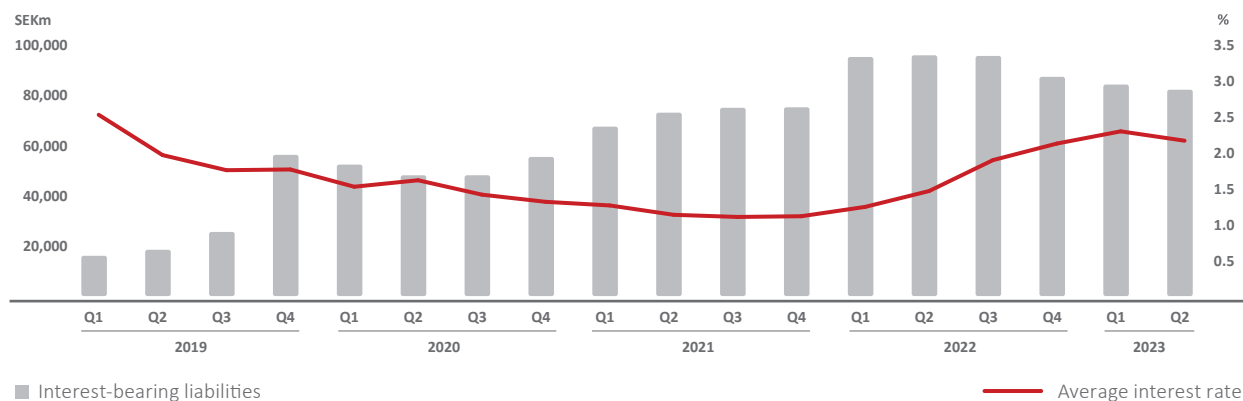
Debt maturity structure (excl. commercial papers)

Maturity year	Nominal amount, SEKm	Share, %
< 1 year	14,283	17%
< 2 years	12,744	16%
< 3 years	6,441	8%
< 4 years	7,824	10%
< 5 years	15,616	19%
> 5 years	24,722	30%
Total	81,630	100%

Interest maturity structure

Maturity year	Nominal amount, SEKm	Share, %
< 1 year	20,104	25%
< 2 years	11,112	14%
< 3 years	4,234	5%
< 4 years	8,750	11%
< 5 years	16,789	20%
> 5 years	20,939	26%
Total	81,928	100%

Development of the Group's average interest rate



Bonds

During the period, SBB has repaid maturing bonds for a nominal amount of SEK 2,500m, of which SEK 925m during the quarter.

Bond loans as of 30 June 2023

Term	ISIN	SEKm	Repurchased by SBB	Maturity date	Interest rate	Information
2021-2023	XS2208267596	10	0	2023-07-24	7,00% + STIBOR	
2021-2023	XS2290558282	1,000	290	2023-07-26	0,80% + STIBOR	Social
2020-2023	XS2050862262	800	291	2023-09-06	1,15% + STIBOR	Green
2020-2024	SE0012256741	500	318	2024-02-14	3,30% + STIBOR	Green
2021-2024	SE0012313245	200	148	2024-02-19	3,25% + STIBOR	
2022-2024	SE0014965919	550	229	2024-04-12	3,15% + STIBOR	Offentliga Hus, Green
2021-2025	XS1997252975	1,100	608	2025-01-14	1,90% + STIBOR	
2022-2025	XS2461738770	260	0	2025-04-11	1,60% + STIBOR	Social
2020-2025	XS2275409824	200	55	2025-12-18	1,17% + STIBOR	Social
2020-2027	XS2111589219	600	0	2027-01-30	1,50% + STIBOR	Green
2019-Hybrid	SE0013234531	575	278	Hybrid	6,85% + STIBOR	Offentliga Hus, Hybrid
2019-Hybrid	SE0013359148	1,500	0	Hybrid	3,50% + STIBOR	Hybrid

Term	ISIN	EURm	Repurchased by SBB	Maturity date	Interest rate	Information
2023-2025	XS2597112155	5	0	2025-03-10	4,50%	
2022-2024	XS2438632874	700	141	2024-02-08	0,55% + EURIBOR	Social
2019-2025	XS1993969515	550	143	2025-01-14	1,75%	
2019-2026	XS2049823680	500	0	2026-09-04	1,13%	
2020-2027	XS2114871945	750	0	2027-08-12	1,00%	
2020-2028	XS2271332285	700	0	2028-12-14	0,75%	Social
2021-2029	XS2346224806	950	0	2029-11-26	1,13%	Social
2020-2040	XS2151934978	50	0	2040-04-03	3,00%	
2020-Hybrid	XS2010032618	500	46	Hybrid	2,62%	Hybrid
2020-Hybrid	XS2272358024	500	43	Hybrid	2,63%	Hybrid
2021-Hybrid	XS2010028186	500	61	Hybrid	2,88%	Hybrid Social

Term	ISIN	NOKm	Repurchased by SBB	Maturity date	Interest rate	Information
2020-2023	XS2203994517	200	180	2023-07-14	1,50% + NIBOR	
2019-2024	XS2085870728	1,000	526	2024-11-28	3,12%	
2020-2025	XS2194790429	800	559	2025-06-26	1,99% + NIBOR	
2020-2025	XS2223676201	700	300	2025-08-27	1,65% + NIBOR	

SBB's sustainability work

Sustainability vision 2030 - SBB's goal is to be climate positive throughout the value chain by 2030. A concrete road map is in place, clearly detailing and illustrating how this target will be achieved. The road map charts a clear course ahead for employees, suppliers and other stakeholders alike. More information about this is available on the website and in the Sustainability Report.

