



Lasarettet 8, Karlshamn

Q4 PRESENTATION

February 2019

QUARTERLY HIGHLIGHTS

1

- Net income after tax for the quarter of SEK 691 million corresponding to SEK 0.83 (0.48) per A- and B ordinary shares despite large non-recurring costs mainly related to refinancing.

2

- The Revenues grew by 3.2 percent (like for like) and in our major renovation projects significantly higher. For example, we performed ca 10 percent in Motala and ca 7 percent in Nykvarn.

3

- During the year, we have refinanced loans for 6.9 billions, of which we have repaid approximately SEK 1.35 billion of our bonds (1.5 billion) maturing in April 2020 and also repaid large parts of Barcode junior bond. On top of that we repaid all remaining preference shares in Högkullen (SEK 127m) and during the fourth quarter we repurchased preference shares amounting to NOK 156.5m in Barcode and SEK 79m in SBB. Non-recurring costs of SEK 205m relating mainly to refinancing and repurchase of bonds are charged to profit for the year.
- We have reduced the financial costs by SEK 111 million, on a 12-month rolling basis and lowered average interest rate to 2.4 percent compared to 3.4 percent a year ago.

4

- During the second half of the year, we have strengthened our equity with SEK 2.6bn. Part of this has been the issuance of ordinary class D-shares totalling SEK 1.3 billion.

5

- We also divested non-strategic properties totaling SEK 1.4 billion during the fourth quarter, in total 2.9 billion during second half of the year. We also announced additional sales in Norway of NOK 220 million.

6

- Our estimated earnings capacity on a rolling 12-month basis at the end of the third quarter was SEK 770 million, an increase with 32 percent from SEK 582m at the end of 2017.

FINANCIAL PERFORMANCE

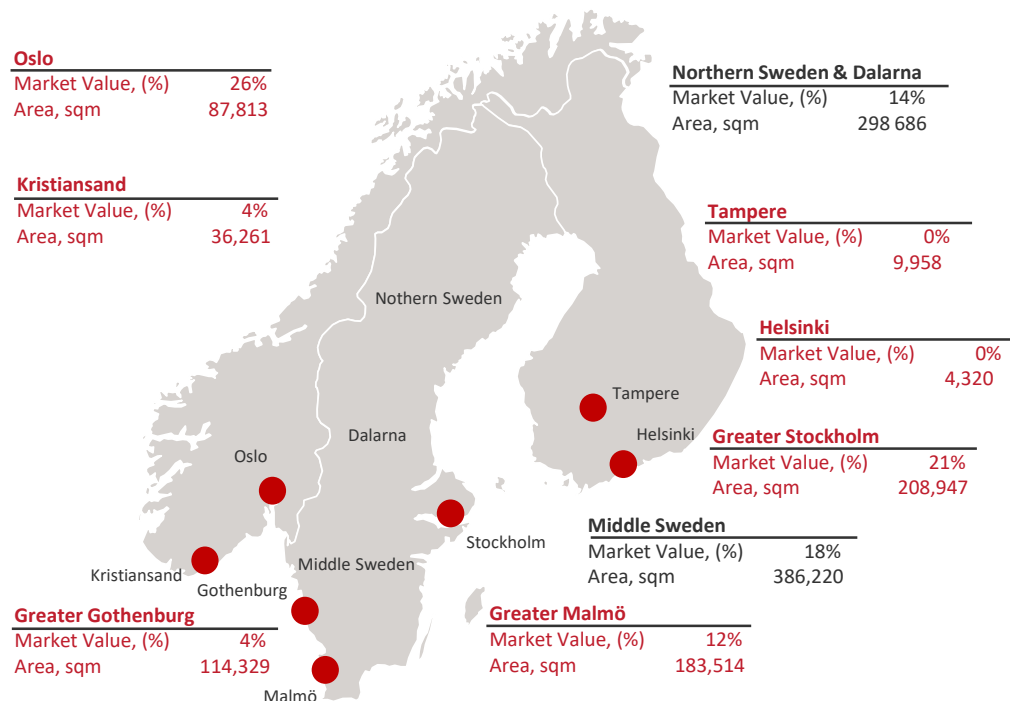
	2018 Q4	2018 Jan-Dec	2017 Jan-Dec
Rental income, SEKm	453	1 680	1 339
Net operating income, SEKm	274	1 071	877
Surplus ratio, %	60	64	66
Interim profit, SEKm	691	1 690	2 429
Yield, %	4,7	4,7	4,8
Cash flow from current operations, SEKm	-7	248	360
Property value (market value), SEKm	25 243	25 243	23 001
EPRA NAV (long-term net asset value), SEKm	8 736	8 736	7 120
Earnings capacity, 12 moths rolling	770	770	582
Loan-to-value ratio %	53	53	58
Equity ratio, %	41	41	32
Adjusted Equity ratio, %	44	44	36
Earnings per ordinary share, SEK	0,83	2,07	3,60

