



Samhällsbyggnadsbolaget

SAMHÄLLSBYGGNADSBOLAGET I NORDEN AB (PUBL)



90.2 28.21

Property value, SEKbn

EPRA NRV, SEK/share

5,121

Rental income, SEKm

2,474

Profit from property management, SEKm

9,084

Interim profit, SEKm

THE YEAR

The year in brief

- Rental income increased to SEK 5,121m (1,996).
- The operating surplus increased to SEK 3,479m (1,265).
- Cash flow from operating activities before changes in working capital was SEK 2,232m (653).
- Profit before tax increased to SEK 10,341m (3,137), of which:
 - Profit from property management is included in the amount of SEK 2,474m (645). The profit from property management includes costs for early repayment of loans and other non-recurring costs of SEK -251m (-280).
 - Changes in value of properties are included in the amount of SEK 8,542m (2,453).
 - Changes in the value of derivatives are included in the amount of SEK -207m (39).
- Profit for the period amounted to SEK 9,084m (2,624) after the deduction of deferred tax of SEK -1,092m (-479) and current tax of SEK -165 (-34), corresponding to earnings per series A and B ordinary share of SEK 6.41 (2.97).
- The value of the property portfolio amounted to SEK 90.2bn (79.5).
- Long-term net asset value (EPRA NRV) was SEK 37,505m (24,855), corresponding to SEK 28.21 (20.04) per share.
- The company's board of directors proposes a dividend of SEK 1.00 (0.60) per ordinary A and B share and a dividend of SEK 2 (2) per D share to be paid quarterly.

FOURTH QUARTER

Significant events during the fourth quarter

- In October, a portfolio was acquired in Finland, consisting mainly of elderly care units. The agreed property value for the portfolio amounted to EUR 222m. The transaction is the largest to date in the Finnish healthcare segment.
- In November, an agreement was signed with Skellefteå's municipality-owned property company Skebo for the acquisition of 766 rental apartments and 123 apartments with health and residential care services, at an agreed property value of approximately SEK 1.3bn. In partnership with the municipality, SBB will develop building rights to invest an additional SEK 3bn in the construction of 1,500 new apartments in Skellefteå.
- SBB and Magnolia Bostad have formed a 50/50 joint venture company to develop investment properties. The joint venture company acquired five projects, comprising approximately 2,550 rental apartments, from Magnolia Bostad and SBB.
- On 6 November 2020, 100 percent of the shares in Sveafastigheter Bostad, with a development portfolio of 6,000 apartments in Greater Stockholm, were acquired for a purchase price of SEK 2,770m. The acquisition was financed to 50 percent through a private placement of 44.5m series B shares in SBB at a subscription price of SEK 31.10 per share, corresponding to a total value of SEK 1.4bn.
- In December, a total of 113,064,967 shares were acquired in Offentliga Hus i Norden AB (publ), corresponding to 44.2 percent of the shares and votes. The transaction is valued at slightly less than SEK 4bn. As a stage in completing the acquisition, a decision was made to issue a maximum of 7,860,160 series D ordinary shares.
- On 8 December, SBB issued its first social unsecured senior bond of EUR 700m with a tenor of 8 years and a fixed coupon of 0.75 percent and a perpetual hybrid bond of EUR 500m with a fixed coupon of 2.625 percent on the European capital market.
- During the quarter, SBB submitted a voluntary public takeover bid to acquire Entra ASA to form the leading social infrastructure player in Europe.

Significant events following the end of the period

- On 20 January, SBB submitted a public mandatory offer to the shareholders of Offentliga Hus.
- In January, SBB issued an unsecured bond of EUR 600m. The bond has a two-year term with call rights after approximately one year and bears a variable interest rate of 3 months EURIBOR plus 60 basis points.
- On 21 January, SBB announced a revised takeover bid to acquire all outstanding shares in Entra ASA.
- After the end of the quarter, SBB carried out external valuation of transactions signed after the end of the quarter and agreements that will be entered into during the next 12 months. Regarding the community service properties, these transactions have an average contract length of 33.8 years and a fully indexed operating net of SEK 119m. The outcome of the valuation shows a surplus value that exceeds the acquisition value / investments by SEK 1,225m.

SBB KEY RATIOS

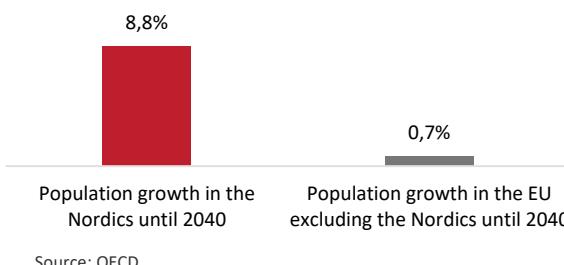
	2020 Jan-Dec	2019 Jan-Dec	2020 Oct-Dec	2019 Oct-Dec
Property-related key ratios				
Property value (market value), SEKm	90 185	79 542	90 185	79 542
Number of properties	1 618	1 394	1 618	1 394
Leasable area, sq.m., thousands	3 958	4 233	3 958	4 233
Surplus ratio, %	68	63	65	61
Yield, %	4,3	4,8	4,3	4,8
Economic letting ratio, %	93,6	94,8	93,6	94,8
WAULT, social infrastructure properties, yrs	9	7	9	7
Financial key ratios				
Rental income, SEKm	5 121	1 996	1 253	596
Net operation income, SEKm	3 479	1 265	810	362
Interim profit, SEKm	9 084	2 624	3 350	1 287
Cash flow from current operations, SEKm ²⁾	2 232	653	642	203
Equity excluding non-controlling interest, SEKm	37 244	24 304	37 244	24 304
Return on Equity, %	22	12	8	5
Loan-to-value ratio, %	35	41	35	41
Secured loan-to-value ratio, %	10	26	10	26
Equity ratio, %	43	30	43	30
Adjusted Equity ratio, %	48	33	48	33
Interest coverage ratio, times ¹⁾	4,1	3,0	-	-
Equity-related key ratios				
Actual net asset value (EPRA NTA), SEKm	29 724	17 931	29 724	17 931
Actual net asset value (EPRA NTA), SEK/share	22,36	14,45	22,36	14,45
Actual net asset value (EPRA NTA), after dilution SEK/share	20,86	14,26	20,86	14,26
Long-term net asset value (EPRA NRV), SEKm	37 505	24 855	37 505	24 855
Long-term net asset value (EPRA NRV), SEK/share	28,21	20,04	28,21	20,04
Long-term net asset value (EPRA NRV), after dilution SEK/share	26,32	19,77	26,32	19,77
EPRA Earnings, SEKm ¹⁾	1 638	248	613	52
EPRA Earnings (EPS), SEK/share	1,29	0,33	0,48	0,07
EPRA Earnings after dilution (EPS dilution), SEK/share	1,25	0,32	0,44	0,07
EPRA Vacancy Rate	6,4	5,2	6,4	5,2
Earnings per ordinary class A and class B shares	6,41	2,97	2,29	1,51
Earnings per ordinary class D shares	2,00	2,00	0,50	0,50
Average number of ordinary class A and B shares	1 270 977 083	762 481 721	1 288 232 323	781 570 028
Average number of ordinary class D shares	130 778 598	65 967 084	172 192 593	76 801 786
Average number of preference shares	30 713	122 886	30 713	30 713
Number of ordinary class A and B shares	1 329 482 358	1 240 526 587	1 329 482 358	1 240 526 587
Number of ordinary class D shares	179 881 880	104 425 359	179 881 880	104 425 359
Number of preference shares	30 713	30 713	30 713	30 713

1) The key ratios are calculated according to a new definition. 2) Before changes in working capital. See all definitions and calculations at page 39-44

SAMHÄLLSBYGGNADSBOLAGET I NORDEN

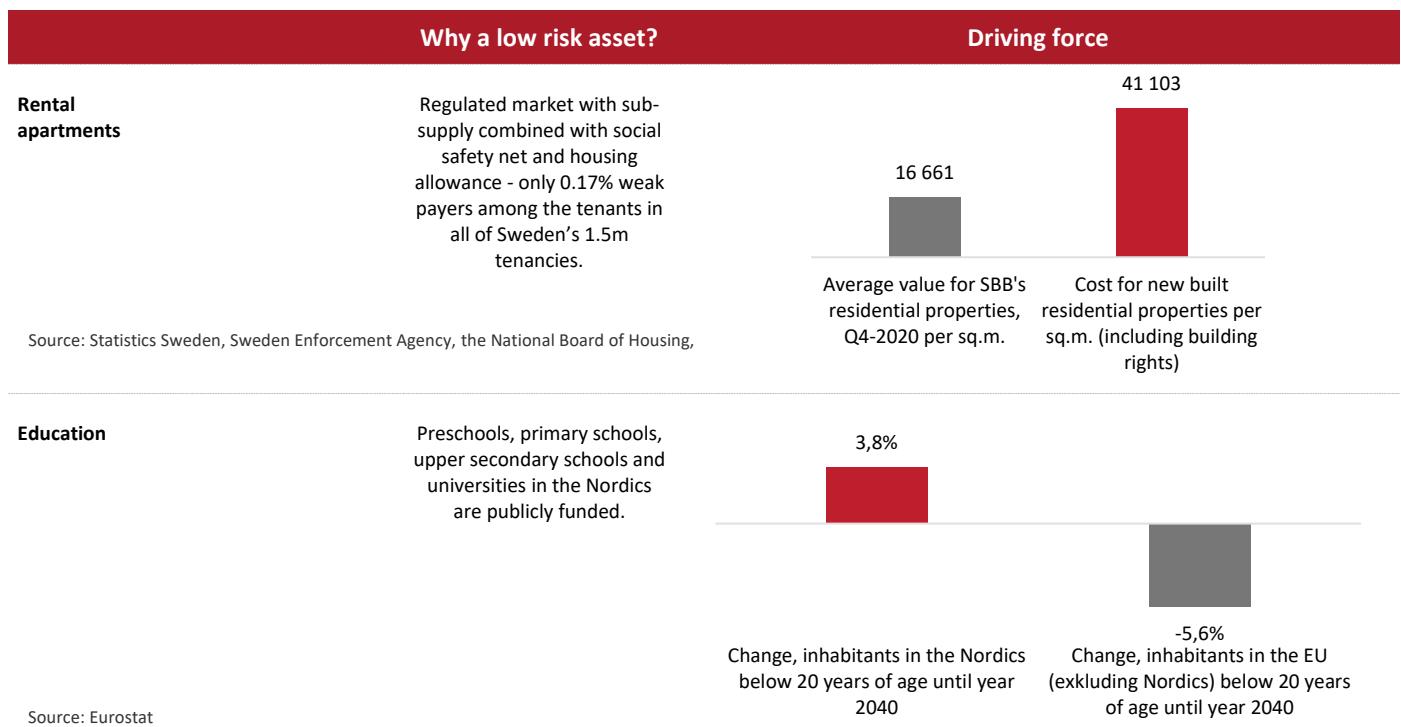
Ilija Batljan founded SBB in March 2016 with the vision of building the best Nordic property company focused on residential and social infrastructure properties. The company's strategy is to own, manage and develop residential properties in Sweden and social infrastructure properties in the Nordics over the long term. The company also aims to actively conduct project and property development to develop new social infrastructure.

SBB operates in a market 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 rent-regulated residential properties in Sweden. Of the company's income, 98 percent derives from community properties in the Nordics and Swedish rent regulated residential properties - 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.

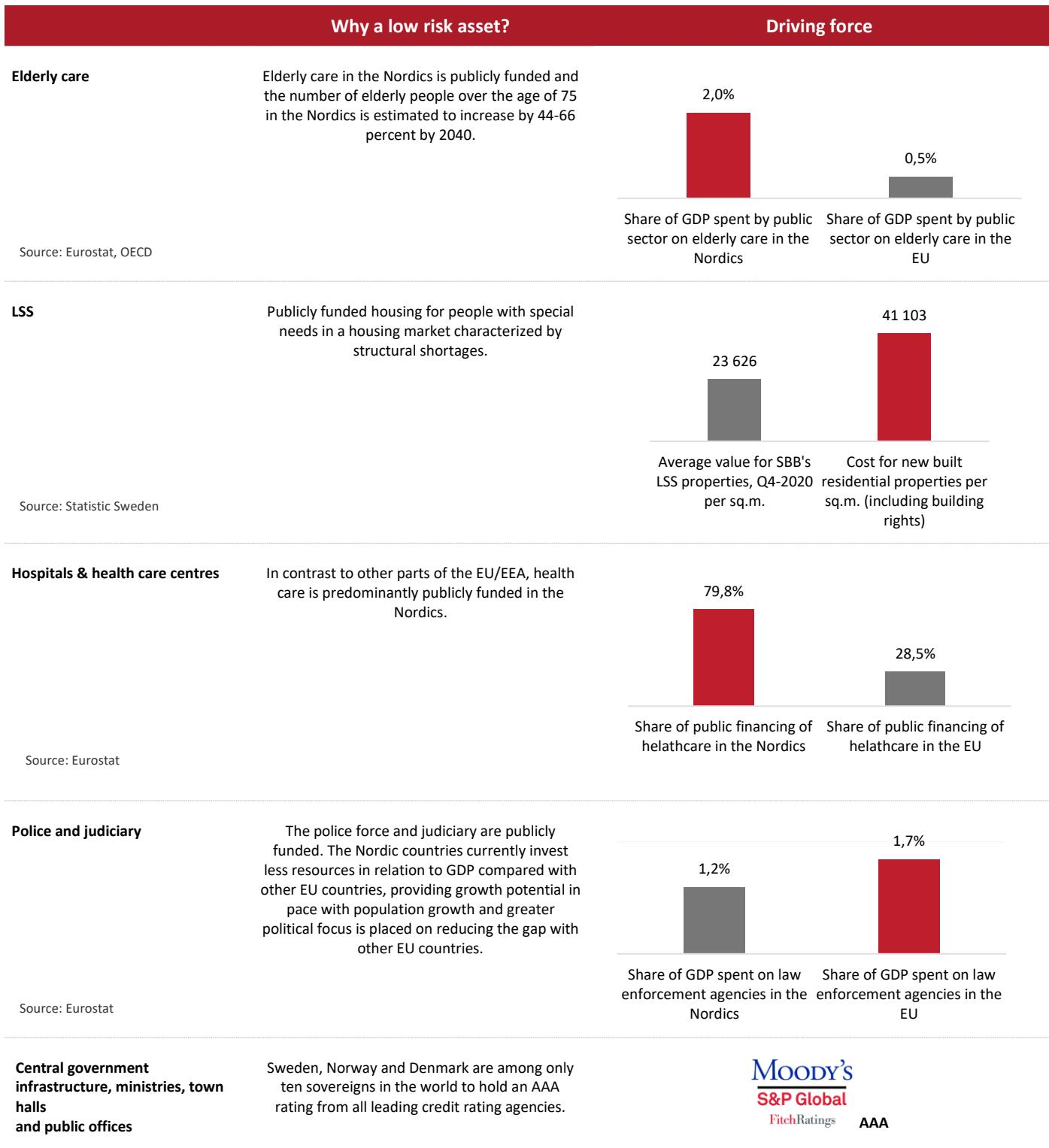


RENTAL INCOME ROLLING 12 MONTHS

Classification	Rental income, SEKm	Total, %
Regulated rent residential	801	17
Project properties for regulated rent residential	69	1
Sum residential	870	18
Education	1 386	29
Pre school	442	9
Compulsory/Upper secondary school	646	13
University	297	6
Elderly care	597	12
Homes for people with disabilities	344	7
Hospitals and health centres	286	6
Government infrastructure and justice ¹⁾	481	10
Municipality and department properties	407	8
Public offices	314	6
Other	2	0
Project properties for community service	80	2
Sum community service	3 895	80
Sum social infrastructure	4 765	98
Other	75	2
Total	4 839	100



1) Government infrastructure are properties for the police, justice and defence and prisons.