E

Climate and environment – overarching objectives

- Reduced energy consumption and climate impact by 5 percent annually
- At least 50 percent of new production must be built of wood from certified forestry
- The entire property portfolio and all new production must be within ten minutes walking distance from public transport
- Reduced water consumption by 1 percent annually
- Map the entire property portfolio with regard to climate-related risks (physical and transitional risks)

S

Social sustainability – overarching objectives

- At least 90 percent social assets in the property portfolio
- 100 percent of the municipalities we operate in are offered support in the form of apartments for their social housing work
- Contribute at least 200 summer jobs annually to young people who live in our residential areas
- Contribute at least ten Better shelters and 100 tents through the UNHCR to help refugees

G

Governance and financing – overarching objectives

- 100-percent sustainable financing
- SBB is to be classified as a green share on Nasdaq Stockholm



SBB creates sustainable environments in which people want to live, work and spend time well into the future. Being the largest Nordic player in social infrastructure, SBB's local efforts contribute to general societal development that is environmentally, socially and economically sustainable.

The persistent work in the area of sustainability has produced results in the form of an improved ESG risk rating. The analyst firm Sustainalytics assessed SBB's ESG risk as very low (11.1, the limit for negligible risk is at 10) and the risk management is considered to be strong. SBB thus tops the list of comparable companies based on market capitalization.

Ecological sustainability

The climate issue is one of humanity's greatest challenges and SBB has a responsibility for future generations to contribute solutions and reduce its own climate impact.

Development in the second quarter of 2023

SBB is pursuing the largest certification project in accordance with Miljöbyggnad iDrift to date. The project has now entered a phase in which the certification of larger volumes has commenced. A number of different property types will be certified, including schools, residential and community service buildings around the Nordic region. During the quarter, the certification of 13 properties was completed, corresponding to 1.9 percent of the property portfolio's total market value.

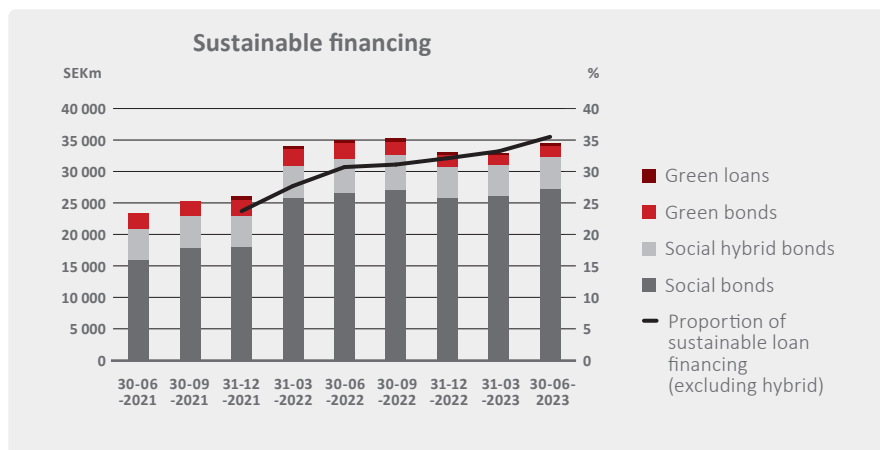
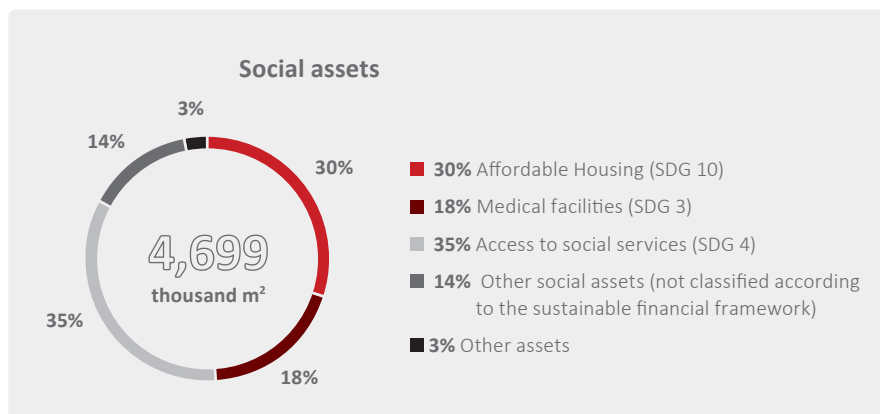
All of the new construction projects in progress at the end of the quarter were constructed with solar power production, an important milestone in the company's climate work.

Social sustainability

Social sustainability is an important part of our promise to build a better society. The increasing differences in health and living conditions between different social groups and residential areas is one of the major challenges currently facing Sweden. The property sector has a great impact and thus considerable potential to contribute solutions for increased cohesion, confidence in the future, health and trust.

Development in the second quarter of 2023

As of 30 June 2023, SBB owned 4,545 thousand m² (including rental apartments, elderly care units, LSS and building rights for future rental apartments), contributing to social sustainabi-



lity. The various asset classes have been judged by the independent Institutional Shareholder Services (ISS) to make a significant contribution to the UN Global Goals for Sustainable Development (SDGs) numbers 3, 4 and 10.

To address the serious problem of workplace crime, SBB has produced a set of instructions for all instances in which SBB is the client in construction contracts where the total investment exceeds SEK 20m and the contract period exceeds one year. The objective is to eliminate workplace crime in construction contracts in which SBB is the client. Agreement templates are to be used for all contracts. SBB must be granted electronic access to the personnel ledger (DPA to be signed with the contractor). Before the contracting agreement is signed, information shall be sent to SBB's construction manager who either approves or denies the

intended contractor, or orders a background check on the company. Once the contractor has established the work site, SBB requests monitoring of the personnel ledger. Quarterly reports are sent to SBB's project manager and construction manager.