COMPANY OVERVIEW

Samhällsbyggnadsbolaget i Norden AB (SBB) in brief

- SBB was founded in March 2016 by Ilija Batljan who previously served as deputy CEO of Rikshem and has a long and successful background in the community services real estate segment
- SBB's main strategy is to own and manage low-risk community service properties in the Nordics and regulated residential properties in Sweden.
- SBB owns approximately 7,500 regulated rental residentials in 30 Swedish cities, from Malmö in the south to Sundsvall in the north with the majority in the regions of Stockholm, Sundsvall, Oskarshamn, Karlstad, Borlänge and Motala
- The Company also run residential zoning plan processes on attractive commercial properties and develop residential properties as and when attractive opportunities arise on an risk adjusted basis
- Out of SBB's property value 70% is located in Sweden, 30% is located in Norway and 1% in Finland as of 31 December 2018.
- On 15 January 2018 S&P announced a BB rating (Stable Outlook)
- On 30 May 2018, SBB received its second BB rating when Fitch Ratings announced a BB rating (Positive Outlook)
- SBB is listed on Nasdaq First North Premier with a market value of SEK 10.7bn¹⁾

Property value per region: 68% in regions of big Nordic cities



Property portfolio

Property value	# of properties	Rental income ²⁾	Occupancy rate	Portfolio yield ⁴⁾	WAULT (CSP)	Adjusted Equity ratio ³⁾
SEK 25.2bn	570	SEK 1,585m	96.2%	4.7%	7 years	44%

All figures in this presentation are for the Group as of 31 December 2018, if not otherwise stated

1) As of 19 February 2019, based on 546,071,540 common shares of class B and a share price of SEK 12.26 and 209,977,491 non listed class A-shares at the same value, 41,626,390 class D shares at a share price of SEK 31.20 and 175,251 preference shares at a share price of SEK 602.

2) Current earnings capacity for the Group for 12 months given the real estate portfolio, financial costs, capital structure and organisation as of 31 December 2018

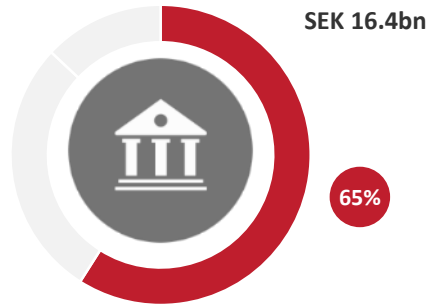
3) Reported equity incl. shareholder loans and convertibles, with reversal of reported deferred tax liability as a percentage of total assets

4) Excluding building rights totalling to SEK 1.331m



LOW-RISK COMMUNITY SERVICE AND RESIDENTIAL PROPERTIES COMPLEMENTED BY RESIDENTIAL DEVELOPMENT POTENTIAL

Community services properties



Includes schools, elderly care, LSS-housing and municipal/governmental agencies

- Nordic focus
- Publicly financed tenants
- Low tenant turnover and long contracts
- High demand, limited supply



Residential properties



Mainly constitutes of rental apartments in multi-tenant houses but also includes rental terraced houses

- Swedish focus
- Low tenant dependency and high occupancy rate
- Value creation through renovations



Other / building rights development



Commercial properties held in order to create future residential development plans

- Identified development potential in current portfolio corresponding to 934k sqm
- Only opportunities with a high risk adjusted return is undertaken



LONG TERM RELIABLE PARTNER FOR MUNICIPALITIES CREATES STABLE INCOME

Income overview¹⁾

Classification	Rental Income, SEKm	% of Total
Residential	451	28%
Group Housing (LSS)	171	11%
Government	688	43%
Indirect Government	133	8%
Other	141	9%
Total	1,585	100%

History of acquiring from municipalities

- Long history of actively working with several municipalities in Sweden
- First transaction completed only 6 months after SBB was founded

Active ownership

- Ongoing discussions with several municipalities for collaboration projects involving development of new community service properties
- Extensive collaboration with long term care service provider, to meet municipal needs of service

Property development

- Property development portfolio includes assets in Haninge, Falkenberg, Falun, Nyköping, Nykvarn, Höganäs, Motala, Uppsala, Karlstad, Kävlinge, Luleå and Ulricehamn