SBB's business model and how we generate value

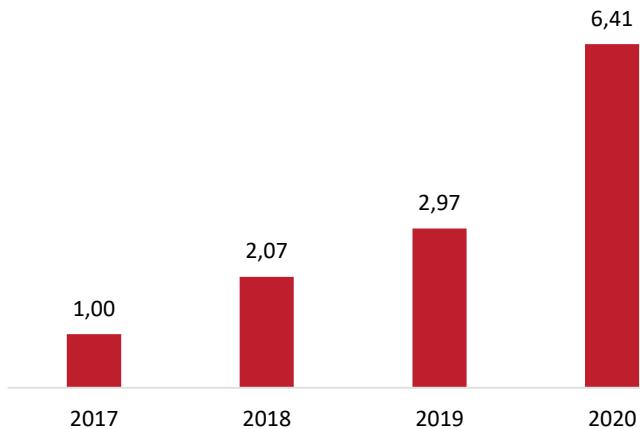
The business model builds on managing the world's most secure assets supplemented with three value-add-strategies comprising of value-generating potential through project and property development, renovations and property transactions. Through its business model, SBB generates long-term, sustainable shareholder value through a high, risk-adjusted annual return.



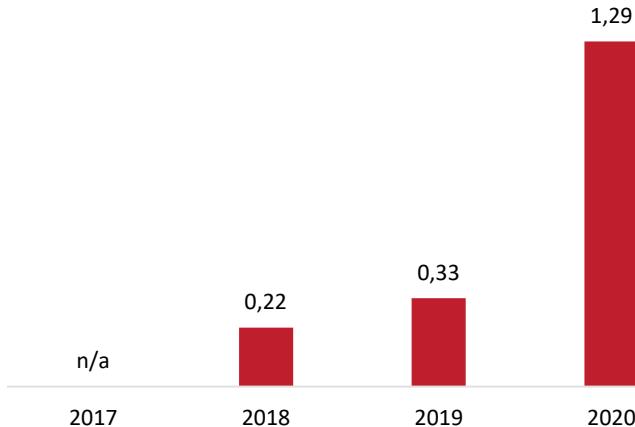
Focus on delivery

- Earnings per series A and B ordinary share have increased by 541 percent since 2017
- The dividend per series A and B ordinary share has increased by 900 percent since 2017
- Strong balance sheet: BBB- (investment grade credit rating) from S&P (stable outlook) and Fitch (positive outlook)

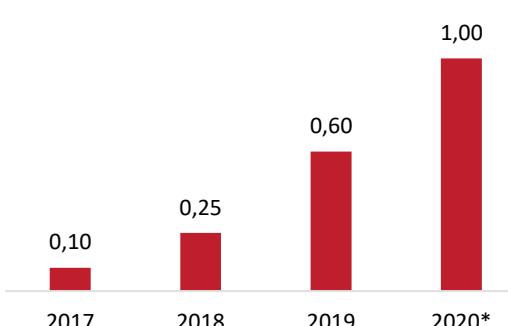
Earnings per series A and B ordinary share, SEK



EPRA earnings (EPS), SEK/share



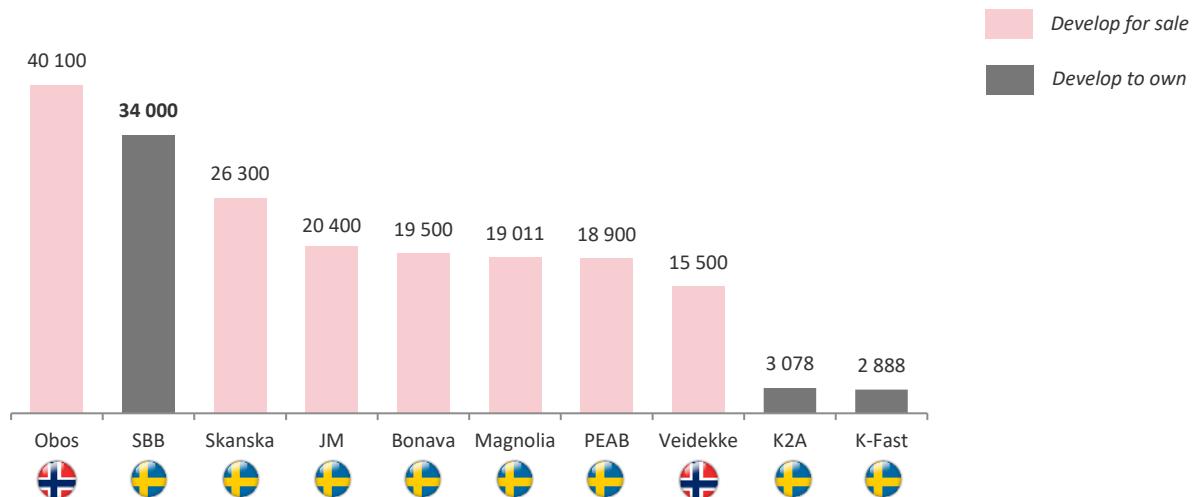
Dividend per series A and B ordinary share, SEK



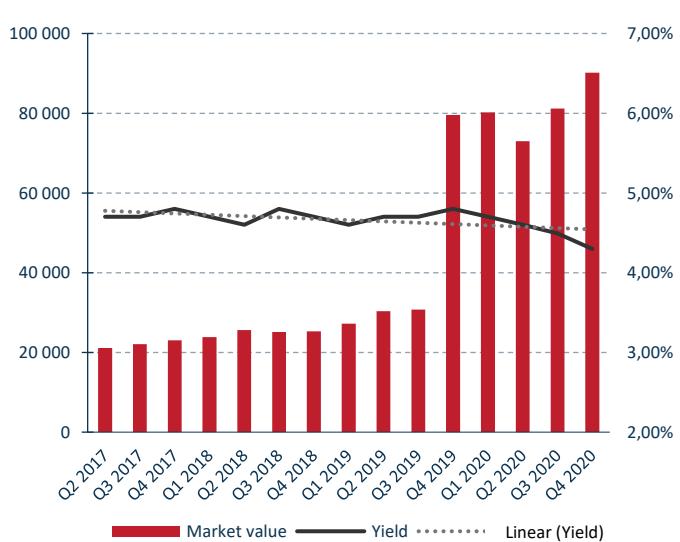
*The Board of Directors is to propose a dividend of SEK 1 per series A and B ordinary share to the 2021 Annual General Meeting

Growth potential

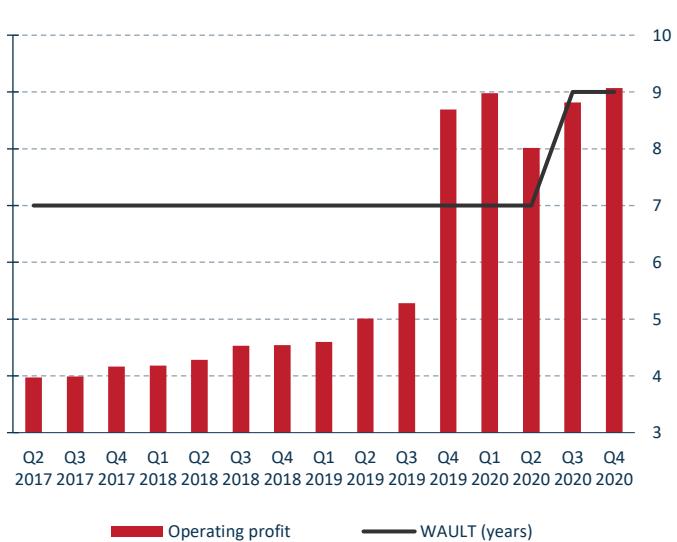
The largest Nordic property developers ranked by building rights on their own balance sheet
(number of apartments specified by an average area per 75 sqm per apartment)



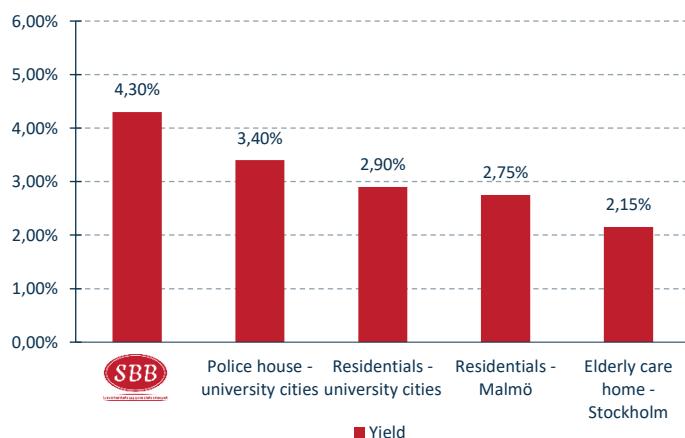
MARKET VALUE OF THE PROPERTIES (SEKm) & YEILD



OPERATING PROFIT - ROLLING 12 MONTHS (SEKm) & WAULT (years)



YIELD - COMPARABLE TRANSACTIONS



CEO ILIJA BATLJAN



Samhällsbyggnadsbolaget i Norden AB (SBB)'s income comprises secure cash flows from property management of social infrastructure, which are supplemented with three income-generating value-adding strategies:

- Property development
- Renovations/investments
- Transactions

Combined, these four value-generating areas delivered profit before tax of SEK 10,341m for 2020 and profit after tax of SEK 9,084m. Adjusted for deductions for earnings attributable to preference shares, series D shares and hybrid bonds and minority shares, profit for the period amounted to SEK 6.41 per series A and B ordinary share.

SBB's long-term efforts are yielding good results in terms of ecological, social and economic sustainability. We are investing extensively to reduce our climate impact.

Sharp increase in net operating income and cash flows from property management

Compared with 2019, profit from property management increased by 284 percent to SEK 2,474m (645). A sharp increase in net operating income to SEK 3,479m (1,265) is the principal explanation for the strong trend in profit from property management. At the same time, we continue to lower our average interest rate, which was 1.31 percent (1.76) at the end of the period. SBB only has a unsignificant exposure to variable interest rates. The average interest duration for all interest-bearing liabilities is among the longest in the Nordics at 4.5 years (2.8) and the average debt maturity was 4.8 years (3.4).

Cash flow from operating activities before changes in working capital increased by 242 percent to SEK 2,232m (653) for the full year. Adjusted for non-recurring effects for repurchases of expensive loans and restructuring costs, cash flow for the nine-month period ended up at SEK 2,483m (933).

In 2020, we succeeded in raising the surplus ratio to 68 percent, from 63 percent in 2019. Our renovation projects contributed to net operating income increasing, like-for-like, by a strong 4.1 percent, while rental income increased by 3.2 percent.

Covid-19 has gone from being a pandemic to also becoming a greatly increased risk to the world economy that leaves no one indifferent. The great uncertainty that currently prevails around economic development requires focus and hard work. During the year, SBB has received 99.8 percent of our rental income, which is probably the highest of all listed real estate companies in Europe. Community service properties and residential have been proved to be the least affected by the crisis, but crisis leaves no one unaffected. On the other hand, this is neither the first nor the last crisis that long-term focused companies have to deal with. Crises come and go and you have to be humble in the face of this, but our task is to be a

reliable and long-term societal player that delivers shareholder value, good profitability and strong results in all situations.

Europe's leading property company in value-adding strategies

We supplement our secure cash flows from property management with three income-generating, value-adding strategies: generating value through property development, renovations and transactions. In property development, we are now focusing on using our extensive portfolio of building rights to construct new housing and community service properties based on the needs of the municipalities, both to be managed in-house, as well as through joint ventures.

Project and property development delivered profit of SEK 2,224m in 2020, exceeding our target of generating an average SEK 1,000-1,400m annually in profit from property development. SBB is focusing on constructing environmentally friendly rent-regulated residential in Stockholm and Gothenburg. We currently have 1,681 apartments in production. As of 31 December 2020, SBB's portfolio of building rights amounted to approximately 2,518,000 m² GFA for social infrastructure, corresponding to approximately 34,000 apartments, making SBB one of the leading property developers in the Nordics. The integration of Sveafastigheter has further strengthened SBB's position as the Nordic region's leading property developer.

With regard to renovations, we managed to exceed our target of 600 apartments annually by 16 percent. SBB completed renovations of 695 apartments in 2020. At the end of the year, a further 73 apartments were undergoing renovation, while renovation of 164 apartments was planned to commence in the first quarter of 2021. Combined with the continued need to renovate community service properties, this generates potential for strong recurring earnings.

Elderly people and people with disabilities are currently experiencing shortages of functional elderly care and LSS housing units. SBB views contributing new elderly care units and LSS housing as an important part of its investment in social sustainability. The number of elderly care units to be managed in-house is set to increase sharply, with total rental income from elderly care and LSS housing units doubling by 2025, from just over SEK 800m to SEK 1.6bn annually. By the end of 2020, our income from elderly care units and LSS homes had increased to SEK 954m.

Key ratios for a BBB+ rating have been delivered

In 2020, SBB achieved a significant reduction in its loan-to-value ratio. At the end of the period, our pro forma net debt, adjusted for cash inflows from properties that have been sold but not yet transferred, liquid financial assets and 12 months' earnings divided by total capital, in accordance with S&P's definition of the loan-to-value ratio, amounted to 45 percent. According to S&P's loan-to-value definition, our reported adjusted net debt was 50 percent at the end of the year (see table on next page).

Based on the key ratios we have reported, we therefore have a strong BBB rating and have, according to our calculations, fulfilled the key ratios that are most important in securing a BBB+ rating. The finance policy and the Board's clearly expressed ambition regarding the rating strengthen the ambition to achieve an A rating in the long term. The quality of our assets, both in terms of the security of the rental flows and of their liquidity in the transaction market, has proven to be among Europe's most secure in challenging times. We continue to raise our interest coverage ratio, which was a multiple of 4.1 at the end of the year. We have slightly more than SEK 70bn in unencumbered assets; cash balances, including liquidity from properties that have been sold but not yet transferred and financial assets of SEK 18.7bn, as well as available credit commitments of SEK 29.3bn.

Interest-bearing liabilities	55 265
50% of hybrid bonds	7 240
Leasing liabilities	614
Cash and cash equivalents	-13 606
Other receivables (sold properties)	-2 398
Financial assets at fair value, realized in Feb 2021	-228
Financial assets at fair value	-2 703
Receivables from associated companies/joint ventures	-827
Profit from property management, before dividend (12 months rolling)	-3 036
Cash from building rights	-974
Dividend (shares serie A, B, D, mandatory convertible and hybrid bonds)	2 072
Adjusted net debt 12 months forward	41 420
Adjusted net debt 2020	46 887
Equity	52 136
50% of hybrid bonds	-7 240
Share of value changes as a result of long agreements, not in balance sheet	1 225
Reversal of reserved but not paid dividend	600
Reversal of reserved but not paid interest mandatory convertible	579
Earnings capacity (12 months rolling)	4 227
Dividend (shares serie A, B, D and hybrid bonds 2021	-2 072
Adjusted equity 12 months forward	49 455
Adjusted equity 2020	47 301
Adjusted net debt 12 months forward in % of total capital (S&P adjusted LTV)	45,6%
Adjusted net debt 2020 in % of total capital (S&P adjusted LTV)	49,8%

Sustainability is the core of our business model

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

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

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

In the fourth quarter, SBB decided to offer all Swedish municipalities the opportunity to use vacant premises free of charge to commence Covid-19

vaccination efforts. The Municipality of Haninge has initiated vaccinations of healthcare and residential care personnel at an SBB property. Over the year, SBB undertook a number of initiatives to support vulnerable small businesses and healthcare personnel. Additional initiatives in summertime employment resulted in 134 young people securing summertime jobs at SBB.

