



Skeppsbron 1, Karlskrona

WEBCAST PRESENTATION Q1 - 2019

April 2019

QUARTERLY HIGHLIGHTS

1

- Net profit for the quarter increased to SEK 216 million (113) despite SEK 25m non-recurring costs related to bond buy-backs and some additional non-recurring costs related to transactions and energy projects.

2

- The net asset value after deductions for dividends increased strongly during the quarter by SEK 432m or SEK 0.57 per ordinary class A- and B shares. This is almost double compared to the first quarter 2018.

3

- We continue to strengthen equity, during the first quarter by SEK 585m. After the end of the quarter, we issued ordinary class D shares for SEK 750 million and a hybrid bond of EUR 300 million. This means that in 2019 so far we have strengthened equity by approximately SEK 4.4 billion to approximately SEK 15.5 billion.
- At the end of the first quarter, our net loan-to-value ratio was 52 percent. Taking into account the issues of ordinary class D shares of approximately SEK 750m and the issue of the hybrid euro bond of about SEK 3.2bn after the end of the quarter, as well as the DNB sale of approximately SEK 4.9 billion, and a planned repayment of SEK 3.4 billion of secured debt and adding the announced acquisitions in Finland, pro forma net loan-to-value ratio would be about 40 percent.

4

- We continue to deliver profit from three value creating areas - renovations/investments in our properties, building rights and transactions. Investments and transactions contributed with SEK 135m and building rights with SEK 32m to profit before tax in the quarter.
- In the first quarter, 176 apartments were under renovation and another 75 apartment leases were terminated and in the planning stages for renovation, to commence during the second quarter.

5

- During the first quarter, the zoning plans of 50,500 sq.m. building rights were approved in Nykvarn Kaffebryggaren 1, Oskarshamn Hälsan 22 and Ulricehamn Krämaren 4. We have also built two LSS-special housing buildings using our building rights in Malmö-Burlöv.

6

- Our estimated earnings capacity on a rolling 12-month basis at the end of the first quarter was SEK 798 million, an increase with 35 percent from SEK 590m at the end of Q1 2018.

FINANCIAL PERFORMANCE

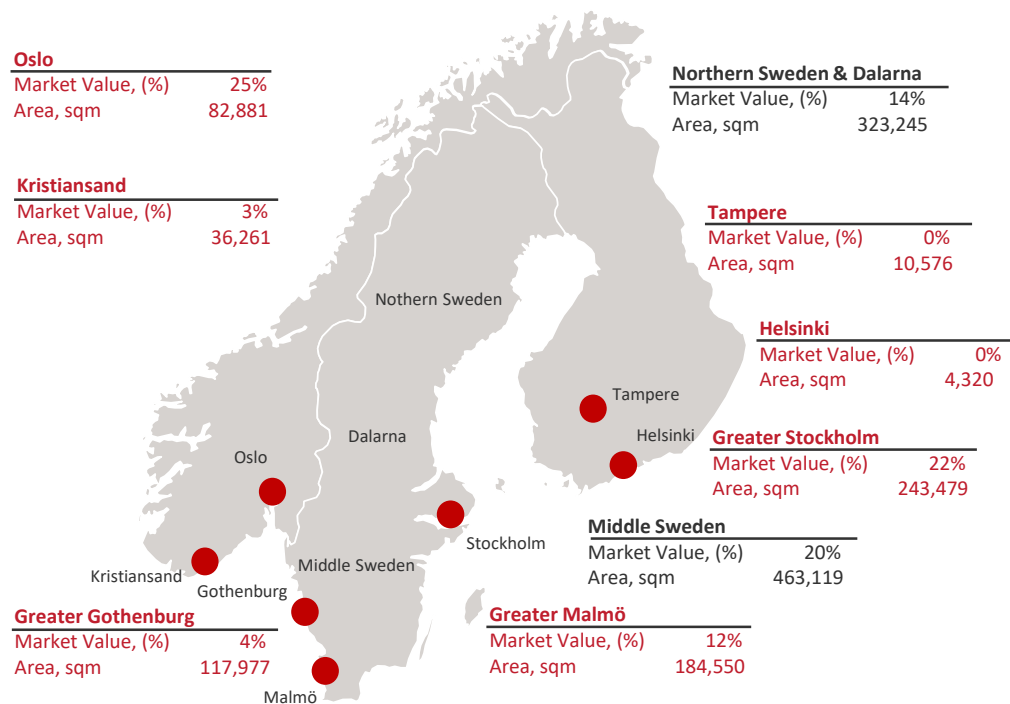
	2019	2018	2018
	Q1	Q1	Jan-Dec
Rental income, SEKm	429	390	1,680
Net operating income, SEKm	240	233	1,071
Surplus ratio, %	56	60	64
Interim profit, SEKm	216	113	1,690
Yield, %	4.6	4.7	4.7
Cash flow from current operations, SEKm	97	40	248
Property value (market value), SEKm	27,201	23,816	25,243
EPRA NAV (long-term net asset value), SEKm	9,168	7,360	8,736
Earnings capacity, 12 months rolling	798	590	770
Loan-to-value ratio %	52	62	53
Equity ratio, %	39	33	41
Adjusted Equity ratio, %	43	37	44
Earnings per ordinary share, SEK	0.20	0.19	2.07