Properties acquired from municipalities

Municipality and state tenants

 **Borlänge**
SEK ~760m

 **KARLSKRONA KOMMUN**
SEK ~400m

 **Haninge kommun**
SEK ~350m

 **FALUN**
SEK ~300m

 **SKELLEFTEÅ**
SEK ~1,050m

 **ULRICEHAMNS KOMMUN**
SEK ~70m

 **STATSBYGG**

 **Borlänge**

 **TRANSPORT STYRELSEN**

 **Region Gotland**

 **Landstinget DALARNA**

 **huge**

 **NYKVARNNS KOMMUN**

 **SKÅNE**

 **SKARABORG**

 **SKÅNE KOMMUN**

 **KARLSTADS KOMMUN**

 **SKÅNE KOMMUN**

 **Malmö stad**

 **NACKA KOMMUN**

 **VÄSTRA GÖTALANDSREGIONEN**

 **Stockholms läns landsting**

The transactions

- Borlänge: Acquisition of residential and community service properties, for example the City Hall
- Haninge: Acquisition of Jordbro Centrum and Västerhaninge Centrum and upcoming building rights for approx. 1,500 apartments
- Huddinge: Nine school and community service properties acquired from the municipality of Huddinge in Stockholm County
- Skellefteå: Signed LOI to acquire the new community center

UNDERLYING MEGATRENDS SUPPORT CONTINUED GROWTH



Demographic change



Sustainability and
energy efficiency



Urbanization

STRONG NET OPERATING INCOME

1

- For the year the Net Operating Income of SEK 1,071 million, which adjusted for non-recurring items amounted to SEK 1,091 million, an increase of 24 percent from SEK 877 million during the corresponding period of the previous year.

2

- Our strong net operating income combined with long-term reduced financing costs and cash flow from building rights enables continued strong cash flow (see the table below).

3

- Our estimated earnings capacity using rolling 12 months at the end of the year was SEK 770 million, corresponding to an increase of 32 percent from SEK 582 million at the end of 2017.

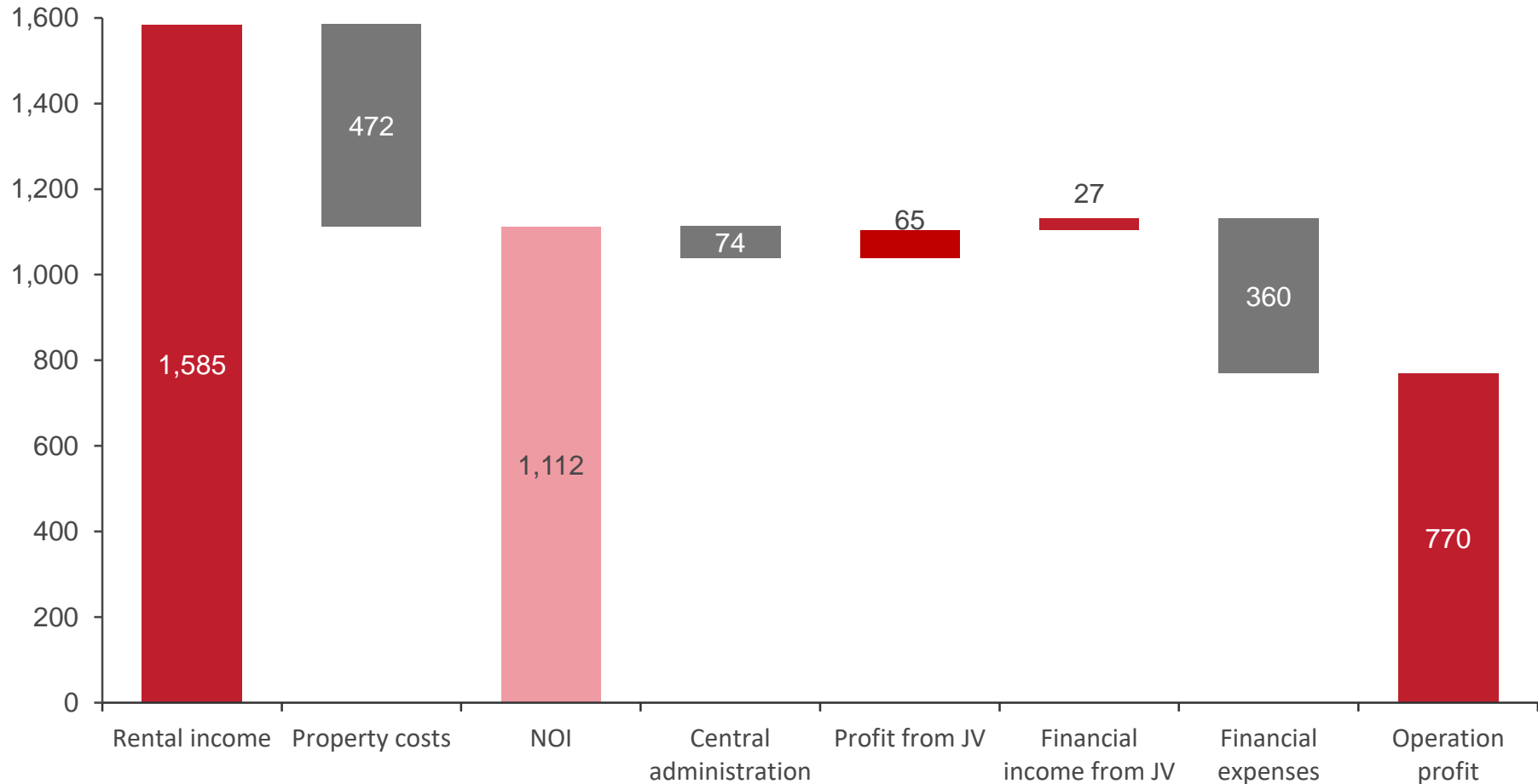
	SEKm
Cash flow from operations before changes in working capital	248
Refinancing costs	205
Cash flow from sold building rights	135
Paid interest on hybrid bonds and paid dividend on preference shares	-112
Adjusted free cash flow	476