Economic sustainability

Our objective is to achieve good economic growth without incurring negative consequences for the climate and the social environment. SBB continues to invest in sustainable financing by entering into green loans, issuing social and green bonds and reducing energy consumption.

Development in the second quarter of 2023

As of 30 June 2023, social bonds, green bonds and green loans made up 36 percent of the total debt portfolio (excluding social hybrid bonds).

Currently in project development, Q2 2023

	Number/ number of m ²	Number of wooden buildings	Proportion of wooden buildings	Number certified	Proportion certified	Proportion of solar cells	Proportion of geothermal heat
Number of projects	10	5	50%	7	70%	100%	60%
Number of m ²	57,479	13,328	23%	49,375	86%	100%	57%

Number of energy projects – in progress and completed in the quarter

	Number in progress	Number completed	Number of kWh in progress	Number of kWh completed
Solar panels	22	8	2,131,000	411,000
Heat pump	13	1	5,894,000	150,000
Energy-efficient heating and ventilation	38	3	4,472,000	1,432,000
Control and regulation technology	24	1	1,326,000	80,000
Additional insulation and window replacement	1	-	10,000	-
Energy efficient lighting	19	-	450,000	-
Other	8	-	97,000	-

The share and shareholders

Samhällsbyggnadsbolaget's Class B share (ticker SBB B) and Class D share (ticker SBB D) are traded on Nasdaq Stockholm, Large Cap. As of 30 June 2023, the number of Class B ordinary shares totalled 1,244,249,043, while series D shares totalled 193,865,905. There are also 209,977,491 Class A ordinary shares in the company. It was announced on 21 June 2023 that additional holders of convertibles in SBB had exercised their voluntary conversion right with regard to subordinated mandatory convertibles. As a consequence, new Class B shares were registered with the Swedish Companies Registration Office and Euroclear during June 2023, increasing the number of Class B shares by 84,636 and the number of votes by 8,463.60. Ordinary Class B shares were trading at SEK 4.13, and Class D shares at SEK 4.50 on 30 June 2023. The market capitalization of the Class B shares (including the value of unlisted series A ordinary shares at the same price) was SEK 6,006m, for the Class D shares, it was SEK 872m.

SBB's share is liquid and has been part of OMXS30 since 1 July 2022. Over the past 12 months, an average of approximately 50.3m Class B shares were traded per day for an average daily value of approximately SEK 643.8m. SBB works actively with its investor base by participating in roadshows, presentations and events for private and institutional investors.

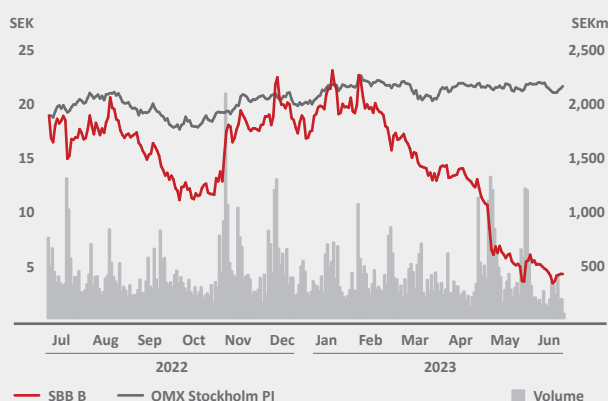
Shareholders

At the end of the second quarter of 2023, there were 254,310 known shareholders, corresponding to an increase of 6.5 percent compared with the corresponding point in 2022. On 30 June 2023, share capital amounted to SEK 164,809,243.90 at a quotient value of SEK 0.10 per share. At the Annual General Meeting, holders are entitled to one vote per Class A ordinary share and to 0.1 votes per Class B and D ordinary share. Holders of Class D ordinary shares are entitled to five times the total dividend on Class A and B ordinary shares, although not to more than SEK 2 per share and year.

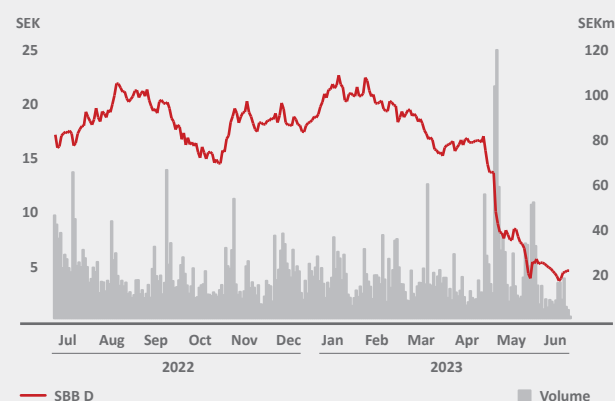
	Share price, SEK	
	30-06-2023	30-06-2022
Class B shares	4.13	17.035
Class D shares	4.50	15.59

	Average daily turnover, SEKm	
	Jan-Jun 2023	Jan-Jun 2022
Class B shares	643.8	821.6
Class D shares	26.9	37.1

Class B share trend, past 12 months



Class D share trend, past 12 months



Shareholder structure as of 30 June 2023

Shareholders	Class A shares	Class B shares	Class D shares	Share capital, %	Votes, %
Ilija Batljan (private and through company)	109,053,868	26,691,920	1,030,000	8.30	31.61
Arvid Svensson Invest	42,444,700	24,199,429	-	4.04	12.68
Dragfast AB	36,163,467	5,000,000	-	2.50	10.36
Sven-Olof Johansson	22,315,456	32,684,544	-	3.34	7.23
Blackrock	-	80,553,193	1,678,338	4.99	2.32
Vanguard	-	43,050,304	7,563,543	3.07	1.43
Avanza Pension	-	30,865,908	14,192,398	2.73	1.27
Læringsverkstedet Gruppen AS	-	-	44,197,779	2.68	1.25
Futur Pension	-	35,600,345	2,323,728	2.30	1.07
Marjan Dragicevic	-	30,000,000	-	1.82	0.85
Swedbank Försäkring	-	25,034,636	3,265,550	1.72	0.80
Gösta Welandson with companies	-	23,146,364	224,000	1.42	0.66
Lennart Schuss	-	20,954,872	-	1.27	0.59
Handelsbanken Fonder	-	18,310,131	2,525,809	1.26	0.59
Capital Group	-	19,220,175	-	1.17	0.54
Other	-	828,937,222	116,864,760	57.39	26.73
Total	209,977,491	1,244,249,043	193,865,905	100.00	100.00