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 social infrastructure properties in the Nordics and regulated residential properties in Sweden.
- SBB owns approximately 10,350 regulated rental residentials (of which 1,700 units are owned by JV) in Sweden, 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 71% is located in Sweden, 28% is located in Norway and 1% in Finland as of 31 March 2019.
- On 16 April 2019, Fitch announced a BBB- rating (Stable Outlook)
- On 26 April 2019, SBB received its second Investment Grade rating when S&P Ratings announced a BBB- rating (Stable Outlook)
- SBB is listed on Nasdaq First North Premier with a market value of SEK 11.5bn¹⁾

Property value per region: 66% 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 27.2bn	644	SEK 1,714m	96.6%	4.6%	7 years	43%

All figures in this presentation are for the Group as of 31 March 2019, if not otherwise stated

1) As of 26 March 2019, based on 546,071,540 common shares of class B and a share price of SEK 12.00 and 209,977,491 non listed class A-shares at the same value, 74,306,832 class D shares at a share price of SEK 31.50 and 175,251 preference shares at a share price of SEK 636.

2) Current earnings capacity for the Group for 12 months given the real estate portfolio, financial costs, capital structure and organisation as of 31 March 2019

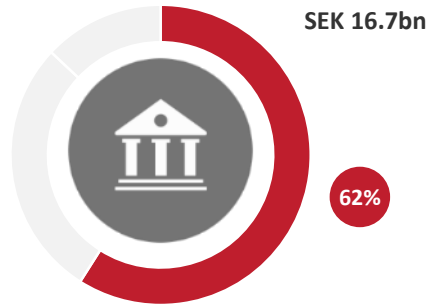
3) Reported equity incl. shareholder loans and convertibles, with reversal of reported deferred tax liability as a percentage of total assets

4) Excluding building rights totalling to SEK 1.310m



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

Social infrastructure 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	547	32
Group Housing (LSS)	179	10
Government	718	42
Indirect Government	117	7
Other	153	9
Total	1,714	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

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 SPA to acquire the new community center

UNDERLYING MEGATRENDS SUPPORT CONTINUED GROWTH



Demographic change



Sustainability and
energy efficiency



Urbanization

STRONG NET OPERATING INCOME IN Q1

1

- Profit after tax was SEK 216m, which adjusted for non-recurring costs relating to refinancing and the repurchase of bonds, amounted to SEK 241 million, a strong increase compared to the corresponding quarter of the previous year.