In 2020, Sveafastigheter won six land allocations in the City of Stockholm, focusing in particular on social sustainability. In the fourth quarter, Sveafastigheter also conducted a larger-scale process with participation of about fifty young people from the Fryshuset youth centre as part of its development of housing at Sjöstadshöjden in Stockholm. In Kista/Husby, 181 homes and a new urban street are being created, connecting the districts. In Enskede, 118 housing units for the elderly are being developed, with the community in focus. In Hagsätra, 129 homes are being created that will increase security in the neighbourhood. In Rågsved, 38 homes are being developed with the perspective of children in focus. In Bromsten 264 apartments are under development where mobility and a farm environment will be in focus. In Hässelby, additional buildings with 47 rental apartments are being created.

In the fourth quarter, under its new framework for sustainable financing, SBB issued an eight-year social bond of EUR 700m with a coupon rate of 0.75 percent. This is the Nordic region's first social bond to date.

Prospects

SBB's assets are among the most demanded in a low interest rate environment in which investors seek a stable and secure return. Our resilient portfolio, with low-risk assets in the form of Swedish rent regulated residential and Nordic social infrastructure, including elderly care homes, schools, preschools and LSS properties, provides a great foundation. What generates value, however, is our team and our platform, with its full-scale infrastructure for growth and the implementation of our value-adding strategies. Two years ago, we communicated our view that we would be able to deliver the highest annual increase in net asset value among all listed Swedish property companies for the years 2019-2021. The outcome for 2019 ended up at a high 73 percent per series A and B ordinary share. We continued to deliver strongly in 2020, increasing our net asset value per ordinary A and B share by 41 percent.

Property is often seen as a cyclical asset with few opportunities for growth and highly dependent on interest rate fluctuations. Let me start with interest rates – the fact is that all shares are affected by interest rates, not only shares in property companies. What a property company can do is ensure that it has longer periods of fixed interest. SBB's assets can be described as defensive and include Swedish rent regulated residential, elderly care homes, schools, LSS homes and other investments in social infrastructure. In terms of results and growth, SBB has delivered and continues to do so. To illustrate this, I compare SBB's growth in income and profit with some of the stars of the Stockholm Stock Exchange.

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

We are also concerned that the result will benefit our shareholders in the form of annually increasing dividends. This year, the Board of Directors proposes a dividend of SEK 1 per series A or B share, corresponding to an increase of 67 percent compared with the preceding year. Our platform, in the form of our employees, their skills and the associated infrastructure, represents our most important asset. To support the next stage of our growth journey, we are continuing to invest in our platform. And we will continue to grow. In conclusion, a big thank you to all employees, the Board, tenants, suppliers and shareholders who supported our trip during the first five years. The future is ours.

Ilija Batljan, CEO and Founder

CONSOLIDATED INCOME STATEMENT

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Rental income	5 121	1 996	1 253	596
Operating costs	-987	-471	-244	-145
Maintenance	-323	-115	-105	-37
Property administration	-217	-104	-67	-36
Property tax	-115	-41	-27	-16
Net operating income	3 479	1 265	810	362
Central administration	-224	-136	-51	-51
Acquisition and restructuring costs	-52	-83	-3	-83
Results from associated companies/joint ventures	144	92	102	35
Profit before financial items	3 347	1 138	858	263
Financial items				
Interest income and similar items	166	102	64	27
Interest expenses and similar items	-973	-482	-257	-157
Expenses for redeemed loans in advance	-199	-197	-42	-67
Translation gains/losses	158	91	261	76
Leasing costs	-25	-7	-11	-5
Profit from property management	2 474	645	873	137
Changes in value, property	8 542	2 453	3 294	1 317
Dissolution of goodwill after property sales	-468	-	-29	-
Changes in value, derivatives	-207	39	61	157
Profit before tax	10 341	3 137	4 199	1 611
Tax for the year	-165	-34	-73	18
Deferred tax	-1 536	-479	-781	-342
Dissolution of deferred tax goodwill	444	-	5	-
NET PROFIT FOR THE PERIOD	9 084	2 624	3 350	1 287
<i>Net profit for the period attributable to:</i>				
Parent company shareholders (incl. hybrid bonds)	9 010	2 619	3 332	1 283
Non-controlling interests	74	5	18	4
NET PROFIT FOR THE PERIOD	9 084	2 624	3 350	1 287

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Net profit for the period	9 084	2 624	3 350	1 287
Translation gains/losses	-916	163	208	-9
COMPREHENSIVE INCOME FOR THE PERIOD	8 168	2 787	3 558	1 278
<i>Comprehensive income for the period attributable to:</i>				
Parent company shareholders (incl. hybrid bonds)	8 095	2 772	3 540	1 321
Non-controlling interests	73	15	18	-43
COMPREHENSIVE INCOME FOR THE PERIOD	8 168	2 787	3 558	1 278
Earnings per ordinary share A and B before dilution	6,41	2,97	2,29	1,51
Earnings per ordinary share A and B after dilution	6,41	2,92	2,29	1,49
Earnings per ordinary share D (not subject to dilution)	2,00	2,00	0,50	0,50

COMMENTS ON THE INCOME STATEMENT

Net operating income

Rental income during the period amounted to SEK 5,121m (1,996) and for the quarter to SEK 1,253 (596). In a comparable portfolio, rental income increased by 3.2 percent compared with the corresponding period last year. Of the rental income, SEK 843m pertained to residential properties, SEK 4,012m to community service properties and SEK 266m to other properties. The economic occupancy rate at the end of the period was 93.6 percent (94.8). The average contract length for community properties was 9 years (7).

Property costs during the period amounted to SEK -1,642m (-731) and for the quarter SEK -443m (-234). They mainly consist of tax-related costs, operating and maintenance costs and management administration.

In a comparable portfolio, costs decreased by 2.0 percent compared with the corresponding period last year. Accordingly, the net operating income for a comparable portfolio increased by 4.1 percent.

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.

SEGMENT REPORTING FOR THE PERIOD 01-01-2020 - 31-12-2020

SEK millions	Residential	Community service	Other	Total
Rental income	843	4 012	266	5 121
Property costs	-432	-1 086	-124	-1 642
Net operating profit	411	2 926	142	3 479
Surplus ratios	49%	73%	53%	68%
Central administration				-224
Acquisition and restructuring costs				-52
Results from associated companies/joint ventures				144
Net financial				-873
Operating profit	411	2 926	142	2 474
Changes in value, property	2 026	6 281	235	8 542
Dissolution of goodwill after property sales				-468
Changes in value, derivatives				-207
Tax				-1 257
Profit for the period	2 437	9 207	377	9 084
 Investment properties	 18 102	 67 109	 4 973	 90 185
Value per sq.m. (SEK)	23 380	23 402	15 722	22 784

SEGMENT REPORTING FOR THE PERIOD 01-01-2019 - 31-12-2019

SEK millions	Residential	Community service	Other	Total
Rental income	707	1 168	121	1 996
Property costs	-372	-298	-61	-731
Net operating profit	335	870	60	1 265
Surplus ratios	47%	74%	50%	63%
Central administration				-136
Acquisition and restructuring costs				-83
Results from associated companies/joint ventures				92
Net financial				-493
Operating profit	335	870	60	645
Changes in value, property	1 188	1 143	122	2 453
Dissolution of goodwill after property sales				-
Changes in value, derivatives				39
Tax				-513
Profit for the period	1 523	2 013	182	2 624
 Investment properties	 13 230	 61 546	 4 765	 79 542
Value per sq.m. (SEK)	15 172	20 439	13 619	18 790

SEGMENT REPORTING FOR THE PERIOD 01-10-2020 - 31-12-2020

SEK millions	Residential	Community service	Other	Total
Rental income	198	1 005	50	1 253
Property costs	-110	-311	-22	-443
Net operating profit	88	694	28	810
Surplus ratios	44%	69%	56%	65%
Central administration				-51
Acquisition and restructuring costs				-3
Results from associated companies/joint ventures				102
Net financial				15
Operating profit	88	694	28	873
Changes in value, property	1 531	1 598	165	3 294
Dissolution of goodwill after property sales				-29
Changes in value, derivatives				61
Tax				-849
Profit for the period	1 619	2 292	193	3 350
Investment properties	18 102	67 109	4 973	90 185
Value per sq.m. (SEK)	23 380	23 402	15 722	22 784

SEGMENT REPORTING FOR THE PERIOD 01-10-2019 - 31-12-2019

SEK millions	Residential	Community service	Other	Total
Rental income	193	370	33	596
Property costs	-116	-101	-17	-234
Net operating profit	77	269	16	362
Surplus ratios	40%	73%	48%	61%
Central administration				-51
Acquisition and restructuring costs				-83
Results from associated companies/joint ventures				35
Net financial				-126
Operating profit	77	269	16	137
Changes in value, property	600	617	100	1 317
Dissolution of goodwill after property sales				-
Changes in value, derivatives				157
Tax				-324
Profit for the period	677	886	116	1 287
Investment properties	13 230	61 546	4 765	79 542
Value per sq.m. (SEK)	15 172	20 439	13 619	18 790

Profit after tax

Central administration costs totalled SEK -224m (-136) for the period and SEK -51m (-51) for the quarter. The central administration costs include costs for business development, transactions, property development and financial management. During the period, the company incurred non-recurring costs as a result of the acquisition of Hemfosa. In total, these acquisition and restructuring costs amounted to SEK -52m (83) as of 31 December 2020.

Profit from associated companies and joint ventures was SEK 144m (92) for the period. The result is to a great extent attributable to KlaraBo Förvaltning AB and joint ventures in the Sveafastigheter Group.

Net financial items amounted to SEK -873m (-493) for the period. The financial costs include interest for external financing, as well as other financial costs, such as accrued arrangement fees. The financial costs include non-recurring expenses in the form of costs for early redemption of expensive loans of SEK -199m (-197). During the period, exchange rate differences of SEK 158m (91) were reported that are attributable to the translation of loans raised in Euro to the extent that they are not matched against hedges in the form of net assets in Euro and FX derivatives.

Value changes for the properties amounted to SEK 8,542m (2,453), of which SEK -572m (-251) were realized value changes and SEK 9,114m

(2,704) were unrealized value changes. The realized changes in value are mainly attributable to discounts for deferred tax, which are offset by the correspondingly lower tax expenses that are reported. Property sales have been effectuated at amounts slightly greater than the relevant valuations. The unrealized changes in value are explained in half of newly signed leases with a total rental value of SEK 633m and general rent increases. Project and property development together with succession renovations have contributed about a quarter of the change in value. This includes that SBB has successively renovated 695 apartments during the year, made project investments in existing stock such as the rebuilding of the Western Helsinki Central Police Station, new production of police houses in Kiruna and new and rebuilding of a school and nursing home property in Haninge and created 440,634 sqm BTA building rights during the year. The remaining part of the change in value is explained by reduced return requirements attributable to increased demand for long and stable cash flows.

Profit after tax for the period amounted to SEK 9,084m (2,624). Tax on the profit for the period was SEK -1,257m (-513), of which SEK -165m (-34) pertained to current tax and SEK -1,092m (-479) pertained to deferred tax related to properties and tax-loss carryforwards. The low tax is attributable to property sales.

CONSOLIDATED BALANCE SHEET

Amount in SEK, millions	31-12-2020	31-12-2019
ASSETS		
Fixed assets		
Intangible assets		
Goodwill	6 319	6 687
Total intangible assets	6 319	6 687
 Tangible assets		
Investment properties	90 185	79 542
Land lease agreements	614	445
Equipment, machinery and installations	22	21
Total tangible fixed assets	90 821	80 008
 Financial fixed assets		
Shares in associated companies/joint ventures	2 867	909
Receivables from associated companies/joint ventures	827	1 142
Derivatives	129	73
Financial fixed assets at fair value	2 931	459
Other long-term receivables	-	24
Total financial fixed assets	6 753	2 607
Total fixed assets	103 893	89 302
 Current assets		
Current receivables		
Accounts receivable	91	53
Other receivables	2 398	791
Prepaid expenses and accrues income	243	158
Total current receivables	2 732	1 002
Short-term investments	0	1 041
Cash and cash equivalents	13 606	12 858
Sum current assets	16 338	14 901
TOTAL ASSETS	120 231	104 203
 EQUITY AND LIABILITIES		
Equity	52 136	30 896
 Long-term liabilities		
Liabilities to credit institutions	11 995	22 073
Bond loans	34 663	23 720
Derivatives	267	25
Deferred tax liabilities	7 172	6 237
Liabilities leasing	614	445
Other long-term liabilities	1 020	22
Total long-term liabilities	55 731	52 522
 Current liabilities		
Liabilities to credit institutions	69	3 912
Commercial papers	5 418	4 944
Bond loans	3 121	1 442
Accounts payable	117	131
Current tax liabilities	166	126
Other liabilities	2 098	8 822
Accrued expenses and prepaid income	1 375	1 408
Total current liabilities	12 364	20 785
TOTAL EQUITY AND LIABILITIES	120 231	104 203

COMMENTS ON THE BALANCE SHEET

Investment properties

As of 31 December 2020, the value of the properties amounted to SEK 90.2bn. The value of the property portfolio has been based on external valuations made by Newsec, JLL, Savills, CBRE 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. The yield requirements used in the valuation are in the range of 2.20 percent to 15.0 percent, with an average return requirement of 4.3 percent (4.8). The value of the properties includes SEK 9,056m 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 18-25.

Associated companies and joint ventures

SBB's engagement in associated companies and joint ventures consists partly of a holding in the companies and in some cases financing to the companies. As of 31 December 2020, participations in associated companies and joint ventures amounted to SEK 2,867m (909) and receivables from associated companies and joint ventures amounted to SEK 2,117m (1,142). Some of the companies conduct property development projects, while other companies own investment properties. The largest holdings consist of the companies Offentliga Hus, KlaraBo Förvaltning AB, Genova Holding 25 AB and Offentlig Eiendom AS.

Goodwill

The goodwill item of SEK 6,319m (6,687) is largely attributable to the acquisition of Hemfosa and consists mainly of synergy effects in the form of

reduced financing and administration costs. In addition, there is a reported goodwill 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", as the acquisitions of Hemfosa and Sveafastigheter is considered to be. For reported goodwill of SEK 2,044m, a corresponding amount is recognized under the item deferred tax. Due to properties having been sold, this part decreased over 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. In Norway and Denmark, the corresponding tax rate is 22.0 percent and in Finland, it is 20.0 percent. As of 31 December 2020, the deferred tax liability amounted to SEK 7,172m (6,237) and is largely attributable to investment properties and tax-loss carryforwards. As of 31 December 2020, the tax-loss carryforwards amounted to SEK 3.5bn.

Debt and cash and cash equivalents

At the end of the period, interest-bearing liabilities in the Group amounted to SEK 55,265m (56,091), of which SEK 12,064m (25,985) pertained to liabilities to credit institutions, SEK 37,783m (25,162) pertained to bond loans and SEK 5,418m (4,944) pertained to commercial papers. See further under the section Financing on page 26. Cash and cash equivalents amounted to SEK 13,606m (12,858).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount in SEK, millions

	Share capital	Other contributed capital	Retained earnings	Hybrid bonds	Non-controlling interest	Total equity
Total equity 01-01-2019	80	4 345	4 585	1 873	314	11 197
Share issue	54	13 352				13 406
Issue hybrid bonds				4 600		4 600
Issue warrants		3				3
Dividends			-357	-198	-1	-556
Redeemed preference shares		-93	-54		-295	-442
Repurchased hybrid bonds			-283	-1 873		-2 156
Acquired minority interests					1 930	1 930
Tax effects equity		51		76		127
Net profit for the period			2 421	198	5	2 624
Other comprehensive income			200	-47	10	163
Total equity 31-12-2019	134	17 658	6 512	4 629	1 962	30 896
Total equity 01-01-2020	134	17 658	6 512	4 629	1 962	30 896
Share issue	16	4 266				4 282
Issue hybrid bonds				10 333		10 333
Issue mandatory convertible bonds		2 148				2 148
Redeemed minority interests			-732		-1 640	-2 372
Acquired minority interests					16	16
Dividends			-1 121	-332	0	-1 453
Tax effects equity		30		88		118
Net profit for the period			8 678	332	74	9 084
Other comprehensive income			-345	-570	-1	-916
Total equity 31-12-2020	150	24 102	12 993	14 480	411	52 136

COMMENTS ON EQUITY

As of 31 December 2020, equity amounted to SEK 52,136m (30,896). The equity includes issued hybrid bonds with a book value of SEK 14,480m, mandatory convertible subordinate notes for SEK 2,148m and preference shares in the Norwegian subsidiary Nye Barcode 121 Bidco AS and a minority holding in Hemfosa Fastigheter AB (publ), as SBB does not hold all of the shares in that company. As shares in Hemfosa have been acquired during the period, the minority interest has decreased by SEK 1,634m. During the period, SBB carried out issues of series B and D ordinary shares for SEK 4,282m after issue costs that were used as consideration for the acquisition of shares in Hemfosa and Sveafastigheter, as well as the acquisition of Laeringsverkstedet. In July, SBB issued a mandatory convertible bond that, for accounting purposes, has been divided into an equity component and a liability component. The

component reported as equity including issue costs amounted to SEK 2,148m. In addition, a perpetual hybrid bonds of SEK 10,333m after issue costs was issued during the year.