Parent Company

Income statement of Parent Company

Amounts in SEKm	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Net sales	-	-	-	-	-
Personnel costs	-39	-76	-18	-60	-86
Other operating expenses	-71	-15	-14	-	-115
Operating profit ¹⁾	-111	-91	-33	-60	-201
Profit from financial items					
Results from associated companies/joint ventures	-3,636	547	-3,636	15	-111
Interest income and similar items	3,526	1,864	2,588	1,038	2,958
Interest expenses and similar items	-3,495	-1,740	-2,607	-939	-2,579
Translation gains/losses	-1,858	-1,203	-1,618	-1,095	-2,734
Changes in value, derivatives	-1,423	-99	-659	18	265
Profit after financial items	-6,997	-722	-5,965	-1,023	-2,402
Appropriations	-	-	-	-	781
Profit before tax	-6,997	-722	-5,965	-1,023	-1,621
Tax	-174	-98	-214	-46	103
PROFIT FOR THE PERIOD	-7,171	-820	-6,179	-1,069	-1,518

¹⁾ New summary line and new definition. For further information, see Definitions on pages 28-29.

Statement of comprehensive income of Parent Company

Amounts in SEKm	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Profit for the period	-7,171	-820	-6,179	-1,069	-1,518
Other comprehensive income	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-7,171	-820	-6,179	-1,069	-1,518

Comments on the Parent Company's income statement and balance sheet

The Parent Company's operations consist of group-wide functions such as business development, transactions, property development and financing. The company has 33 employees. The costs, incl. personnel costs during the period, amounted to SEK -111m (-91).

Parent Company balance sheet, condensed

Amounts in SEKm	30-06-2023	30-06-2022	31-12-2022
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in Group companies	36,106	35,567	28,213
Participations in associated companies/joint ventures	575	8,399	7,103
Receivables from Group companies	7,740	-	29,098
Receivables from associated companies/joint ventures	463	124	55
Deferred tax assets	457	118	400
Financial fixed assets at fair value	1,374	1,219	1,102
Derivatives	1,279	1,121	1,501
Other non-current receivables	1,010	-	-
Total financial fixed asset	49,004	46,548	67,472
Total fixed assets	49,004	46,548	67,472
Current assets			
Current receivables			
Derivatives	207	-	174
Accounts receivable	34	53	14
Current tax assets	45	-	-
Other receivables	500	51,383	727
Prepaid expenses and accrued income	110	46	93
Total current receivables	897	51,482	1,008
Cash investments	160	413	421
Cash and cash equivalents	1,294	4,836	4,658
Total current assets	2,350	56,731	6,087
TOTAL ASSETS	51,354	103,279	73,559
EQUITY AND LIABILITIES			
<i>Restricted equity</i>			
Share capital	165	165	165
<i>Unrestricted equity</i>			
Share premium fund	26,305	26,237	26,305
Retained earnings	-20,571	-5,210	-15,657
Hybrid bonds	17,541	17,473	16,649
Profit for the year	-7,171	-820	-1,518
Total non-restricted equity	16,104	37,680	25,779
Total equity	16,269	37,845	25,946
Untaxed reserves	85	85	85
Long-term liabilities			
Liabilities to credit institutions	3,559	9,153	13,724
Bond loans	23,795	26,227	22,842
Derivatives	400	622	375
Liabilities to Group companies	-	16,704	-
Total long-term liabilities	27,754	52,706	36,941
Current liabilities			
Liabilities to credit institutions	837	160	1,392
Commercial papers	320	4,377	1,111
Bond loans	1,455	3,003	3,466
Derivatives	1,249	-	596
Accounts payable	7	13	36
Current tax liabilities	-	151	100
Liability, cash collateral	-	2,491	2,178
Other liabilities	2,963	2,024	1,010
Accrued expenses and prepaid income	415	424	698
Total current liabilities	7,245	12,643	10,587
TOTAL EQUITY AND LIABILITIES	51,354	103,279	73,559

I Additional information

General information

Samhällsbyggnadsbolaget i Norden AB (publ) (SBB), corp. ID no. 556981-7660, with its subsidiaries conducts operations in property management and property development. The Parent Company is a limited liability company registered in Sweden and based in Stockholm.

Accounting principles

This interim report was prepared in accordance with IAS 34 Interim Reporting. In addition, the Swedish Annual Accounts Act and "RFR1 Supplementary Accounting Rules for Groups" have been applied. The Parent Company applies the same accounting principles as the Group with the exceptions and additions stated in the recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. For the Group and the Parent Company, the same accounting principles and calculation bases have been applied as in the latest annual report unless otherwise stated.

Updated presentation format for the consolidated income statement as of the first quarter of 2023

SBB has amended the presentation format for the income statement in its interim report for the first quarter of 2023, without affecting the cash flow for the period, the balance sheet or profit.

The presentation has been updated to achieve consistent financial reporting for all interim periods and the 2023 full year, and as a consequence of the disposal of shares in JM, a holding not considered to be part of the operations, with profit from the holding therefore being reported as a financial item. SBB has also made similar considerations with regards to other holdings.