2

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

3

- Our estimated earnings capacity using rolling 12 months at the end of the first quarter was SEK 798 million, corresponding to an increase of 35 percent from SEK 590 million at the end of the first quarter of 2018.

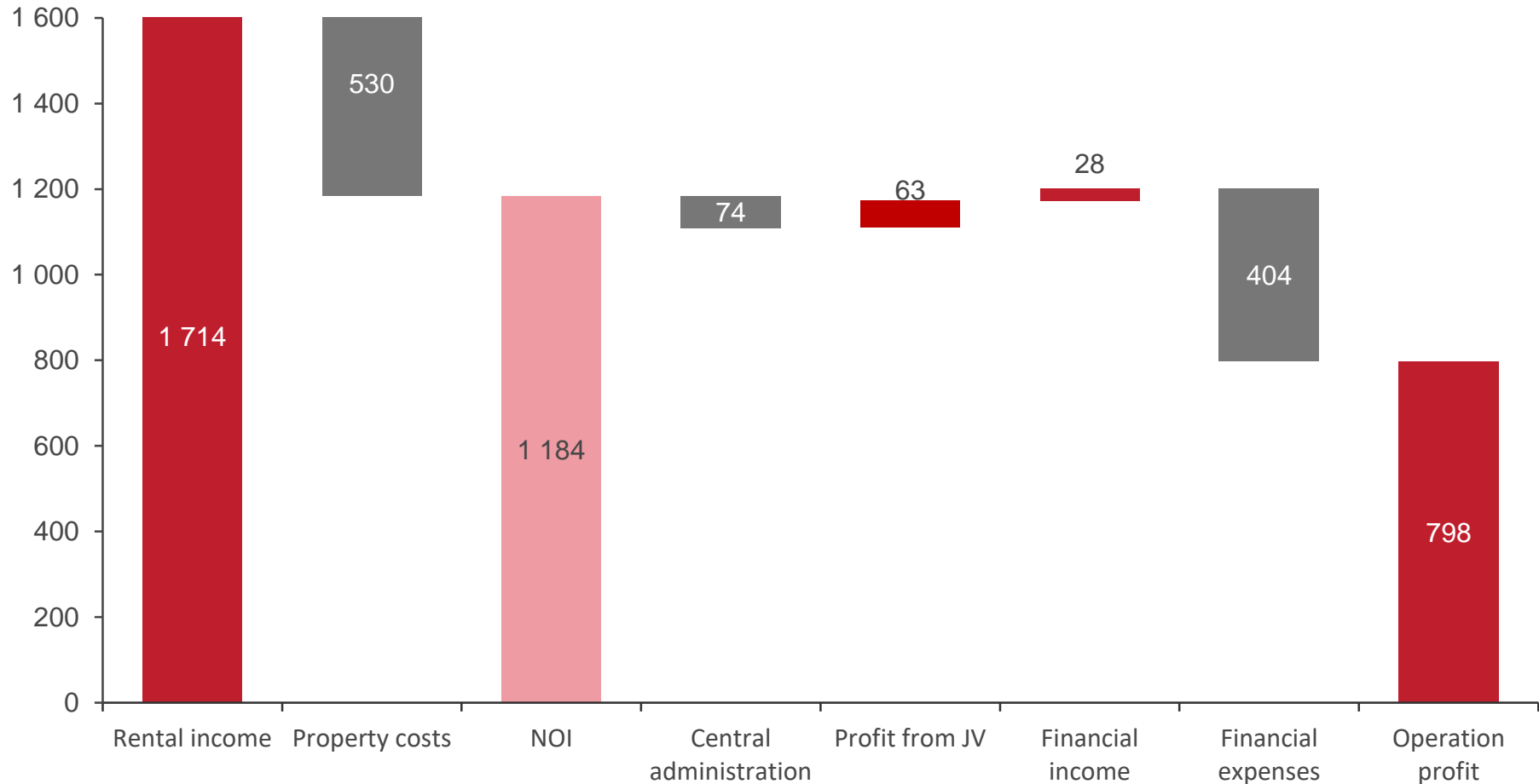
	SEKm
Cash flow from operations before changes in working capital	97
Refinancing costs	25
Cash flow from sold building rights	157
Paid interest on hybrid bonds and paid dividend on preference shares	-41
Adjusted free cash flow	238