Translation differences in the translation of net assets in subsidiaries in Norway, Finland and Denmark from local currency to SEK amounted to SEK -951m (163) of the change in equity during the period. The effect is mainly explained by the negative development of the Norwegian krona against the Swedish krona during the period.

The equity ratio was 43 percent (30), the adjusted equity ratio was 48 percent (33), and the loan-to-value ratio was 35 percent (41).

CONSOLIDATED CASH FLOW STATEMENT

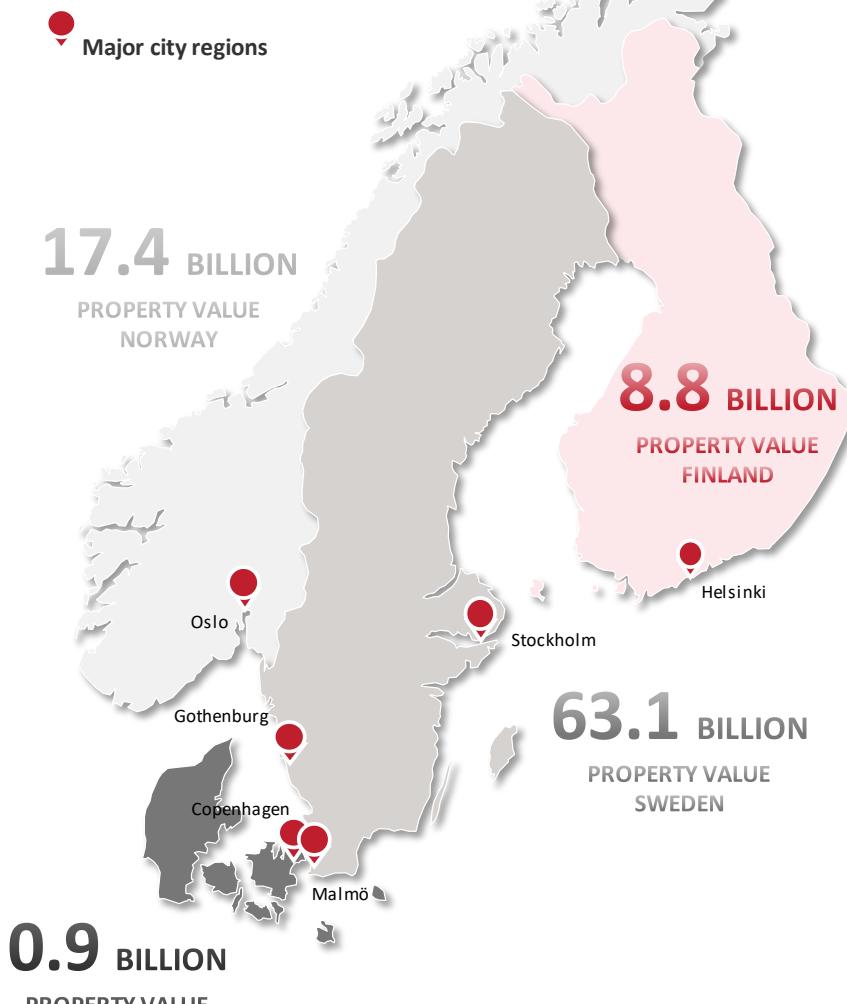
Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Operations				
Profit from property management	2 474	645	873	137
<i>Adjustments for non-cash flow items</i>				
Depreciations	2	3	0	2
Results from associated companies/joint ventures	-144	-92	-102	-35
Net financial items	873	493	-15	126
Interest paid	-958	-459	-102	-69
Interest received	150	97	61	24
Income tax paid	-165	-34	-73	18
Cash flow from operations before changes in working capital	2 232	653	642	203
Cash flow from changes in working capital				
Changes in current receivables	-1 720	-644	-468	-538
Changes in current liabilities	-7 513	9 443	1 045	9 338
Cash flow from operations	-7 001	9 452	1 219	9 003
Investment activities				
Investments in properties	-14 016	-58 258	-7 308	-48 189
Divestments in properties	12 903	6 672	2 564	648
Investments/divestments in equipment, machinery and installations	-3	-19	-6	-19
Investments in associated companies/joint ventures	-1 611	-606	-1 287	-342
Investments in intangible fixed assets	-84	-4 295	-73	-4 295
Changes in receivables from associated companies/joint ventures	307	432	301	610
Changes in financial assets	-1 323	-1 459	-1 118	-51
Changes in other long-term receivables	44	-13	26	15
Cash flow from investment activities	-3 782	-57 546	-6 900	-51 623
Financing activities				
Share issue ¹⁾	665	13 406	129	12 353
Issue hybrid bonds	10 333	4 600	5 053	1 485
Issue mandatory convertible bonds	2 148	-	-	-
Redeemed preference shares	-	-83	-	10
Repurchased hybrid bonds	-	-2 156	-	-2 156
Issue warrants	-	3	-	3
Dividends paid	-853	-426	-290	-74
Acquired minority shares	16	1 930	16	1 930
Redeemed minority shares	-1 623	-349	-1	-4
New loans	34 693	53 766	12 145	32 377
Amortization of loans	-34 878	-12 362	-4 379	-1 433
Changes in other long-term liabilities	1 052	2 467	566	2 459
Cash flow from financing activities	11 554	60 796	13 240	46 950
Cash flow for the period	770	12 702	7 558	4 330
Cash and cash equivalents at the beginning of the period	12 858	157	6 065	8 532
Translation difference of cash and cash equivalents	-22	-1	-17	-4
Cash and cash equivalents at the end of the period	13 606	12 858	13 606	12 858

PROPERTY PORTFOLIO

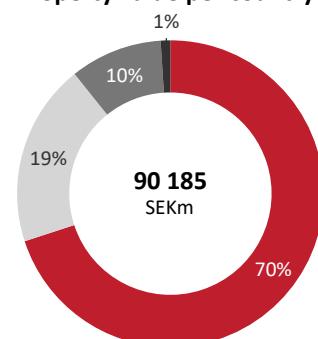
SBB's core holdings are community service properties in the Nordics that, together with regulated residentials in Sweden, form the social infrastructure of the region. The combination of community service properties in the Nordics and rent regulated residentials in Sweden is unique among listed companies in the Nordics.

SBB's properties are among the most secure investments available, offering high, risk-adjusted returns. The number of properties as of 31 December 2020 was 1,618 (1,394).

PROPERTY VALUE BY GEOGRAPHY:

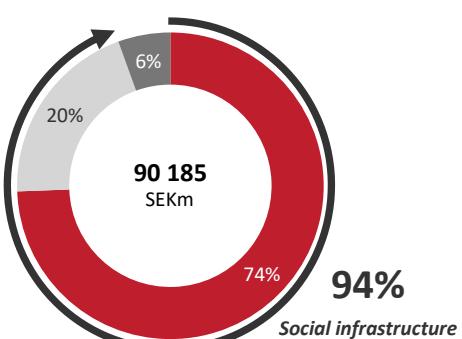


Property value per country



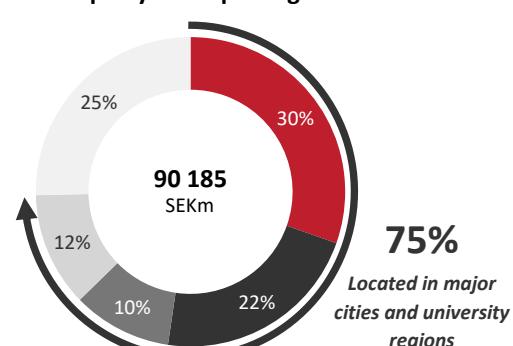
Sweden Norway Finland Denmark

Property value per segment



Community service Residential Other

Property value per region



University cities Stockholm/Mälardalen
Oslo/Copenhagen/Helsinki Gothenburg/Malmö
Other

98%



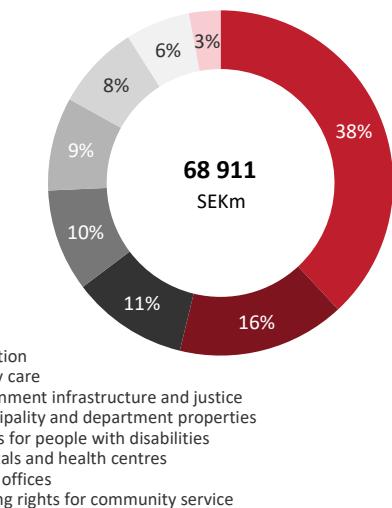
OF THE PROPERTY PORTFOLIO IS SOCIAL INFRASTRUCTURE PROPERTIES IN AAA RATED COUNTRIES IN THE NORDICS ¹⁾

COMMUNITY SERVICE PROPERTY PORTFOLIO



Community service properties by area of use

Market value



Largest tenants, community service property portfolio

	Rental income, SEKm	% of total
Swedish State	549	14,1
Norwegian State	334	8,6
Læringsverkstedet AS	254	6,5
Academedia	138	3,5
Municipality of Härnösand	131	3,4
Norwegian National Association for Heart- and Lung Disease	122	3,1
Finnish State	116	3,0
Attendo	108	2,8
Ambea	77	2,0
Esperi Oy	72	1,9
Humana	63	1,6
Västra Götaland County Council	60	1,5
Municipality of Boden	54	1,4
Internationella Engelska Skolan	54	1,4
Municipality of Haninge	51	1,3
Municipality of Karlskrona	51	1,3
Municipality of Linköping	45	1,1
Kunskapskolan i Sverige AB	42	1,1
Municipality of Uddevalla	34	0,9
Eskilstuna Kommunfastigheter AB	31	0,8
Sum 20 largest tenants	2 383	61,2
Other	1 512	38,8
Total rental income	3 895	100,0

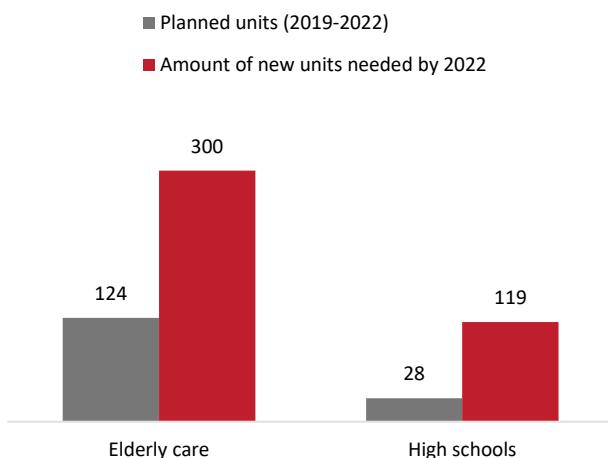
Rental income from community service properties by area of use

Use	Rental income, SEKm	% of total
Education	1 386	35,6
Elderly care	597	15,3
Government infrastructure and justice	481	12,4
Municipality and department properties	407	10,5
Homes for people with disabilities	344	8,8
Hospitals and health centres	286	7,3
Public offices	314	8,1
Building rights for community service	80	2,0
Office & other	2	0,0
Total	3 895	100,0

Supply and demand for social infrastructure

The need for community service properties is very large. The graph below illustrates the number of planned elderly care units and upper-secondary schools up until 2022 in relation to the actual need. The market for Swedish rent regulated residential is also characterized by an extensive supply deficit, with the average queue time for an apartment in the Stockholm region being about ten years.

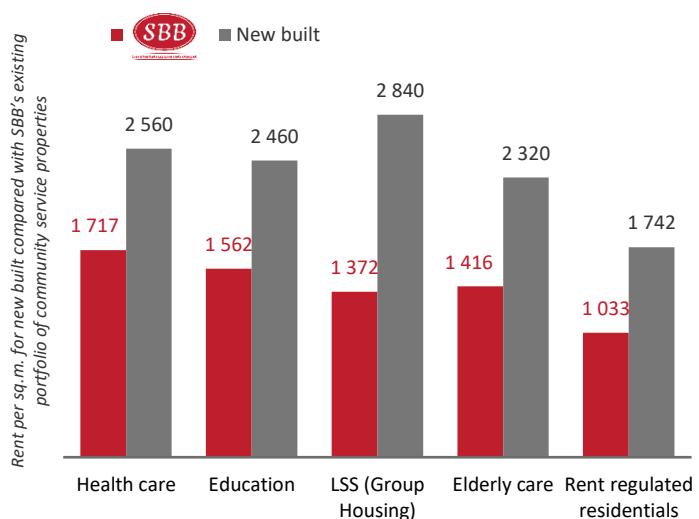
Planned and needed community service properties



Source: SKR

In addition to a major deficit of social infrastructure properties, there is also considerable potential for further letting of the existing portfolio. In the autumn of 2019, leading property adviser Newsec analyzed rent levels for newly produced community service properties in Sweden. The graph below shows rent levels in the new production analysis in relation to average rent levels for SBB's portfolio.

Rent per sq.m. for new production, compared with SBB's existing portfolio of community service properties



Source: Newsec

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
Rental value	+/- 5 %	3 811 / -3 817 SEKm
Discount rate	+/- 0,25 %	-2 716 / 2 867 SEKm
Exit yield	+/- 0,25 %	-2 827 / 3 139 SEKm

Property portfolio change

Opening fair value 2020-01-01	79 542
Acquisitions	14 552
Investments	2 088
Sales	-13 522
Translation differences	-1 590
Unrealized value changes	9 115
Fair value at end of period	90 185

3 VALUE-ADD STRATEGIES DELIVER ADDITIONAL INCOME STREAMS

Besides working with traditional property management, SBB conducts three additional value-generating activities on a recurring basis:

1. **Project and property development**
Profit target of SEK 1,000m – 1,400m annually
2. **Renovations, remodelling and extensions**
Profit target of SEK 600m annually
3. **Property transactions**
Profit target of SEK 400m annually

1. PROJECT AND PROPERTY DEVELOPMENT

In addition to working with traditional active property management, SBB generates value through project development of housing and community service properties. By using capital efficiently and applying good risk and cost control, profitability and long-term values are achieved for SBB's shareholders.

As of 31 December 2020, the project portfolio comprised 5 623 apartments (corresponding to a lettable area of 341 915 m²), of which 1 681 apartments were under construction and 3 942 apartments were under active project development. At the end of the period, the community service properties in the project portfolio corresponded to a lettable area of 106 050 m².