As a consequence of the change in presentation format following the divestment of JM, SBB is also making the amendments that it perceives to be required by an updated IAS1, meaning:

- Value changes in investment properties are moved to operating profit/loss, with the line operating profit/loss being introduced.
- Other items previously reported after financial items but before tax are also now reported under financial items, such as value changes in financial instruments, or as part of operating profit, such as impairment/dissolution of goodwill.
- The former item Profit before financial items has been excluded from the income statement and is found among Key ratios (pages 27-32).
- Updated calculations for EPRA earnings.

The Board of Directors and the CEO provide their assurance that the interim report provides a fair overview operations, position and results of the Parent Company and the Group and describes significant risks and uncertainties that affect the Parent Company and the companies included in the Group.

Stockholm, 14 July 2023

Lennart Schuss
Chairman of the Board

Leiv Synnes
CEO

Sven-Olof Johansson
Board Member

Ilija Batljan
Board Member

Eva Swarts Grimaldi
Board Member

Fredrik Svensson
Board Member

Lars Rodert
Board Member

Hans Runesten
Board Member

Anne-Grete Strøm Erichsen
Board Member

This interim report has not been subject to review by the company's auditors.

Leiv Synnes, VD, leiv@sbbnorden.se

This information is such that Samhällsbyggnadsbolaget i Norden AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted by the below contact persons for publication on 14 July 2023 at 8:00 a.m. CEST.

Helena Lindahl, IR, ir@sbbnorden.se

Definitions

Financial definitions

Actual net asset value (EPRA NTA), SEK

Recognized equity attributable to the ordinary share, excluding equity related to Class D shares, non-controlling interests and the hybrid bond, adding back reported deferred tax liabilities, goodwill and interest rate derivatives and the addition of a stamp duty for properties in Finland and the deduction of estimated actual deferred tax of 5.15 percent, with the exception of residentials with an estimated deduction of 0 percent.
The key ratio provides an adjusted and complementary measure of the size of equity calculated in a manner consistent with listed property companies.

Number of ordinary shares outstanding

The number of ordinary shares outstanding at the end of the period.

Return on equity, %

Net profit for the period in relation to average equity for the period.
The key ratio shows SBB's return on equity during the period.

Solvency ratio, %

Net debt in relation to total assets.
The key ratio is used to illustrate SBB's financial risk.

Non-pledged quota, multiple

Non-pledged assets in relation to net unsecured debt. *The key ratio is used to illustrate SBB's financial risk.*

Non-pledged property value, SEK

Reported market value less market value of pledged properties.

EPRA

European Public Real Estate Association is an organization for listed property companies and investors in Europe. EPRA sets standards regarding financial reporting.

EPRA Earnings, SEK

Profit/loss for the period after dividends to holders of Class D shares and interest on hybrid bonds adjusted for unrealized value changes on properties and profit/loss on the disposal of properties, tax on profit in connection with disposals, goodwill impairment, changes in the value of financial instruments including costs for early redemption of loans, value changes in properties, less tax related to associated companies and joint ventures, profit/loss attributable to minority interests less tax attributable to the adjustments.
The key figure provides information on profit from property management calculated in a uniform manner for listed property companies.

Profit from property management excl. translation gains/losses, SEK

Profit before tax excl. value changes and write-downs for properties, goodwill and financial instruments as well as translation gains/losses and result from production of residentials
The key key figure provides a measure of the business's profit generation regardless of changes in value and exchange rates.

Average number of ordinary shares

The number of ordinary shares outstanding weighted over the period.

Average interest, %

Weighted average contracted interest, including interest rate derivatives, for interest-bearing liabilities at the end of the period excluding unutilized credit facilities.
The key ratio is used to illustrate SBB's financial risk.

Average fixed interest term, years

Average remaining duration until an interest-adjustment point for interest-bearing liabilities.
The key ratio is used to illustrate SBB's financial risk.

Adjusted equity/assets ratio, %

Reported equity including owner loans and convertibles, with reversal of reported deferred tax liability as a percentage of total assets.
The key ratio is used to illustrate SBB's financial stability.

Debt maturity, years

Remaining maturity of interest-bearing liabilities.
The key ratio is used to illustrate SBB's financial risk.

Cash flow from operating activities, SEK

Cash flow from operating activities before changes in working capital according to the cash flow statement.

Long-term net asset value (EPRA NRV), SEK

Recognized equity attributable to ordinary shares, excluding equity related to series D shares, non-controlling interests and the hybrid bond, with the reversal of a recognized deferred tax liability, goodwill attributable to deferred tax, interest rate derivatives and the addition of stamp duty for properties in Finland.
The key ratio provides an adjusted and complementary measure of the size of equity calculated in a manner consistent with listed property companies.

Net debt, SEK

Liabilities to credit institutions, bond loans and commercial papers less cash and cash equivalents.

Profit before financial items, SEK

Profit before financial items, value changes in properties and goodwill, including profit/loss from associated companies/joint ventures, excluding value changes after tax.

Earnings per Class A and B ordinary share, SEK

Net profit for the period after dividend to holders of series D shares and earnings attributable to minority interests and interest on hybrid bonds in relation to the average number of series A and B ordinary shares for the period.

Interest-bearing liabilities

Liabilities to credit institutions, bond loans and commercial papers.
The key ratio is used to illustrate SBB's financial risk.

Interest-coverage ratio, multiple

Profit before financial items (past 12 months) in relation to net interest income, excluding costs for early repayment of loans, translation gains/losses and leasing costs.
The key ratio is used to illustrate SBB's financial risk.

Equity/assets ratio, %

Reported equity as a percentage of total assets.
The key ratio is used to illustrate SBB's financial stability.