EARNINGS CAPACITY PROPERTY PORTFOLIO AS OF 31 DECEMBER 2018

Current earnings capability for the Group for 12 months

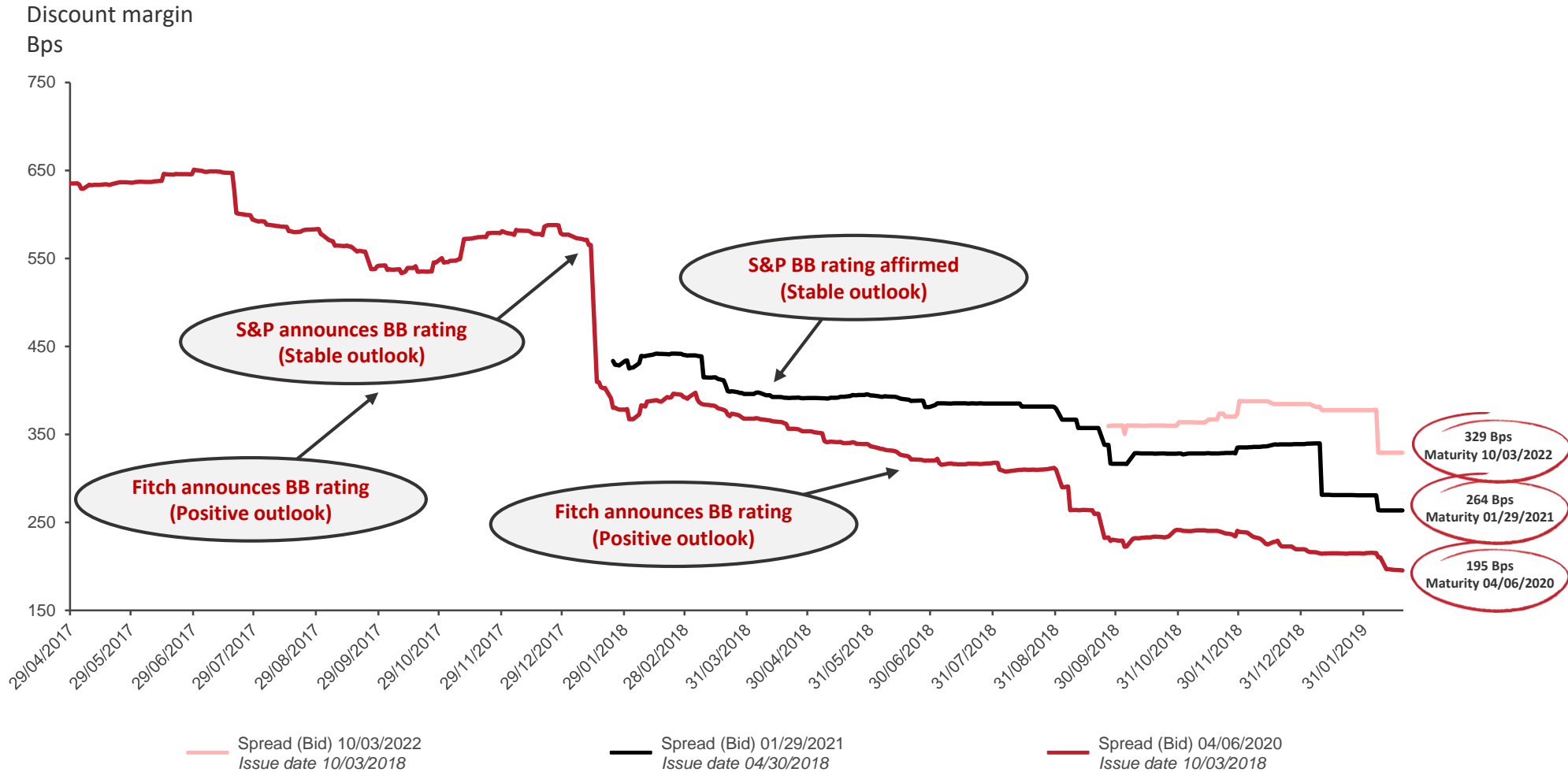
SEKm

Surplus ratio: 70%



DECREASING NEW ISSUE SPREADS

NEW ISSUE SPREADS HAVE DECREASED SIGNIFICANTLY FOR SBB



Source: Bloomberg as of 02/19/2019



PROJECT DEVELOPMENT POTENTIAL

Current development portfolio (31 December 2018)

Municipality	Property	Building right, sqm
Development projects with formal planning process initiated		
Nyköping	Raspen 1,2,3	156,000
Haninge	Kalvsvik 11:9, 1:4 m.fl.	135,000
Haninge	Åby 1:67 m.fl.	110,000
Falun	Falun 9:22	100,000
Nykvarn	Kaffebyggaren 1	33,500
Falun	Högbo 1:22	28,020
Norrköping	Järven 4	21,800
Bollnäs	Bro 4:4 m.fl.	15,000
Karlstad	Letten 1	12,000
Borlänge	Klövervallen 1 m.fl.	10,100
Oskarshamn	Hälsan 22	10,000
Sundsvall	Härsta 9:3 m.fl.	7,500
Ulricehamn	Krämarens 4	7,000
Karlshamn	Lasarettet 8	6,500
Lund	Landsdomaren 7	5,500
Karlskrona	Gullbernahult 1	5,000
Total		682,920
<i>Projects in earlier development phases</i>		<i>140,580</i>
<i>Projects with planning permission</i>		<i>110,140</i>
Total portfolio		933,640
<i>Of which are sold</i>		<i>428,650</i>
<i>Total value, sold building rights</i>		<i>SEK 1,522m</i>
<ul style="list-style-type: none"> SBB had per 2018-12-31 ongoing development projects with a total of 930,000 sqm GFA. The table above contains information regarding SBB's current planning projects along with estimated volumes 		

Example projects

Västerhaninge (Haninge)



Zoning plan process

Västerhaninge centrum, Haninge

The area is located right by Västerhaninge station, a station for the Stockholm commuter train. The entire community centre is to be demolished to enable a new residential area of 110,000 sqm GLA with a mixture of shops and other services at street level.

Raspen 1, 2 & 3 (Nyköping)



Zoning plan process

Nöthagen, Nyköping