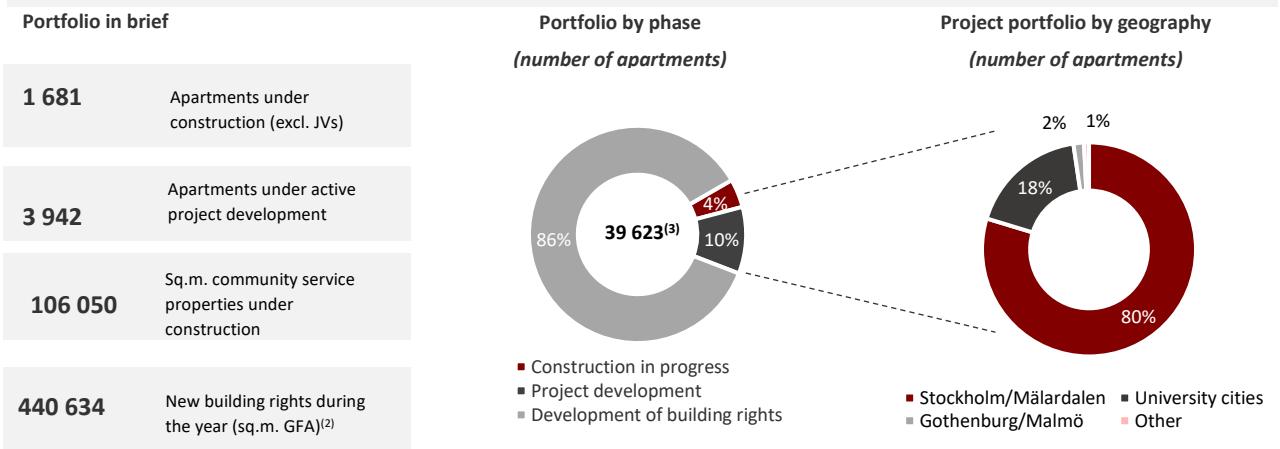
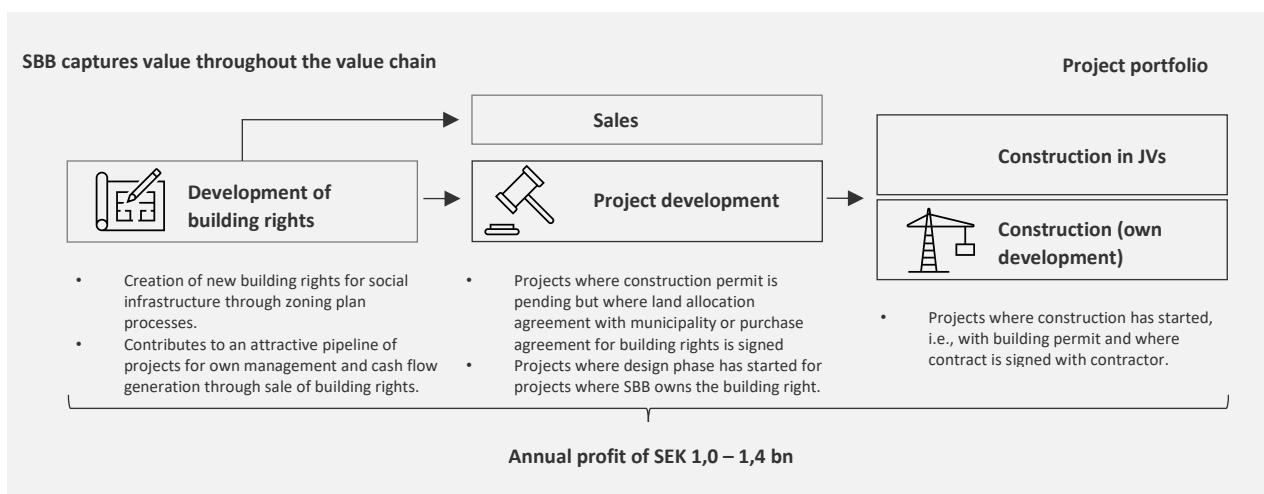
SBB also generates value through its vigorous development of building rights. Establishing new building rights ensures a project portfolio that is sustainable over the long term and a stable production rate. As of 31 December 2020, SBB's portfolio of building rights amounted to approximately 2,518,000 m² GFA, corresponding to approximately 34,000 apartments, making SBB one of the Nordic region's leading property developers.

Operational targets - Project and property development

- Project and property development shall generate an average annual profit of SEK 1,000m – 1,400m over a business cycle⁽¹⁾
 - The number of apartments under production shall amount to 1,500
 - The number of apartments under project development shall amount to 5,000
 - The number of apartments in the building rights portfolio shall amount to 20,000
 - Profit from new production projects shall amount to SEK 5,000 – 10,000 per m².
 - Profit from building rights development shall amount to SEK 4,000 – 5,000 per m².

Outcome 2020

- Profit from project and property development⁽¹⁾ amounted to SEK 2,224m for the period and SEK 1,372m for the quarter
- As of 31 December 2020, 1,681 apartments were in production.



(1) Profit from project and property development is calculated as the sum of profit from project development (calculated as the change in market value of properties with ongoing major projects during the period less the period's investments) and profit from the development of building rights (the change in the value of the building rights portfolio adjusted for acquisitions and sales of building rights)

(2) Created volume contains progression of volume of building rights in Phase 3: With planning notification and Phase 4: Legally enforceable detailed development plan

(3) Refers to 34,000 apartments in building rights development and the project portfolio

Project portfolio

Ongoing construction (excl. JVs)							
By segment	Apartments	Lettalbe area	Rental value		Investment	Accrued	Book value
	(#)	(sq.m.)	(SEKm)	(SEK/sq.m.)	(SEKm)	(SEKm)	(SEKm)
Residential	1 681	105 303	222	2 110	4 122	1 122	1 757
Community service	n.a.	106 050	206	1 947	3 904	384	1 035
Total	1 681	211 353	429	2 028	8 026	1 506	2 792

Project development in progress							
By segment	Apartments	Lettalbe area	Rental value		Investment	Accrued	Book value
	(#)	(sq.m.)	(SEKm)	(SEK/sq.m.)	(SEKm)	(SEKm)	(SEKm)
Residential	3 942	236 612	528	2 231	9 839	1 132	2 113
Community service	n.a.	13 885	31	2 208	508	46	150
Totalt	3 942	250 497	559	2 230	10 348	1 178	2 263

By geography							
By geography	Apartments	Lettalbe area	Rental value		Investment	Accrued	Book value
	(#)	(sq.m.)	(SEKm)	(SEK/sq.m.)	(SEKm)	(SEKm)	(SEKm)
Stockholm/Mälardalen	3 194	191 678	453	2 361	8 408	939	1 805
University cities	706	42 381	71	1 667	1 354	182	285
Other	42	16 439	35	2 155	586	57	174
Total	3 942	250 497	559	2 230	10 348	1 178	2 263

Definitions

Production in progress – new construction projects that have entered production, where a building permit has been granted and a contracting agreement has been signed

Project development in progress – projects for which land allocations and/or building permits have yet to be granted but for which a decision on land allocation has been made or an acquisition agreement has been signed regarding non-proprietary land, and projects on proprietary land for which the design and planning process has been initiated

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 in progress being completed, of new projects being added, or of conditions changing.

Development of building rights

SBB divides the development process of building rights into four phases: Project concept (phase 1), Pre-planning approval (phase 2), With planning approval (phase 3) and – Legally enforceable detailed planing (phase 4). SBB's building rights projects are listed below according to their phase of development.

Planning phase	Planning process							
	Internal planning decision	Sent to planning authorities	Decision from planning authorities to initiate zoning plan	Political decision to approve zoning	Legal force	GFA building rights (sq.m.)	External valuation (SEKm)	SEK per sq.m.
Phase 1 - Project concepts	✓					964 525	704	729
Phase 2 - Prior to decision on planning notification	✓	✓				107 000	46	432
Phase 3 - With planning notification	✓	✓	✓			855 453	1 563	1 827
Phase 4 - Legally enforceable detailed development plans	✓	✓	✓	✓	✓	590 795	999	1 691
Total						2 517 773	3 312	1 315
Sales Status						GFA building rights (sq.m.)	Estimated Market Value (SEKm)	SEK per sq.m.
Sold, but not divested building rights						416 600	1 429	3 431
Unsold building rights (estimated value based on the building rights already sold)						2 101 173	7 192	3 423
Total						2 517 773	8 622	3 424

Joint ventures

To help hasten urban development and to secure production resources, SBB has, in several cases, entered into joint ventures with the buyer of the building rights to develop those building rights and, in some cases, SBB has entered into joint ventures to establish building rights. SBB assesses the profit potential in these arrangements to be around SEK 1.4bn following deductions for SBB's own investment in the building rights. This profit potential is in addition to the aforementioned surplus values as regards building rights development. SBB assumes a very limited implementation risk in the joint ventures in that the other party to the joint venture assumes responsibility for project planning, sales, production and project management. The profit potential of around SEK 1.4bn relates only to joint ventures that have already been agreed.

	Investment (SEKm)	Lettalbe area (sq.m.)	Estimated value at completion (SEKm)	Share SBB (%)	Result SBB (SEKm)
Residential projects	7 798	247 411	10 555	45%	1 247
Other	378	10 800	750	51%	187
Total JV-collaborations					1 434

The information is based on assessments of the size, focus and scope of such 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. The information is reviewed regularly, and assessments and assumptions are adjusted as a result of projects in progress being completed, of new projects being added, or of conditions changing.

Projects completed during the year

FLORA, STOCKHOLM



High-tech meets no-tech in Midsommarkransen

Flora is a residential building designed by Belatchew Arkitekter at the heart of one of Stockholm's hottest districts, Midsommarkransen. Welcoming outdoor seating is provided at a street-level vegan café.

The façade has been clad in wood and the roof in sedum and herbs, re-establishing the building's green imprint on the site. The apartments are airy and bright thanks to the numerous light inlets and high ceilings. All of the apartments have French balconies. The apartments facing the courtyard have large balconies facing south and the apartments highest up in the property have terraces extending along the entire facade.

Number of apartments: 37

CYKELKUNGEN, UPPSALA



Car-free accommodation in Uppsala

Situated on the Östra Sala hill is Cykelkungen – a unique building advancing development in mobility solutions. Cykelkungen offers zero parking spaces but does have both bicycle parking areas and a workshop with bicycle pumps and opportunities for storing bicycle tires. To facilitate shopping and other errands, electric cargo bicycles can be borrowed through a bicycle pool.

The 99 rental apartments constituting Cykelkungen are of varied design and character. The ground floor duplex apartments have the feel of terraced houses, while the upper-level attic apartments offer fine views.

Number of apartments: 99

HYDRAN, VÄSTERÅS



Sustainability and community in Västerås

In Öster Mälarstrand, 96 sustainable sheltered housing apartments have been built in a location with services nearby and where social inclusion is in focus. The ground floor contains a common area, with a kitchen and other shared spaces in which residents can participate in various shared activities. These are coordinated by the facility's host.

Hydran is Sweden's first multi-household dwelling to be constructed as an energy-positive building that uses district heating rather than geothermal heating. By generating energy through solar cells and saving surplus heat, the building produces more energy than it consumes.

Number of apartments: 96

2. RENOVATION, REMODELLING AND EXTENSION

SBB renovates rent regulated residential with the objective of renovating 600 apartments each year; the company also works to remodel and extend its community service properties

SBB completed renovations of 695 apartments in 2020. A further 73 apartments are currently being renovated and the leases on 164 apartments have been terminated, with renovation planned to commence within a three-month period.

In addition to renovations of apartments, SBB has a larger volume of remodelling projects and tenant adaptations involving the company's community service properties. The total volume of these projects is approximately SEK 2,287m, as detailed in the table below. Examples of remodelling and extension projects in progress include the remodelling of premises in Haninge as a school and elderly care unit for the Municipality of Haninge and the Remodelling and extension of the central police station in western Helsinki.

when fully developed properties and/or non-core properties are sold. SBB continuously assesses the portfolio to identify potential and focus resources on the properties offering the greatest potential. SBB continuously works to sell properties assessed as fully developed or not assessed to be core holdings. Selling such properties entails capital being recovered and resources being freed up to facilitate additional attractive acquisitions whereby the quality of the portfolio is gradually raised.

The company's history of property transactions has made it a market leader in the Nordic region and the preferred buyer among both public and private sector vendors, primarily because of SBB's superior professionalism, capacity to execute transactions quickly and high degree of credibility and integrity in the business relationship. The company has a history of acquiring properties with AAA cash flows and untapped potential value. Combined with a pipeline of acquisitions and sales, this allows the company to constantly recover capital to generate benefit for shareholders.

In this value-generating area, the company is also able to seize upon opportunities to make investments with a shorter investment horizon where these are deemed to generate shareholder benefit and include investments in equities and/or debt instruments.

3. TRANSACTIONS

SBB's principal focus is always generating value from the existing portfolio while also building significant shareholder value by recovering capital

	WAULT (years)	Investment (SEKm)	Share CS (%)	Share RE (%)	Lettable area (sq.m.)	Accrued as per 2020-12- 31 (SEKm)	Increased NOI (SEKm)	Yield on cost (%)
Renovations excl. apartment renovations	16	2 287	96%	4%	166 400	1 206	132	5,8%

FINANCING

FINANCING KEY RATIOS

35% Loan-to-value

10% Secured loan-to-value

1,31% Average interest rate

BBB- Stable outlook (S&P)
BBB- Positive outlook (Fitch)

Significant events during the fourth quarter of 2020

We leave a turbulent 2020 with a global pandemic continuing to rage. The world experienced an economic slump in the fourth quarter, that will probably persist into the first quarter of 2021. Around the world, strong monetary policy stimuli have been implemented by central banks that will, in addition to fiscal policy stimuli, aid growth positively. Many forecasters predict that the conditions look favourable for a strong recovery beyond the first quarter. The Riksbank's (Swedish Central Bank) policy has been to maintain its 0-percent policy rate and to purchase bonds to push down long-term interest rates. We find it plausible that the Riksbank will lower interest rates to negative levels again.

Important events having the greatest impact on the financial market in the fourth quarter of 2020 were Covid-19, news of vaccines and the US election. Despite uncertainty regarding future global growth, the central banks' interventions have succeeded in calming the financial markets, resulting in declining credit margins. In the Euro bond market, the index shows that margins fell by 28 basis points over the quarter. SBB, like other companies that issue bonds, has benefited from investors chasing returns in an environment with compressed spreads and low interest rates. The low interest rate situation has contributed to investors seeking longer maturities and investing in hybrid bonds to obtain a higher return. A trend that emerged during the quarter and continued into the current period was investing in ESG bonds (environmental social governance). That is, bonds associated with environmentally and socially sustainable ventures. Happily, we are now also able to state empirically that new issues in this segment lead to lower spreads than for ordinary bonds.

On 8 December 2020, SBB successfully issued EUR 1.2bn, divided between EUR 700m in social bonds and EUR 500m in hybrid bonds. The social bond with an eight-year term bears a fixed coupon rate of 0.75 percent and the issue proceeds will be used to finance social assets permitted under SBB's framework for sustainable financing. The hybrid bond has a term of 5.25 years until initial redemption and bears a fixed coupon rate of 2.625 percent, with the proceeds being used for general business purposes. During the period, SBB redeemed two outstanding senior unsecured bonds. This refers partly to bond SE001010414581 of SEK 750m, and partly to bond SE0010985713 of SEK 250m.

SBB has continued its strategy of repurchasing bonds issued at high interest rates and redeeming expensive bank loans. Two bonds totalling SEK 22m have been repurchased and bank loans of SEK 593m have been repaid. During the period, bonds with a nominal value of SEK 7,226m were issued within the framework of the EMTN Programme. The issues were denominated partly in SEK for a total of SEK 200m, and partly in EUR for a total of EUR 700m. The bonds have maturities of five and eight years, respectively.

Interest-bearing liabilities

SBB's strategy is to maintain a low level of financial risk. 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 35 percent (41), and the secured loan-to-value ratio was 10 percent (26). The interest coverage ratio was a multiple of 4.1 (3.0). At the end of the period, the fair value of interest-bearing liabilities and other financial instruments was deemed to correspond to the carrying amount.