EARNINGS CAPACITY PROPERTY PORTFOLIO AS OF 31 MARCH 2019

Current earnings capability for the Group for 12 months

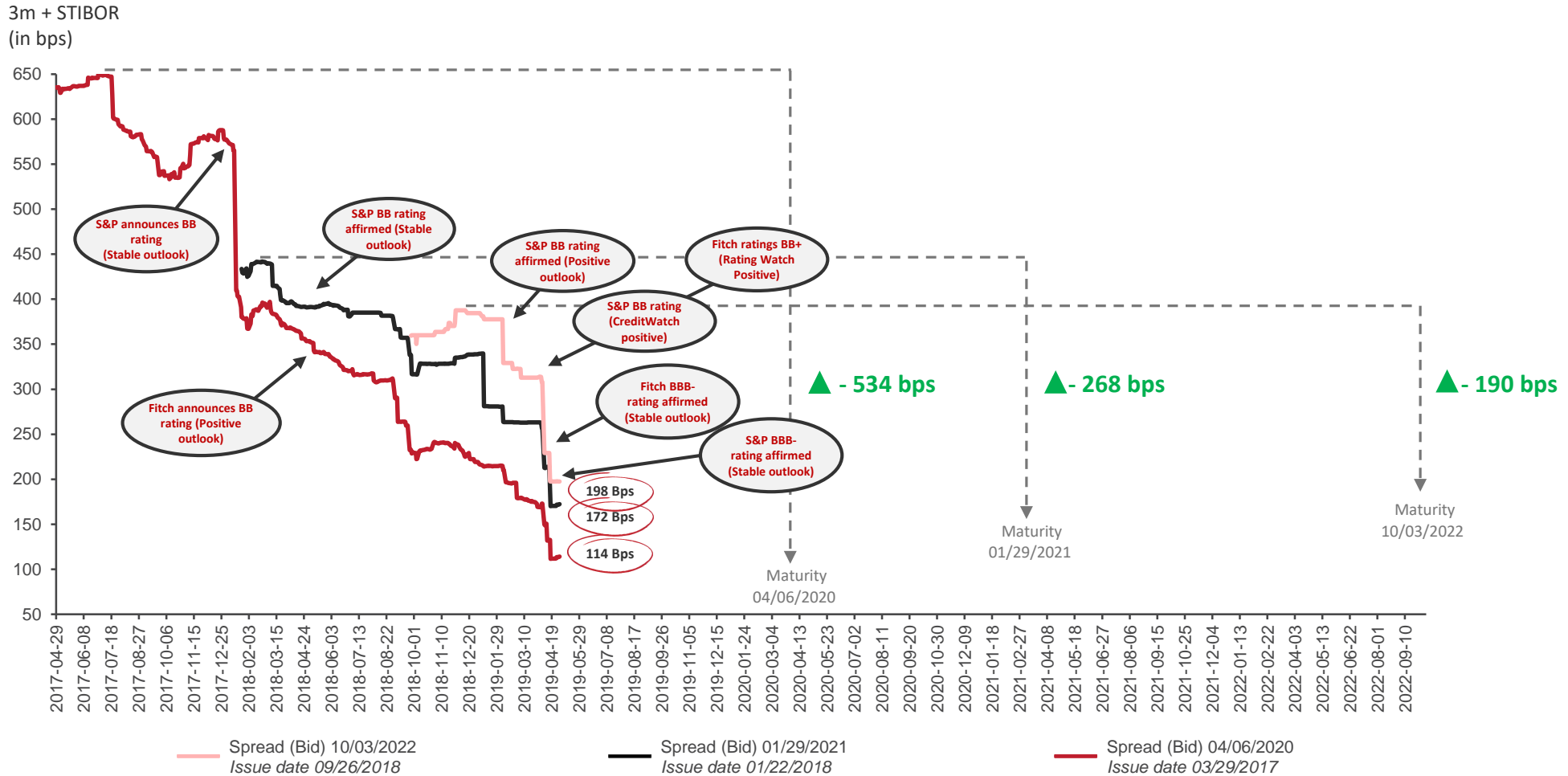
SEKm

Surplus ratio: 69%



IMPROVED MARKET ACCESS & REDUCED COST OF FUNDING

NEW ISSUE SPREADS HAVE DECREASED SIGNIFICANTLY FOR SBB



Source: Bloomberg as of 26 April 2019.

PROJECT DEVELOPMENT POTENTIAL

Current development portfolio (31 March 2019)

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
Falun	Högbo 1:22	28,020
Norrköping	Järven 4	21,800
Motala	Tellus 1	20,000
Bollnäs	Bro 4:4 m.fl.	15,000
Karlstad	Letten 1	12,000
Borlänge	Klövervallen 1 m.fl.	12,100
Sundsvall	Härsta 9:3 m.fl.	10,000
Stockholm	Kadetten 29	10,000
Karlshamn	Lasarettet 8	6,500
Lund	Landsdomaren 7	5,500
Falköping	Trollet 14	4,250
Karlskrona	Gullbernahult 1	3,500
Total		649,670
<i>Projects in earlier development phases</i>		<i>146,580</i>
<i>Projects with planning permission</i>		<i>160,640</i>
Total portfolio		956,890
<i>Of which are sold</i>		<i>428,650</i>
<i>Total value, sold building rights</i>		<i>SEK 1,522m</i>

▪ SBB had per 2019-03-31 ongoing development projects with a total of 960,000 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 remains the foundation of our activities.

2

- Experienced development and transaction teams with strong track records.

3

- Strong NAV growth thanks to three value creating areas – renovations/investments in our properties, building rights and transactions.
- Profit before tax amounted to SEK 349m, where the profit from property management contributed with SEK 106m, investments and transactions with SEK 135m and building rights with SEK 32m. Between 2016 and 2018 transactions contributed with SEK 700m, building rights with SEK 511m and investments with SEK 290m on average per year.