Secured loan-to-value ratio, %

Secured liabilities as a percentage of the total assets.
The key ratio is used to illustrate SBB's financial stability.

Property-related definitions

Number of properties

Number of properties at the end of the period.

Number m²

Total area in the property portfolio at the end of the period.

GFA

Gross floor area.

Yield, %

Net operating income (rolling 12-month) in relation to the sum of the properties fair value at the end of the period excl. the value for building rights and project properties.

The key ratio is used to illustrate the level of return on the net operating income in relation to the value of the properties.

Net operating income, SEK

Rental income less property costs.

Economic letting ratio, %

Rental income as a percentage of rental value

The key ratio is used to facilitate the assessment of rental income in relation to the total value of potential lettable area.

EPRA Vacancy rate, %

The rental value of vacant leases divided by the rental value of the entire portfolio.

The key ratio is calculated in accordance with the EPRA definition, which enables comparison with other companies.

Average contract length of social infrastructure properties, years

Remaining contract value in relation to annual rent for social infrastructure properties.

The key ratio aims to illustrate SBB's rental risk.

Rental income, SEK

Charges for the period with deductions for rental losses.

Rental value, SEK

Contracted rent plus the assessed rent on vacant space.

Market value of properties, SEK

Fair value of the properties at the end of the period.

Surplus ratio, %

Net operating income as a percentage of rental income for the period.

The key ratio shows how much of the rental income remains after direct property costs.

Calculation of alternative performance measures

Return on equity

Amounts in SEKm	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Profit for the period	-13,796	218	-9,897	-2 721	-9,811
OB equity	63,337	82,971	67,703	85,123	82,971
CB equity	54,719	79,019	54,719	79,019	63,337
Average equity	59,028	80,995	61,211	82,071	73,154
Return on equity	-23%	0%	-16%	-3%	-13%

Loan-to-value ratio

Amounts in SEKm	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Liabilities to credit institutions	27,230	35,766	27,230	35,766	33,896
Bond loans	54,038	55,483	54,038	55,483	52,078
Commercial papers	320	4,377	320	4,377	1,111
Cash and cash equivalents/cash investments	-1,885	-5,397	-1,885	-5,397	-4,850
Net debt	79,703	90,229	79,703	90,229	82,235
Balance sheet total	152,844	196,348	152,844	196,348	168,370
Loan-to-value ratio	52%	46%	52%	46%	49%

Yield

Amounts in SEKm	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Net operating income according to earnings capacity (full year)	5,370	5,397	5,370	5,397	5,246
Investment properties	130,799	157,400	130,799	157,400	135,616
Building rights and projects in progress	-11,816	-15,836	-11,816	-15,836	-13,647
Property value excluding building rights	118,983	141,564	118,983	141,564	121,969
Yield	4.5%	3.8%	4.5%	3.8%	4.3%

Net operating income in accordance with earnings capacity

Amounts in SEKm	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Net operating income	2,530	2,661	2,530	2,661	5,346
Extrapolation of net operating income to full year (3 quarters)	2,530	2,661	2,530	2,661	-
Adjustment to normalized net operating income	310	75	310	75	-100
Net operating income in accordance with earnings capacity	5,370	5,397	5,370	5,397	5,246

Non-pledged quota

Amounts in SEKm	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Intangible assets	5,205	5,874	5,205	5,874	5,283
Non-pledged property value	69,116	123,265	69,116	123,265	85,032
Land lease agreements	842	690	842	690	829
Equipment, machinery and installations	106	45	106	45	37
Deferred tax assets	1,762	1,096	1,762	1,096	1,220
Financial fixed assets, excluding derivatives and pledged shares	9,947	22,223	9,947	22,223	11,340
Cash investments	206	413	206	413	421
Accounts receivable and other receivables	1,423	2,658	1,423	2,658	1,540
Derivatives	1,507	1,217	1,507	1,217	1,696
Non-pledged assets	90,113	157,481	90,113	157,481	107,398
Unsecured loans	51,935	59,112	51,935	59,112	52,423
Cash and cash equivalents	-1,679	-4,984	-1,679	-4,984	-4,429
Net unsecured senior debt	50,256	54,128	50,256	54,128	47,994
Non-pledged quota	1.79	2.91	1.79	2.91	2.24

Economic letting ratio

	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Amounts in SEKm					
Rental income in accordance with earnings capacity	6,866	7,291	6,866	7,291	6,728
Rental value in accordance with earnings capacity	7,132	7,669	7,132	7,669	7,059
Economic letting ratio	96.3%	95.1%	96.3%	95.1%	95.3%

EPRA earnings

	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Amounts in SEKm					
Profit for the period	-13,796	218	-9,898	-2,721	-9,811
Unrealized changes in value, properties	7,894	-1,537	5,515	772	4,416
Profit/loss on sales of properties	390	-12	437	41	3,357
Tax on profit/loss on sales of properties	-	19	-	19	19
Goodwill impairment	-	-	-	-	395
Changes in the value of financial instruments	2,061	1,788	746	1,444	1,136
Tax in respect of EPRA adjustments	-1,054	392	-829	43	-674
Adjustments in respect of associated companies/joint ventures	4,014	-70	3,496	84	2,524
Adjustments in respect of joint ventures	-23	-51	73	-36	-41
EPRA earnings	-514	747	-460	-355	1,321
Average number of Class A and B ordinary shares	1,454,143,768	1,453,561,788	1,454,145,660	1,454,141,898	1,453,854,227
Average number of series A and B ordinary shares after dilution	1,454,143,768	1,459,472,994	1,454,145,660	1,454,141,898	1,453,854,227
EPRA Earnings per Class A and B ordinary share	-0.35	0.51	-0.32	-0.24	0.91
EPRA Earnings per Class A and B ordinary share after dilution	-0.35	0.51	-0.32	-0.24	0.91
Company specific adjustments					
Profit attributable to Class D shares	-194	-194	-97	-97	-388
Profit attributable to hybrid bond	-278	-244	-142	-124	-490
EPRA Earnings (Company specific)	-986	309	-699	-576	443
EPRA Earnings (Company specific) per Class A and B ordinary share	-0.68	0.21	-0.48	-0.40	0.30
EPRA Earnings (Company specific) per Class A and B ordinary share after dilution	-0.68	0.21	-0.48	-0.40	0.30