At the end of the period, interest-bearing liabilities amounted to SEK 55,265m (56,091) of which SEK 12,064m (25,985) pertained to liabilities to credit institutions, SEK 37,783m (25,162) pertained to bond loans and SEK 5,418m (4,944) pertained to commercial papers. Loans from credit institutions are normally secured through property mortgages. Issues of bonds and commercial papers are not normally secured. SBB has a secured bond (NO963342624) of SEK 466m maturing in December 2021.

SBB has continued to work actively to lower the interest rate on its interest-bearing liabilities. At the end of the period, the average interest rate on the interest-bearing liabilities was 1.31 percent (1.76). SBB's exposure to variable interest rates is insignificant (4 percent) that is covered by cash. The average period of fixed interest for all interest-bearing liabilities was 4.5 years (2.8) and the average debt maturity was 4.8 years (3.4). Excluding commercial papers, SEK 3,289m matures within one year. To manage the refinancing risks, the commercial papers have been secured through back-up facilities covering all outstanding commercial papers at all times.

Currency risk

Because SBB holds assets in Sweden, Norway, Finland and Denmark, it is exposed to currency risks. This currency risk is mainly attributable to income statement and balance sheet items in foreign currencies being translated into Swedish kronor. SBB mainly hedges currency exposure by means of natural hedging with net assets in foreign subsidiaries being matched by foreign currency loans and by signing forward exchange contracts and interest rate swaps when issuing bonds in foreign currencies.

Liquidity

SBB's available liquidity amounted to SEK 13,606m and financial investments amounted to approximately SEK 2,931m. SBB also has SEK 29,309m in the form of unutilized credit facilities. No additional securities need be pledged for the credit facilities to be used.

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 the company's profit from property management. At the end of the period, the total nominal value of the interest-rate derivatives amounted to SEK 16,627m (17,898) with maturities of between one and ten years. By means of interest-rate derivatives, SBB has hedged 93 percent of its variable-rate interest-bearing liabilities maturing within one year. In accordance with the accounting rules in IFRS 9, derivatives must be marked-to-market. 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 the interest-rate derivatives and FX derivatives amounted to SEK -138m (48).

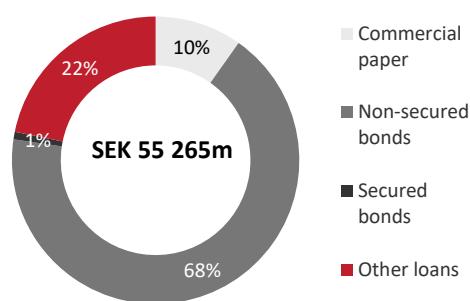
Rating

SBB has an official credit rating from Fitch Ratings and Standard & Poor's Global Ratings. The rating is BBB- with a stable outlook from Standard & Poor's. During the quarter, Fitch Ratings revised its rating outlook for SBB to positive from stable. SBB also has a short rating of F3 from Fitch and of A3 from Standard & Poor's, corresponding to an investment grade rating. The reason for also having a short rating is to enable the company to issue securities on the commercial paper market.

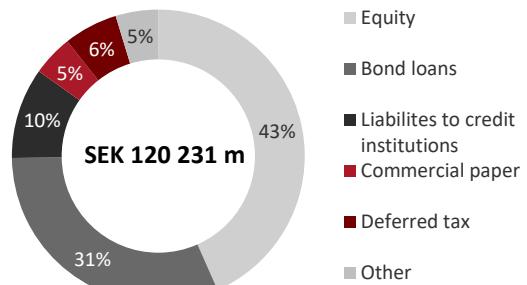
Listed bonds as of 31-12-2020

Maturity	SEKm	Repurchased by SBB (SEKm)	Interest	Maturity date	ISIN code	Type
2019-2024	500	257,5	Stibor 3M + 3,30%	2024-02-14	SE0012256741	Green
2019-2024	200	27,5	Stibor 3M + 3,25%	2024-02-19	SE0012313245	
2019-2025	600	50	Stibor 3M + 1,90%	2025-01-14	XS1997252975	
2020-2025	500	86	Stibor 3M + 1,03%	2025-01-14	XS1997252975	
2019-2023	200	75	Stibor 3M + 1,40%	2023-05-22	XS2000538699	
2016-2021	466		Stibor 3M + 1,85%	2021-12-23	NO963342624	Secured
2019-2022	500	50	Stibor 3M + 1,20%	2022-07-22	XS2021634675	Green
2019-2021	1 960	25	Stibor 3M + 0,93%	2021-07-05	XS2022418243	
2019-2023	800	80	Stibor 3M + 1,150%	2023-09-06	XS2050862262	Green
2019-2022	600	110	Stibor 3M + 0,95%	2022-10-03	XS2059787049	
2019-2023	1 000		Stibor 3M + 1,01%	2023-02-01	XS2066041661	
2019-2022	300		0,85%	2022-03-11	XS2078676322	
2019-2021	500		Stibor 3M + 0,7%	2021-11-08	XS2078691123	
2019-2023	700	25	1,07%	2023-05-11	XS2078737306	
2019-2021	800	325	Stibor 3M + 0,66%	2021-11-08	XS2078371486	
2019-2020	400	150	0,80%	2021-06-14	XS2093118953	
2019-2024	1 057		1,66%	2024-11-28	XS2085870728	
2019-HYB	1 500		3,50%	Hybrid	SE0013359148	
2020-2027	600		Stibor 3M + 1,50%	2027-01-30	XS2111589219	Green
2020-2025	785,45		Stibor 3M + 2,008	2025-06-26	XS2194790429	
2020-2023	2750		7%	2023-07-24	XS2208267596	Mandatory convertible
2020-2025	200		Stibor 3M + 1,170	2025-12-18	XS2275409824	Social
Maturity	EURm	Repurchased by SBB (EURm)	Interest	Maturity date	ISIN code	Type
2019-HYB	300		4,63%	Hybrid	XS1974894138	
2019-2025	550	3	1,75%	2025-01-14	XS1993969515	
2019-2026	500		1,13%	2026-09-04	XS2049823680	
2020-2027	750		1%	2027-08-12	XS2114871945	
2020-HYB	500		2,62%	Hybrid	XS2010032618	
2020-2040	50		2,75%	2040-04-03	XS2151934978	
2020-2028	700		0,75%	2028-12-14	XS2271332285	Social
2020-HYB	500		2,625%	Hybrid	XS2272358024	
Maturity	NOKm	Repurchased by SBB (NOKm)	Interest	Maturity date	ISIN code	Type
2016-2023	620		3,00%	2023-11-01	NO0010777683	Secured
2020-2023	400		Nibor 3M + 0,72%	2023-02-24	XS2124186508	
2020-2025	700		Nibor 3M + 1,65%	2025-08-27	XS2223676201	
2020-2023	200		Nibor 3M + 1,50%	2023-07-14	XS2203994517	

Distribution of interest-bearing liabilities



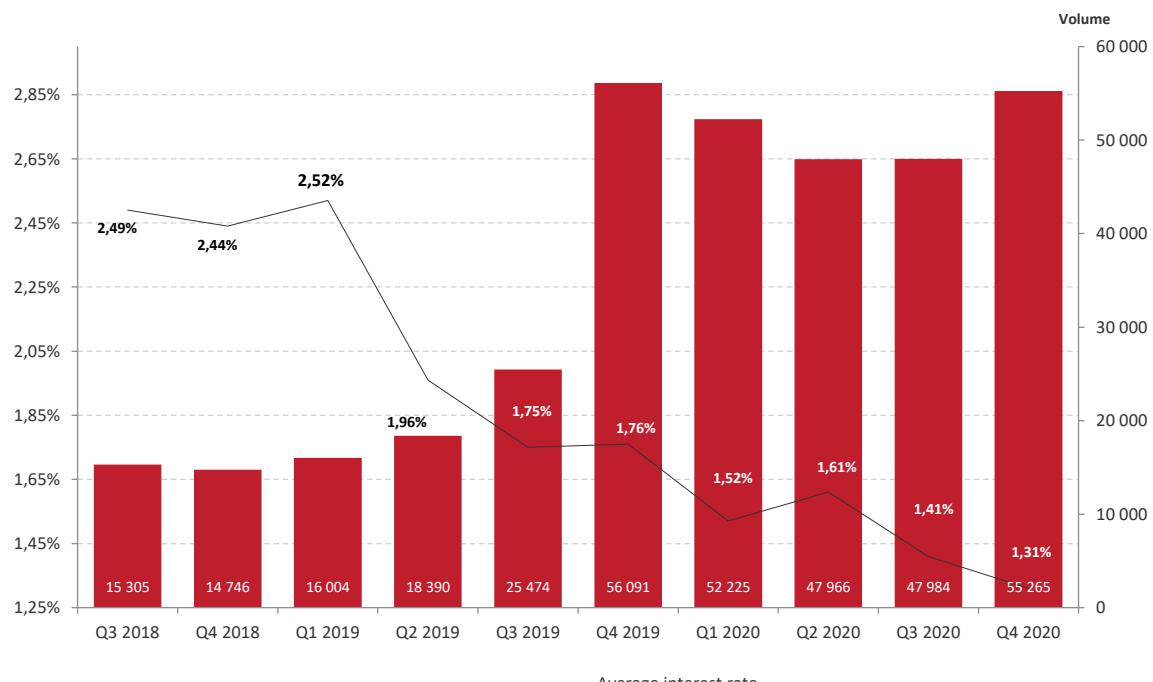
Capital structure



Maturity structure (excl. commercial papers)

Maturity year	Nominal amounts, SEKm	Share
< 1 year	3 289	7%
< 2 years	2 223	4%
< 3 years	6 364	13%
< 4 years	5 193	10%
< 5 years	8 089	16%
> 5 years	25 098	50%
Total	50 258	100%

Development of average interest rate



SUSTAINABILITY

At the UN summit in September 2015, the world's national leaders adopted 17 global sustainable development goals. The countries of the world have committed to lead the world to a sustainable and fair future from 1 January 2016 until 2030. The 2030 Agenda for Sustainable Development covers the three dimensions of sustainability: social, economic and ecological – Eradicating extreme poverty, reducing inequality and injustice, solving the climate crisis. Sustainability is a natural part of our business model and we strive to be the most sustainable property company in the world.

Focus on sustainability

SBB's long-term efforts are yielding good results in terms of ecological, social and economic sustainability.

Ecological sustainability

In the fourth quarter, SBB decided to cease printing rent advice slips for tenants to reduce paper consumption and unnecessary transports. Instead, SBB will offer a modern alternative for receiving and paying rent advice slips digitally via SBB's residents' app.

SBB has also negotiated a favourable electricity trading agreement with 100 percent renewable electricity, which SBB will offer to all of its residential tenants. In addition to this, SBB also offers its residential tenants a home insurance solution without a commitment period and on very favourable terms. Both of these offers can easily be subscribed for via the residents' app. As a result, SBB can both reduce its residential tenants' operating costs while also making it easier for them to make environmentally friendly choices.

During the fourth quarter, SBB negotiated two more green leases – on the Adjunkten (5,552 m²) and Juristen (2,515 m²) properties, with the County Administrative Board as tenant.

An extensive inventory of risks associated with climate change has also been initiated. In the process, a number of different risks will be analyzed, including the physical risks, transitional risks and regulatory risks of each individual property in the portfolio. Together with the Municipality of Falkenberg, SBB has previously invested in raising the ground and road levels on the Bacchus 1 property sufficiently to protect it from rising sea levels that could occur over the next 100 years.

Besides reducing climate impact through lower energy consumption and by generating renewable energy, SBB is contributing to climate adaptation by prioritizing new production in wood. According to Vision 2030, SBB's target is for at least 50 percent of all of its new production to be in wood. In 2020, 52 percent of new production in progress, that is 54,965 m² of a total 104,373 m² was in wood.

During the fourth quarter, SBB procured solar cell installations for eight properties in Skara and Tidaholm. The solar cells will produce a total of approximately 227,000 kWh of electricity annually. The solar cells will be installed in properties that were additionally insulated and equipped with FX ventilation and heat pumps in 2019. With the addition of the solar cells, energy consumption will be further reduced and SBB will obtain a complete systems solution in which the solar cells offset the heat pumps' electricity consumption. The energy savings of 25-30 percent already achieved in these properties will be further optimized with the help of the solar cells. SBB has begun the conversion of the Isbjörnen 5 property in Södertälje, from direct-acting electricity to geothermal heating. Geothermal heating will reduce the energy purchased for the property by 50 percent.

SBB has also begun a project in the Västland 26:39 property in Sundsvall. This is a residential property of approximately 13,400 m², in which a combination of district heating, FX ventilation, geothermal heat pumps, waste water heat exchangers and additional insulation will more than halve the energy consumption. The attics of the Kvarnluckan 1 property in Stockholm are being insulated and FX ventilation and heat pumps are being installed. The objective of this project is to achieve an energy saving of 25-30 percent of purchased energy. In the same property, a pilot project is also being conducted in cooperation with the company Watts2You, where solar panels with built-in battery storage capacity are

being installed to enable storage of summertime surplus production, for it to then be consumed by the same property during the hours of darkness. In the winter, it will be possible to buy electricity from the grid at the time of day when electricity is cheapest, to store this in the batteries for consumption during the parts of the day when electricity is more expensive.

Energy statistics and consumption history are the most important parameters in being able to identify the properties with high energy consumption and in taking measures where they are most effective. To free up time that would otherwise be needed to gather measurement data, SBB has developed an AI and machine learning robot that analyzes all incoming energy invoices and gathers consumption data. The robot also builds up SBB's property and metre structure in the energy monitoring tool as it identifies unit ID data, metre numbers and plant addresses in the invoices and matches them with SBB's properties, thus linking metres to the appropriate properties. This work, which was previously handled manually, is now performed automatically, freeing up working time that can instead be used to analyze the data and take action.

In the fourth quarter, to further increase the pace and get started with more energy projects, SBB has initiated a collaboration with Sweco, in which Sweco was commissioned to inventory some 20 properties in Sweden and to develop proposals for systems solutions for energy projects. During the fourth quarter, Sweco delivered proposals for energy measures at the Kusken 1 and 2 properties in Oskarshamn and the Almen 2 property in Västerås. For the energy projects conducted within the "Green Bond" portfolio, SBB will report real figures on the savings achieved, in terms of both reduced energy consumption and carbon dioxide emissions. The report will be published on SBB's website in the first quarter of 2021.

During the fourth quarter, SBB acquired Sveafastigheter. Sveafastigheter's residential portfolio includes several projects with a sustainability profile. Sveafastigheter, has built Sweden's largest energy-positive building, Neptun, in accordance with the Miljöbyggnad Guld environmental building standard, and, in the fourth quarter, completed 99 apartments in the Cykelkungen mobility building in Uppsala, 96 sheltered housing apartments, with positive energy technology, in the Hydran complex in Västerås, and 30 space-efficient apartments on Apelvägen in Nacka.

Social sustainability

In the fourth quarter, SBB decided to offer all Swedish municipalities the opportunity to use SBB's premises free of charge to commence Covid-19 vaccination efforts. The Municipality of Haninge has initiated vaccinations of healthcare and residential care personnel at a SBB property. In the longer-term, the Municipality will probably want to use the premises for vaccinating the general public in the first and second quarters of 2021.

In Höganäs and Kävlinge, in collaboration with property owner Kävlinge Kommunbostäder and the Swedish Union of Tenants, SBB hired a sing-along train to perform music suited to children and grown-ups alike. This led to fewer tenants leaving their homes in the evenings during the Corona pandemic, instead enjoying the concert from their balconies.

In several residential areas, SBB distributed a Christmas present to tenants. In Region North, about 400 elderly care residents received gift cards they can spend at the local mall.