4

- Significant potential from renovations within both residential and social infrastructure properties.
- In the first quarter, 176 apartments were under renovation and another 75 apartment leases were terminated and in the planning stages for renovation, to commence during the second quarter. 600 residential units to be renovated in 2019.
- Renovation within social infrastructure – New 25-year agreement with Nykvarn’s municipality in connection with the rebuilding of the municipal house

5

- Sustainability is a central part of our business model and we have initiated major investments in reducing carbon dioxide emissions by at least 400 tonnes per year over the next five years.
- Energy projects are underway in the properties Stensiken 1 in Tidaholm and Yggdrasil 1 & 2 in Skara, and these are expected to be completed in June 2019. On the Tellus 1 property in Motala, the goal is to reduce the amount of purchased energy by 50 percent and CO2 emissions with 75%.
- In early February, Samhällsbyggnadsbolaget issued its first green bond of SEK 500m with a maturity of five years. During the quarter, the green bond was also listed on Nasdaq Sustainable Bond List.

6

- We see continued strong demand for rent regulated rental apartments and great competition for both rental apartments and community service properties.
- Last quarter I wrote: *“look forward to the credit rating agencies' reports.”* Now we have delivered: BBB- (stable outlook) rating from both Fitch and Standard & Poor’s. Our short-term goal is BBB.

THANK YOU!



Samhällsbyggnadsbolaget