Profit from property management excl. translation gains/losses

	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Amounts in SEKm					
Profit before financial items, value changes in properties and goodwill	2,041	2,136	1,021	1,060	4,328
Interest income and similar items	140	157	91	94	239
Interest expenses and similar items	-1,037	-605	-515	-293	-1,526
Results of early repayment of loans	-112	-3	4	-	424
Leasing costs	-8	-12	-2	-7	-24
Profit from property management from associated companies/joint ventures	494	397	248	83	941
Profit from property management excl. translation gains/losses	1,518	2,070	847	937	4,382

Adjusted equity/assets ratio

	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Amounts in SEKm					
Equity	54,719	79,019	54,719	79,019	63,337
Deferred tax excl. deferred tax attr. to goodwill	6,021	9,138	6,021	9,138	7,726
Total	60,740	88,157	60,740	88,157	71,063
Balance sheet total	152,844	196,348	152,844	196,348	168,370
Adjusted equity/assets ratio	40%	45%	40%	45%	42%

Profit before financial items

	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Amounts in SEKm					
Profit before financial items, value changes properties and goodwill	2,041	2,136	1,022	1,060	4,328
Result from associated comp/JV excl. value changes after tax	354	288	205	8	658
Profit before financial items	2,394	2,424	1,226	1,068	4,986

Earnings per series A and B ordinary share

	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Amounts in SEKm					
Profit for the period	-13,796	218	-9,898	-2,721	-9,811
Profit attributable to Class D shares	-194	-194	-97	-97	-388
Profit attributable to hybrid bond	-278	-244	-142	-124	-490
Profit attributable to minority interest	-526	40	1,153	53	177
Profit attributable to Class A and B ordinary shares	-14,794	-180	-8,984	-2,889	-10,512
Average No. series A and B ordinary shares ¹⁾	1,454,143,768	1,453,561,788	1,454,145,660	1,454,141,898	1,453,854,227
Earnings per Class A and B ordinary share	-10.17	-0.12	-6.18	-1.99	-7.23
Average number of series A and B ordinary shares after dilution	1,454,143,768	1,459,472,994	1,454,145,660	1,454,141,898	1,453,854,227
Earnings per Class A and B ordinary share after dilution	-10.17	-0.12	-6.18	-1.99	-7.23

Interest-bearing liabilities

	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Amounts in SEKm					
Liabilities to credit institutions	27,230	35,766	27,230	35,766	33,896
Bond loans	54,038	55,483	54,038	55,483	52,078
Commercial papers	320	4,377	320	4,377	1,111
Interest-bearing liabilities	81,588	95,626	81,588	95,626	87,085

Interest coverage ratio

	01-07-2022 30-06-2023	01-07-2021 30-06-2022	01-01-2022 31-12-2022
Amounts in SEKm			
Profit before financial items, value changes properties and goodwill (rolling 12-month)	4,233	4,159	4,328
Profit from associated companies/joint ventures excluding value changes after tax (rolling 12-month)	724	510	658
Profit before financial items (rolling 12-month)	4,956	4,669	4,986
<i>Net interest income</i>			
Interest income and similar income items (rolling 12 months)	222	274	239
Interest expenses and sim. items (rolling 12-month)	-1,958	-1,109	-1,526
Total net interest	-1,736	-835	-1,287
Interest-coverage ratio (multiple)	2,9	5,6	3,9

Equity/assets ratio

	01-01-2023 30-06-2023	01-01-2022 30-06-2022	01-04-2023 30-06-2023	01-04-2022 30-06-2022	01-01-2022 31-12-2022
Amounts in SEKm					
Equity	54,719	79,019	54,719	79,019	63,337
Balance sheet total	152,844	196,348	152,844	196,348	168,370
Equity/assets ratio	36%	40%	36%	40%	38%

Equity ratio

Amounts in SEKm	01-01-2023	01-01-2022	01-04-2023	01-04-2022	01-01-2022
	30-06-2023	30-06-2022	30-06-2023	30-06-2022	31-12-2022
<i>Equity attributable to Parent Company shareholders</i>					
Equity	54,719	79,019	54,719	79,019	63,337
Hybrid bonds	-17,218	-17,473	-17,218	-17,473	-16,325
Non-controlling interest	-12,103	-2,223	-12,103	-2,223	-2,691
Equity attributable to Parent Company shareholders	25,397	59,322	25,397	59,322	44,319
Class D share capital	-5,964	-5,964	-5,964	-5,964	-5,964
Reversal of derivatives	143	-594	143	-594	-725
Goodwill attributable to deferred tax	-1,316	-1,590	-1,316	-1,590	-1,394
Other goodwill	-3,889	-4,284	-3,889	-4,284	-3,889
Stamp duty Finnish properties	234	212	234	212	221
Reversal of deferred tax	7,337	10,728	7,337	10,728	9,120
Deduction of deferred tax	-2,165	-3,580	-2,165	-3,580	-2,025
Actual net asset value (EPRA NTA)	19,776	54,250	19,776	54,250	39,663
Actual net asset value (EPRA NTA), SEK/share	13.60	37.31	13.60	37.31	27.28
Actual net asset value (EPRA NTA), SEK/share (diluted)	13.60	37.30	13.60	37.30	27.27
Reversal of other goodwill	3,889	4,284	3,889	4,284	3,889
Reversal of deduction for deferred taxes	2,165	3,580	2,165	3,580	2,025
Long-term net asset value (EPRA NRV)	25,831	62,114	25,831	62,114	45,577
Long-term net asset value (EPRA NRV), SEK/share	17.76	42.72	17.76	42.72	31.34
Long-term net asset value (EPRA NRV), SEK/share (diluted)	17.76	42.71	17.76	42.71	31.33
Number of Class A and B ordinary shares	1,454,226,534	1,454,141,898	1,454,226,534	1,454,141,898	1,454,141,898
Number of Class A and B ordinary shares after dilution	1,454,636,101	1,454,331,941	1,454,636,101	1,454,331,941	1,454,536,323