In 2020, Sveafastigheter won six land allocations in the City of Stockholm, focusing in particular on social sustainability. In the fourth quarter, Sveafastigheter also conducted a larger-scale participation process with

about fifty young people from the Fryshuset youth centre as part of its development of housing at Sjöstadshöjden in Stockholm. In Kista/Husby, 181 homes and a new urban street are being created, connecting districts. In Enskede, 118 housing units for the elderly are being developed, with the community in focus. In Hagsätra, 129 homes are being created that will increase security in the neighbourhood. In Rågsved, 38 homes are being developed with the perspective of children in focus. In Bromsten, 264 apartments are under development where mobility and a farm environment will be in focus. In Hässelby, additional buildings with 47 rental apartments are being created.

Economic sustainability

In the fourth quarter, under its new framework for sustainable financing, SBB issued a EUR 700m social bond. This is the Nordic region's first social bond to date. The framework was established in November 2020. It

received a C rating from ISS (Institutional Shareholder Services), which is above the average for the property sector. SBB also issued a social bond for SEK 200m in the fourth quarter. The proceeds from the issue will be used for social assets permitted in accordance with the framework. In addition to the above, SBB issued green bonds for SEK 500m in the fourth quarter.

SBB aims to achieve an investment grade rating of BBB+ in the short term and of A- in the longer term. This year-end report clearly shows that SBB is well on its way to achieving this objective.

THE SHARE

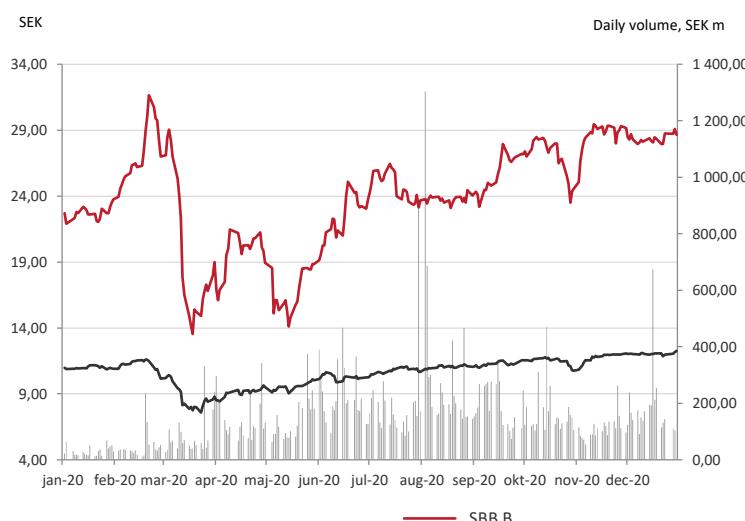
SBB's series B share (ticker SBB B) and series D share (ticker SBB D) are traded on Nasdaq Stockholm, Large Cap. The company's preference share (ticker SBB PREF) is traded on Nasdaq First North Premier Growth Market.

As of 31 December 2020, the number of series B ordinary shares totalled 1,119,504,867, while series D shares totalled 179,881,880. There was a total 30,713 preference shares, as well as 209,977,491 ordinary series A shares. Ordinary series B shares were trading at SEK 28.66, series D shares at SEK 30.10 on 31 December 2020. The market capitalization of the series B shares (including the value of unlisted series A ordinary shares at the same price) was SEK 38,103m, for the series D shares, it was SEK 5,414m.

The closing price for SBB's shares fluctuated between SEK 13.54 and 31.65 over the year, closing at SEK 28.66 at the end of the fourth quarter. This is an increase of 25 percent compared with 31 December 2019 (22.95).

The liquidity of SBB's share has increased over the year. The average daily trading volume was approximately SEK 176m, compared with SEK 28.7m for the corresponding period in the preceding year. This amounts to an increase of 513 percent. SBB works actively with its investor base by participating in roadshows, presentations and events for private and institutional investors.

SERIES B SHARE DEVELOPMENT, PAST 12 MONTHS



TRADING ON NASDAQ

	31-12-2020	31-12-2019
Class B	28,66	22,95
Class D	30,10	34,90
Average trading volume per trading day, SEKm		
Class B	176,0	28,7
Class D	18,6	19,5

SERIES D SHARE DEVELOPMENT, PAST 12 MONTHS

Total return

Over the year, the total return on SBB's shares, including dividends, was 28 percent.

Mandatory convertible notes

In July, SBB issued a mandatory convertible subordinated note for SEK 2,750m maturing in July 2023. The issue price was set at 100 percent and the convertible note matures at an annual interest rate of 7 percent. On maturity, the convertible note can be converted into series B SBB shares, subject to the entitlement to premature conversion of SBB and the holders of the convertible note or on fulfilment of certain specific criteria, in accordance with the terms of the convertible note. The minimum conversion price of the convertible note, applied if SBB demands early redemption, is SEK 24.33 per series B share, and the maximum conversion price is SEK 30.11 per series B share. The number of shares issued in the event of mandatory conversion on maturity will be linked to the prevailing market price for series B SBB shares at the time of conversion. The number of shares issued upon conversion will decrease proportionally as the price for series B shares increases within the limits set in accordance with the terms of the convertible note. For accounting purposes, the convertible note is divided into an equity portion and a debt portion, with the debt portion corresponding to the present value of the future interest payments for the instrument. Given conversion at the share price on 31 December, 95,635,542 new shares would be issued.



Shareholders

On 31 December 2020, share capital amounted to SEK 150,939,495.1 at a quotient value of SEK 0.1 per share. At the Annual General Meeting, holders are entitled to one vote per series A ordinary share and to 0.1 votes per series B and D ordinary share, and per preference share. The preference shares convey preferential rights, over the ordinary shares, to

an annual dividend of SEK 35 per preference share, divided into quarterly payments. Holders of series D ordinary shares are entitled to five times the total dividend on series A and B ordinary shares, although not to more than SEK 2 per share and year.

Shareholders	Class A shares	Class B shares	Class D shares	Preference shares	Share capital, %	Votes, %
Ilja Batljan (private/through company)	109 053 868	18 132 874	530 000		8,46%	32,63%
Arvid Svensson Invest AB	41 809 742	23 868 281			4,35%	13,00%
Dragfast AB	36 163 467	57 612 502			6,21%	12,33%
Sven-Olof Johansson (private/through company)	22 315 456	30 081 315			3,47%	7,45%
Länsförsäkringar		88 182 338			5,84%	2,59%
Læringsverkstedet Gruppen AS			44 197 779		2,93%	1,30%
Michael Coccoza		41 545 671			2,75%	1,22%
Sveafastigheter Bostad		35 701 962			2,37%	1,05%
BlackRock		31 886 880	729 334		2,16%	0,96%
Vanguard		28 689 902	2 112 371		2,04%	0,91%
Avanza Pension		21 199 444	8 739 353	1 724	1,98%	0,88%
Marjan Dragicevic		28 000 000			1,86%	0,82%
Stiftelsen för strategisk forskning		27 911 810			1,85%	0,82%
Gösta Welandon med bolag		20 060 764	224 000		1,34%	0,60%
Lennart Schuss		20 074 872	190 000		1,34%	0,60%
Other	634 958	646 556 252	123 159 043	28 989	51,0%	22,8%
Total	209 977 491	1 119 504 867	179 881 880	30 713	100,00%	100,00%

INCOME STATEMENT OF PARENT COMPANY

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Net sales	-	-	-	-
Personnel costs	-39	-31	-10	-9
Other operation expenses	-83	-147	-26	-105
Operating profit	-122	-178	-36	-114
Financial items				
Profit from shares in group companies	166	-44	28	-44
Interest income and similar items	927	831	455	319
Interest expenses and similar items	-852	-626	-311	-199
Translation gains/losses	277	-	732	-
Changes in value, derivatives	-265	21	-113	103
Profit after financial items	132	4	754	65
Appropriations	-62	453	-62	451
Profit before tax	69	457	691	516
Tax	6	-81	86	-93
NET PROFIT FOR THE PERIOD	75	376	778	423

STATEMENT OF COMPREHENSIVE INCOME OF PARENT COMPANY

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Net profit for the period	75	376	778	423
Other comprehensive income	-	-	-10	-
COMPREHENSIVE INCOME FOR THE PERIOD	75	376	768	423

BALANCE SHEET OF PARENT COMPANY

Amount in SEK, millions	31-12-2020	31-12-2019
ASSETS		
Fixed assets		
Financial fixed assets		
Shares in group companies	26 698	24 232
Receivables from group companies	34 044	18 822
Receivables from associated companies/joint ventures	648	-
Deferred tax assets	180	45
Financial fixed assets at fair value	1 050	239
Derivatives	129	21
Other long-term receivables	0	1
Total financial fixed assets	62 748	43 360
Total fixed assets	62 748	43 360
Current assets		
Current receivables		
Other receivables	239	18
Prepaid expenses and accrues income	29	5
Total current receivables	268	23
Short-term investments	-	1 041
Cash and cash equivalents	12 986	11 664
Total current assets	13 254	12 728
TOTAL ASSETS	76 002	56 088
Amount in SEK, millions	31-12-2020	31-12-2019
EQUITY AND LIABILITIES		
Equity	38 421	22 917
Long-term liabilities		
Bond loans	27 255	20 387
Liabilities to associated companies/joint ventures	-	287
Derivatives	225	-
Other long-term liabilities	457	-
Total long-term liabilities	27 937	20 674
Current liabilities		
Bond loans	3 080	444
Commercial papers	5 418	3 486
Accounts payable	5	12
Current tax liabilities	9	-
Other liabilities	622	8 103
Accrued expenses and prepaid income	496	452
Total current liabilities	9 630	12 497
TOTAL EQUITY AND LIABILITIES	76 002	56 088

STATEMENT OF CHANGES IN EQUITY OF PARENT COMPANY

Amount in SEKm				
	Share capital	Share premium	Retained earnings	Total equity
Total equity 01-01-2019	80	7 211	-65	7 226
Share issue	54	13 352		13 406
Issue hybrid bonds		4 600		4 600
Redeemed preference shares		-93		-93
Dividends		-569		-569
Repurchased hybrid bonds		-1 873	-283	-2156
Tax effects equity			127	127
Net profit for the period			376	376
Other comprehensive income			0	0
Total equity 31-12-2019	134	22 628	155	22 917
Total equity 01-01-2020	134	22 628	155	22 917
Share issue	16	4 266		4 282
Issue hybrid bonds		10 333		10 333
Issue mandatory convertible bonds		2 148		2 148
Dividends			-1 453	-1 453
Tax effects equity			118	118
Net profit for the period			75	75
Other comprehensive income			0	0
Total equity 31-12-2020	150	39 375	-1 105	38 421

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 twenty one employees. The costs, incl. personnel costs during the period, amounted to SEK -122m (-178).

During the period, SBB issued series B and D ordinary shares for SEK 4,282m after issue costs. In July, SBB issued a mandatory convertible bond that, for accounting purposes, has been divided into an equity component and a liability component. The component reported as equity including issue costs amounted to SEK 2,148m. In addition, hybrid bonds of SEK 10,333m after issue costs have been issued during the year.

CASH FLOW STATEMENT OF PARENT COMPANY

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Profit after financial items	132	4	754	65
Net financial items	-87	-205	-762	-202
Interest paid	-568	-449	-118	-92
Interest received	918	831	447	320
Paid tax	-	-	-	-
Cash flow from operations before changes in working capital	394	181	320	91
Cash flow from changes in working capital				
Changes in current receivables	-236	-10	-97	20
Changes in current liabilities	-8 051	8 120	-218	8 137
Cash flow from operations	-7 893	8 291	5	8 248
Investment activities				
Investments in subsidiaries	-1 717	-20 532	46	-20 526
Investments in associated companies/jv	-	-	3	-
Changes in receivables from group companies	-12 354	-10 874	2 054	-2 591
Changes in receivables from associated companies/jv	-648	156	-648	67
Changes in assets at fair value	347	-1 239	-359	170
Changes in other long-term receivables	-134	-	-124	36
Cash flow from investment activities	-14 505	-32 489	973	-22 844
Financing activities				
Share issue	665	13 406	129	12 353
Issue hybrid bonds	10 333	4 600	5 053	1 485
Repurchased hybrid bonds	-	-2 156	-	-2 156
Issue mandatory convertible bonds	2 148	-	-	-
Redeemed warrants	-	-93	-	-
Group contributions	-	453	-	453
Dividend paid	-853	-419	-290	-47
Changes in interest-bearing loans	11 713	20 065	1 266	6 386
Changes in other loans	-287	-	-291	-
Cash flow from financing activities	23 720	35 856	5 868	18 475
Cash flow for the period	1 322	11 658	6 846	3 878
Cash and cash equivalents at the beginning of the period	11 664	6	6 140	7 786
Cash and cash equivalents at the end of the period	12 986	11 664	12 986	11 664

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

Principles for the consolidated accounts

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRIC). 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. This interim report was prepared in accordance with IAS 34 Interim Reporting. The same accounting and valuation principles were applied as in the latest Annual Report; refer to SBB's 2019 Annual Report, pages 50-117, except that stated below.

Information on new standards

Amendments to IFRS 3

On 22 October 2018, IASB issued amendments regarding the definition of a business combination in IFRS 3. Among other things, the changes mean that a company may choose to carry out a so-called concentration test that if it indicates that the acquisition is an asset acquisition it means that no further assessment is required. However, the test never answers the question of whether an acquisition is a business acquisition and can only show if it is an asset acquisition. This voluntary test means that if substantially all of the fair value of the gross assets acquired can be attributed to an asset or group of similar assets, the acquisition constitutes an asset acquisition. The changes, if introduced in IFRS 3, are expected to result in more acquisitions being reported as asset acquisitions compared to current guidance. SBB estimates that the change will not affect the share of asset acquisitions in relation to business acquisitions to any great extent, since the majority of the acquisitions made relate to asset acquisitions. The amendment shall apply for fiscal years beginning on 1 January 2020 and is decided by the EU.

Hedge accounting

Since 1 January 2018, the Group applies hedge accounting for currency loans. Currency loans issued in EUR have been used as hedges against net assets in Finland. The effect of the hedge accounting is that the unrealized exchange rate differences of SEK -33m net after tax in the translation of the loan at the closing day rate were recognized in other comprehensive income. In the Swedish Group, there is also a currency loan in NOK that is used as a hedge against net assets in Norway. The effect of the hedge accounting is that the unrealized exchange rate differences of SEK 153m net after tax in the translation of the loan at the closing day rate were recognized in other comprehensive income.

Reporting of mandatory convertible subordinated notes

During the period, SBB issued a mandatory convertible bond for SEK 2.75bn that will mature in 2023. The convertible bears an annual interest rate of 7 percent which is paid semi-annually, subject to the company's ability to defer interest payments under certain circumstances. Conversion to the company's series B shares will be mandatory upon maturity at the latest. On initial reporting, a division into an equity component and a liability component was made in accordance with IAS 32. The liability reported corresponds to the present value of future interest payments. Equity constitutes the remainder of the capital issued. The issue costs have been divided between the two components. On the first reporting date, SEK 2,148m was reported as equity and SEK 530m as a liability.

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, 23 February 2020

Lennart Schuss
Chairman of the Board

Ilija Batljan
CEO

Sven-Olof Johansson
Board Member

Fredrik Svensson
Board Member

Hans Runesten
Board Member

Eva Swartz Grimaldi
Board Member

Anne-Grete Strøm Erichsen
Board Member

This report has not been reviewed by the company's auditor.

This information is such that Samhällsbyggnadsbolaget i Norden AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted by the below contact persons for publication on 23 February 2020 at 8:00 a.m. CET.

Ilija Batljan, CEO, ilija@sbbnorden.se

Marika Dimming, IR, +46 70-251 66 89, marika@sbbnorden.se

Certified adviser for the company's preference share is Erik Penser Bank AB (www.penser.com).

DEFINITIONS

Financial definitions

Actual net asset value (EPRA NTA), SEK

Equity attributable to the ordinary share, excluding equity related to preference and D shares, non-controlling interests and hybrid bonds, adding back deferred tax liability, goodwill and derivatives adjusted for estimated actual deferred tax at 5.5 percent.