An urban development project of an existing industrial area in a very central location in Nyköping, right next to the new station for the high-speed railway Ostlänken. The project will enable the development of 156,000 sqm GLA residential property mixed and community service properties.

SBB never buys or owns raw land, but develops building rights from properties that are already cash flow generating and thus takes on minimal or no capex risk

IN SUMMARY

1

- Sustainable and predictable cash flow remain the foundation of our activities.

2

- Experienced development and transaction teams with strong track records.

3

- Obtaining investment grade rating and lowering financing costs are continued focus areas.

4

- Significant potential from renovations within both residential and community service properties: 415 residential units renovated in 2018, 600 residential units to be renovated in 2019.
- Revenues grew by 3.2 percent (like for like) and in our major renovation projects significantly higher. For example, we performed ca 10 percent in Motala and ca 7 percent in Nykvarn.

5

- In addition to renovations, energy projects are also being carried out in the development of the residential stock. These projects are linked to the company's energy and environmental goals, which entail projects aimed at reducing energy consumption by at least 30 percent in a defined residential portfolio.
- After the end of the period, in early February 2019, SBB issued its first non-secured green bond of SEK 500m with a maturity of five years.

6

- We see continued strong demand for rent regulated rental apartments and great competition for both rental apartments and community service properties.
- I believe that our goal of strengthening the financial position to achieve the criteria for an Investment Grade rating in 2018 is met. I look forward to the credit rating agencies' reports.

THANK YOU!



Samhällsbyggnadsbolaget