Secured loan-to-value ratio

Amounts in SEKm	01-01-2023	01-01-2022	01-04-2023	01-04-2022	01-01-2022
	30-06-2023	30-06-2022	30-06-2023	30-06-2022	31-12-2022
Liabilities to credit institutions	27,230	35,766	27,230	35,766	33,896
Other secured loans	2,423	748	2,423	748	766
Total secured loans	29,653	36,514	29,653	36,514	34,662
Balance sheet total	152,844	196,348	152,844	196,348	168,370
Secured loan-to-value ratio	19%	19%	19%	19%	21%

Surplus ratio

Amounts in SEKm	01-01-2023	01-01-2022	01-04-2023	01-04-2022	01-01-2022
	30-06-2023	30-06-2022	30-06-2023	30-06-2022	31-12-2022
Net operating income	2,530	2,661	1,323	1,405	5,346
Rental income	3,472	3,709	1,747	1,878	7,447
Surplus ratio	73%	72%	76%	75%	72%

Appendix 1

Current earnings capacity from property management

The current earning capacity for the Group for 12 months is presented below and takes into account the Group's property portfolio at 30 June 2023. The current earning capacity is not a forecast, but only to be viewed as a hypothetical snapshot and is presented only to illustrate income and expenses on an annual basis, given the property portfolio, financial costs, capital structure and organization at a set point in time. The Group's earning capacity does not include the impact on earnings of unrealized and realized changes in the value of the properties being consolidated.

The following information forms the basis for the calculation of the earning capacity:

- Contracted rental income on an annual basis (including supplements and rental discounts) and other property-related revenues on the basis of current lease contracts as of 30 June 2023.
- Operating and maintenance costs are based on budget.
- The property tax is calculated from the properties current tax assessment value as of 30 June 2023.
- Cost for administration is based on the current organization.
- Financial expenses and income are based on contracted interest rates and include interest on external loans.
- The earnings that joint ventures/associated companies contribute to earnings capacity is based on published information, including reports, prospectuses etc.

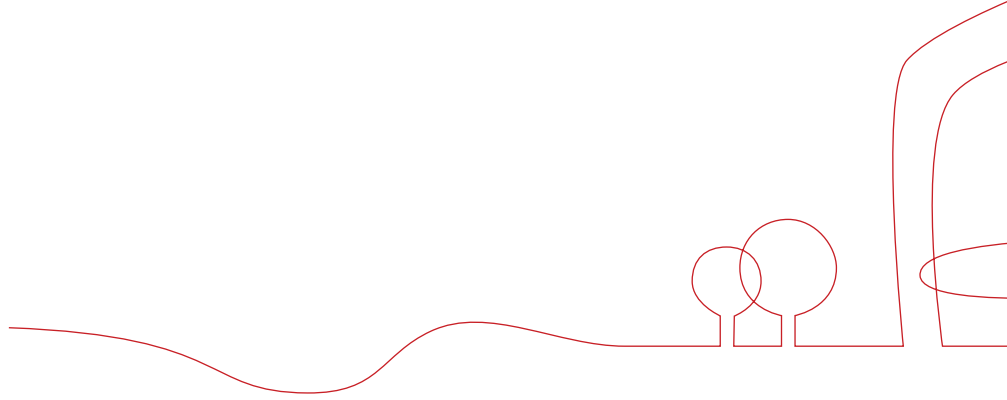
Group's earnings capacity

Amounts in SEKm	Community service properties	Residential	Other	Total
Rental income	4,875	1,650	342	6,866
Operating costs	-591	-441	-82	-1,114
Maintenance	-163	-90	-15	-268
Property tax	-67	-30	-17	-114
Net operating income	4,053	1,089	228	5,370
Administration				-506
Profit before net financial items plus profit from joint ventures and associated companies				4,864
per Class A and B ordinary share				3.34
Profit from joint ventures/associated companies				328
Financial income				92
Financial costs ¹⁾				-1,731
Operating profit				3,552
per Class A and B ordinary share				2.44
Dividend hybrid bonds				-567
Dividend Class D shares				-388
Profit attributable to minority interests				-690
Profit attributable to ordinary shareholders				1,908
per Class A and B ordinary share				1.31

1) Adjusted for non-long-term surplus liquidity held by the Group at the end of the period with an estimated average interest rate of 2.16 percent, which is the weighted average in the debt portfolio as of 30 June 2023.

Contributing to earnings capacity

	Joint ventures			Associated companies			
	SBB Kåpan	Public Property Invest AS	Other joint ventures	Solon Eiendom	Origa Care	Publicus	Preservium Property
Shareholding, SBB	50.0%	44.8%	50.0%	25.0%	34.7%	31.2%	34.7%
Profit from property management	150	328	15	288	28	18	33
Profit from property management attributable to SBB's shareholding	75	147	8	72	10	6	11



Samhällsbyggnadsbolaget

Upcoming report dates

Interim report Q3 2023

26-10-2023

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