The key figure provides an adjusted and complementary measure of the size of equity calculated in a manner consistent with listed property companies.

Number of preference shares outstanding

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

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 figure shows SBB's return on equity during the period.

Loan-to-value ratio, %

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

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 from property management after dividend to preference shareholders and holders of D shares, result attributable to non-controlling interest and interest on hybrid bonds less estimated current tax attributable to the profit from property management. Taxable profit from property management refers to profit from property management less tax deductible depreciation and renovations.

The key figure provides information on profit from property management calculated in a uniform manner for listed property companies.

Profit from property management

Profit before changes in value and tax.

The key figure provides a measurement of the operations' profit generation regardless of value changes.

Average number of preference shares

The number of preference shares outstanding weighted over the period.

Average number of ordinary shares

The number of ordinary shares outstanding weighted over the period.

Average interest, %

Weighted average contracted interest for interest-bearing liabilities at the end of the period excluding unutilized credit facilities. *The key figure 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 figure 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 figure is used to illustrate SBB's financial stability.

Tied-up capital, year

Remaining maturity of interest-bearing liabilities.

The key figure 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 the ordinary share, excluding equity related to preference and D shares, non-controlling interests and the hybrid bond, adding back deferred tax liability, goodwill attributable to deferred tax and derivatives. *The key figure provides an adjusted and complementary measure of the size of equity calculated in a manner consistent with listed property companies.*

Net debt, SEK

Interest-bearing liabilities less cash and cash equivalents.

Earnings per ordinary share A and B, SEK

Net profit for the period after dividend to preference shareholders and holders of D shares, result attributable to non-controlling interest and interest on hybrid bonds in relation to the average number of ordinary shares A and B for the period.

Interest-coverage ratio, multiple

Profit from property management (last 12 months) after reversal of net financial items in relation to net interest income, excluding costs for early redemption of loans and leasing costs. *The key figure is used to illustrate financial risk.*

Equity/assets ratio, %

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

Secured loan-to-value ratio, %

Secured liabilities as a percentage of the total assets.

The key figure is used to illustrate SBB's financial stability.

Property-related definitions

Number of properties

Number of properties at the end of the period

Number of m²

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

GFA

Gross floor area

Yield, %

Net operating income (rolling 12 months) 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 figure 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 figure 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 figure 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 figure aims to illustrate SBB's rental risk.

Rental income, SEK

Charges for the period with deductions for rental losses.

Rental value, SEK

Refers to 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 figure shows how much of the rental income remains after direct property costs.

CALCULATION OF ALTERNATIVE PERFORMANCE MEASURES

Return on equity

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Net profit for the period	9 084	2 624	3 350	1 287
IB Equity	30 896	11 197	34 875	15 940
OB Equity	52 136	30 896	52 136	30 896
Average equity	41 516	21 046	43 506	23 418
Return on Equity	22%	12%	8%	5%

Loan-to-value ratio

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Liabilities to credit institutions	12 064	25 985	12 064	25 985
Bond loans	37 783	25 162	37 783	25 162
Commercial papers	5 418	4 944	5 418	4 944
Cash and cash equivalents	-13 606	-12 858	-13 606	-12 858
Net debt	41 659	43 233	41 659	43 233
Total assets	120 231	104 203	120 231	104 203
Loan-to-value ratio	35%	41%	35%	41%

Yield

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Net operating income according to earnings capacity	3 487	3 713	3 487	3 713
Investment properties	90 185	79 542	90 185	79 542
Building rights/project properties	-9 056	-2 893	-9 056	-2 893
Property value excl. building rights/project properties	81 129	76 649	81 129	76 649
Yield	4,3%	4,8%	4,3%	4,8%

Economic letting ratio

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Rental income in current earnings capacity	4 839	5 217	4 839	5 217
Rental value in current earnings capacity	5 170	5 502	5 170	5 502
Economic letting ratio	93,6%	94,8%	93,6%	94,8%

EPRA Earnings

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Profit from property management	2 474	645	873	137
Net profit attributable to preference shares	-3	-11	-1	-7
Net profit attributable to ordinary class D shares	-262	-150	-86	-38
Net profit attributable to hybrid bonds	-332	-198	-83	-58
Net profit attributable to non-controlling interest	-74	-4	-17	-
Income tax paid	-165	-34	-73	18
EPRA earnings	1 638	248	613	52
Average number of ordinary class A and B shares	1 270 977 083	762 481 721	1 288 232 323	781 570 028
Earnings per ordinary class A and class B share	1,29	0,33	0,48	0,07
Average number of ordinary class A and B shares after dilution	1 312 784 970	773 398 338	1 383 867 865	794 037 438
Earnings per ordinary class A and class B share after dilution	1,25	0,32	0,44	0,07

Adjusted equity ratio

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Equity	52 136	30 896	52 136	30 896
Deferred tax liabilities	5 128	3 869	5 128	3 869
Sum	57 264	34 765	57 264	34 765
Total assets	120 231	104 203	120 231	104 203
Adjusted Equity ratio	48%	33%	48%	33%

Earnings per series A and B ordinary shares

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 30-12-2020	01-10-2019 31-12-2019
Net profit for the period	9 084	2 624	3 350	1 287
Net profit attributable to preference shares	-3	-11	-1	-1
Net profit attributable to ordinary class D shares	-262	-150	-86	-52
Net profit attributable to hybrid bonds	-332	-198	-83	-47
Net profit attributable to non-controlling interest	-74	-4	-17	-4
Net profit attributable to ordinary class A and B shares	8 413	2 261	3 163	1 183
Average number of ordinary class A and B shares *)	1 312 784 970	762 481 721	1 383 867 865	781 570 028
Earnings per ordinary class A and class B shares	6,41	2,97	2,29	1,51

*) incl. calculated dilution effect of shares from mandatory convertible.

Interest coverage ratio, times

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019
Profit from property management (rolling 12 months)	2 474	645
<i>Reversal of financial net</i>		
Interest income and similar items	-166	-102
Interest expenses and similar items (rolling 12 months)	973	482
Expenses for redeemed loans in advance (rolling 12 months)	199	197
Translation gains/losses (rolling 12 months)	-158	-91
Land lease expenses (rolling 12 months)	25	7
Sum reversal of financial net	873	493
Profit from property management excl. financial net	3 347	1 138
<i>Net interest items</i>		
Interest income and similar items	166	102
Interest expenses and similar items (rolling 12 months)	-973	-482
Sum interest items	-807	-380
Interest coverage ratio, times	4,1	3,0

Equity ratio

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Equity	52 136	30 896	52 136	30 896
Total assets	120 231	104 203	120 231	104 203
Equity ratio	43%	30%	43%	30%

Net asset value

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Equity exkluding non-controlling interest				
Equity	52 136	30 896	52 136	30 896
Hybrid bonds	-14 480	-4 629	-14 480	-4 629
Non-controlling interest	-411	-1 963	-411	-1 963
Equity exkluding non-controlling interest	37 244	24 304	37 244	24 304
Equity attributable to Preference share investors	-15	-15	-15	-15
Equity attributable to D-share investors	-5 531	-3 255	-5 531	-3 255
Derivation of derivatives	138	-48	138	-48
Goodwill attributable to deferred tax	-2 044	-2 368	-2 044	-2 368
Other goodwill	-4 275	-4 319	-4 275	-4 319
Reversal of liability part of mandatory convertible	541	-	541	-
Reversal of deferred taxes	7 172	6 237	7 172	6 237
Deferred tax deduction (5.5%)	-3 506	-2 604	-3 506	-2 604
Current net assets value (EPRA NTA)	29 724	17 931	29 724	17 931
Current net assets value (EPRA NTA), SEK/share	22,36	14,45	22,36	14,45
<i>Current net assets value (EPRA NTA), SEK/share (dilutioned)</i>	<i>20,86</i>	<i>14,26</i>	<i>20,86</i>	<i>14,26</i>
Reversal of other goodwill	4 275	4 319	4 275	4 319
Reversal of deferred tax deduction (5.5%)	3 506	2 604	3 506	2 604
Long-term net asset value (EPRA NRV)	37 505	24 855	37 505	24 855
<i>Long-term net asset value (EPRA NRV), SEK/share</i>	<i>28,21</i>	<i>20,04</i>	<i>28,21</i>	<i>20,04</i>
<i>Long-term net asset value (EPRA NRV), SEK/share (dilutioned)</i>	<i>26,32</i>	<i>19,77</i>	<i>26,32</i>	<i>19,77</i>
Number of ordinary class A and B shares	1 329 482 358	1 240 526 587	1 329 482 358	1 240 526 587
Number of ordinary class A and B shares after dilution	1 425 117 900	1 257 358 587	1 425 117 900	1 257 358 587

Secured loan-to-value ratio

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Liabilities to credit institutions	12 064	25 985	12 064	25 985
Secured bond loans	465	1 334	465	1 334
Total secured loans	12 529	27 319	12 529	27 319
Total assets	120 231	104 203	120 231	104 203
Secured loan-to-value ratio	10%	26%	10%	26%

Surplus ratio

Amount in SEK, millions	01-01-2020 31-12-2020	01-01-2019 31-12-2019	01-10-2020 31-12-2020	01-10-2019 31-12-2019
Net operating income	3 479	1 265	810	362
Rental income	5 121	1 996	1 253	596
Surplus ratio	68%	63%	65%	61%

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 September 2020. 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 earning impact of unrealized and realized value changes.

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 31 December 2020.
- Operating and maintenance costs are based on budget.
- The property tax is calculated from the properties current tax assessment value as of 31 December 2020.
- Cost for central administration is based on the current organization.
- Financial expenses are based on contracted interest rates and include interest on external loans.
- .

THE GROUP'S EARNINGS CAPACITY

Numbers in SEKm	Community service	Residential	Other	Total	Adjusted ¹⁾
Rental income	3 815	801	223	4 839	4 839
Operating costs	-548	-253	-56	-857	-857
Maintenance	-180	-46	-14	-240	-240
Property administration	-108	-34	-14	-155	-155
Property tax	-68	-17	-15	-100	-100
Net operating income	2 912	451	124	3 487	3 487
Central administration				-150	-150
Result from Joint Ventures				152	152
Financial income				98	98
Financial costs				-729	-551 ¹⁾
Operating profit before dividend				2 858	3 036
<i>per Class A and B shares</i>				2,15	2,28
Dividend hybrid bonds				-455	-455
Dividend Class D shares				-360	-360
Dividend mandatory convertible				-193	-193
Dividend Preference shares				-1	-1
Operating profit attributable to ordinary shareholders				1 849	2 027
<i>per Class A and B shares</i>				1,39	1,52

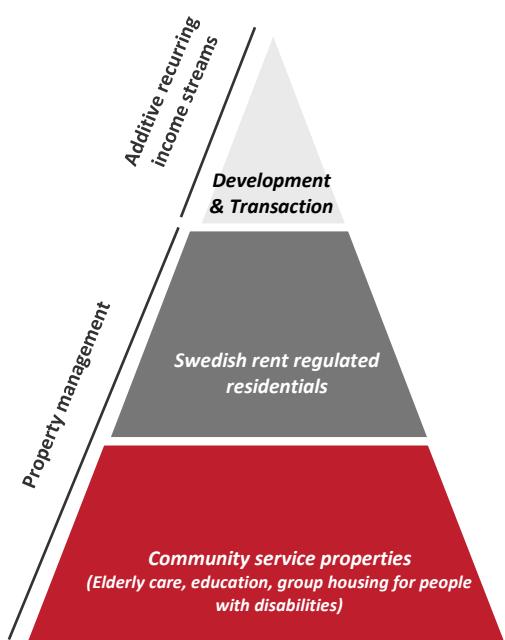
1) Adjusted for non-long-term surplus liquidity held by the Group at the end of the period with an estimated average interest rate of 1.31 percent, which is the weighted average in the debt portfolio as of 31 December 2020

APPENDIX 2 – CURRENT EARNINGS CAPACITY FROM RECURRING INCOME STREAMS

THE GROUP'S EARNINGS CAPACITY OF ADDITIVE RECURRING INCOME STREAMS

Numbers in SEKm	Total	Adjusted ¹⁾
Operating profit attributable to ordinary shareholders	1 849	2 027
<i>per Class A and B shares</i>	1,39	1,52
Result from property development	1 200	1 200
Result from transaction	400	400
Result from renovations/investments	600	600
Adjusted operating profit to ordinary shareholders with additive income streams	4 049	4 227
<i>per Class A and B shares</i>	3,05	3,18

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 1.31 percent, which is the weighted average in the debt portfolio as of 31 December 2020.



APPENDIX 3 – SCENARIO ANALYSIS BUILDING RIGHTS

Illustrative scenarios, use of building rights	Building right sales	Development for own management
GFA building rights (sq.m.)	2,517,773	2,517,773
Sold building rights (sq.m.)	416,800	416,800
Building rights still in portfolio for development for own management (sq.m.)	2,101,173	2,101,173
Value (SEKm) – already sold to external parties	1,429	1,429
Proceeds (SEKm) – to be sold to external parties	7,192	-
Value (SEKm) – developed for own management (NOI 1 700 SEK/sq.m., yield 4,25 %)	-	79,632
Estimated Market Value (SEKm)	8,622	81,061
(-) Exploitation costs, other investments in building rights, and external valuation of building rights and cash-flow properties (SEKm)	(4,686)	(4,686)
(-) Production costs in development for own management (SEKm)	-	(59,724)
(+) Profits from already agreed JV collaborations (SEKm)	1,434	1,434
Estimated Profits (SEKm)	5,370	18,085
Estimated time to receive profits (years)	4	8
Estimated Recurring Profits p.a. (SEKm)	1,342	2,261

Input, development for own management	
NOI (SEK/sq.m. lettable area)	1,700
Valuation yield (%)	4,25 %
Property value (SEK/sq.m. lettable area)	40,000
Production costs (SEK/sq.m. lettable area)	30,000
Result (SEK/sq.m. lettable area)	10,000
Efficiency ratio (GFA/lettable area)	0,85
Result (SEK/sq.m. GFA)	8,500

Sensitivity analysis

Return asset value and earnings including long-term value change

Return asset value and earnings including long-term value change in companies that manage so-called real assets, such as properties; the profit from property management only reflects a part of the overall earnings. The definition of real assets states that they are value-protected, meaning over time and with good maintenance they have a value growth trend that compensates for inflation. The net asset value, i.e. the denominator in the return ratio profit/capital, is adjusted annually through the IFRS rules with regard to value changes. To provide a correct return, the numerator, i.e. profit, must also be adjusted in the same way. The recognized profit from management operations must accordingly be supplemented with a value change component and effective tax to provide an accurate picture of profit and return.

One problem is that value changes can vary strongly between years and quarters and entail volatile results. For a long-term actor with a stable cash flow and a well-composed property portfolio, the long-term value change (or when lacking this, the long-term average inflation rate) can be used to adjust the numerator in the equation. Given our brief history, we have chosen to use inflation averages for the previous ten years.

	Result recurring income streams = SEK 1 500m		Result recurring income streams = SEK 1 700m	
	Value change		Value change	
	-1%-unit	+1%-unit	-1%-unit	+1%-unit
Operating profit rolling 12 months	2 858	2 858	2 858	2 858
Target result recurring income streams	1 500	1 500	1 500	1 700
Value change (infl. average 10 years)	992	90	1 894	992
Inflation %	1,10%	0,10%	2,10%	1,10%
Tax, 10%	-286	-286	-286	-286
Result after tax	5 064	4 162	5 966	5 264
Result SEK/share	3,81	3,13	4,49	3,96
Return long-term net asset value	13,71%	11,26%	16,15%	14,25%
Result/share price	13,30%	10,93%	15,66%	13,82%
P/E	8	9	6	7
				9
				6

UPCOMING REPORT DATES

Interim report Jan-Mar 27-04-2021

Interim report Jan-Jun 15-07-2021

Interim report Jan-Sep 29-10-2021

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