



Borlänge, Municipal House

Q3 PRESENTATION

October 2018

QUARTERLY HIGHLIGHTS

1

- Net income after tax for the quarter of SEK 482 million.

2

- The work on consolidating the balance sheet with aim to improve our financial position intensified during the third quarter. We have repaid approximately SEK 1.25 billion of our bonds, of which 1.2 billion maturing in April 2020.

3

- We have reduced the financial costs by SEK 89 million, on a 12-month rolling basis and lowered average interest rate to 2.5 percent compared to 3.5 percent a year ago.

4

- We have strengthened our financial position through issuing a perpetual bond of SEK 1 billion. After the end of the quarter, we have issued 0.2 billion in perpetual bond and issued ordinary shares for a total of SEK 135 million in cash. That means we have strengthen equity with 1.8 billion including the quarters profit of SEK 482 million. We have furthermore announced an issue of D-class shares totaling SEK 470 million.

5

- We also divested non-strategic properties totaling SEK 1.5 billion during the third quarter.

6

- Our estimated earnings capacity on a rolling 12-month basis at the end of the third quarter was SEK 766 million, an increase with 32 percent from SEK 582m at the end of 2017.

FINANCIAL PERFORMANCE

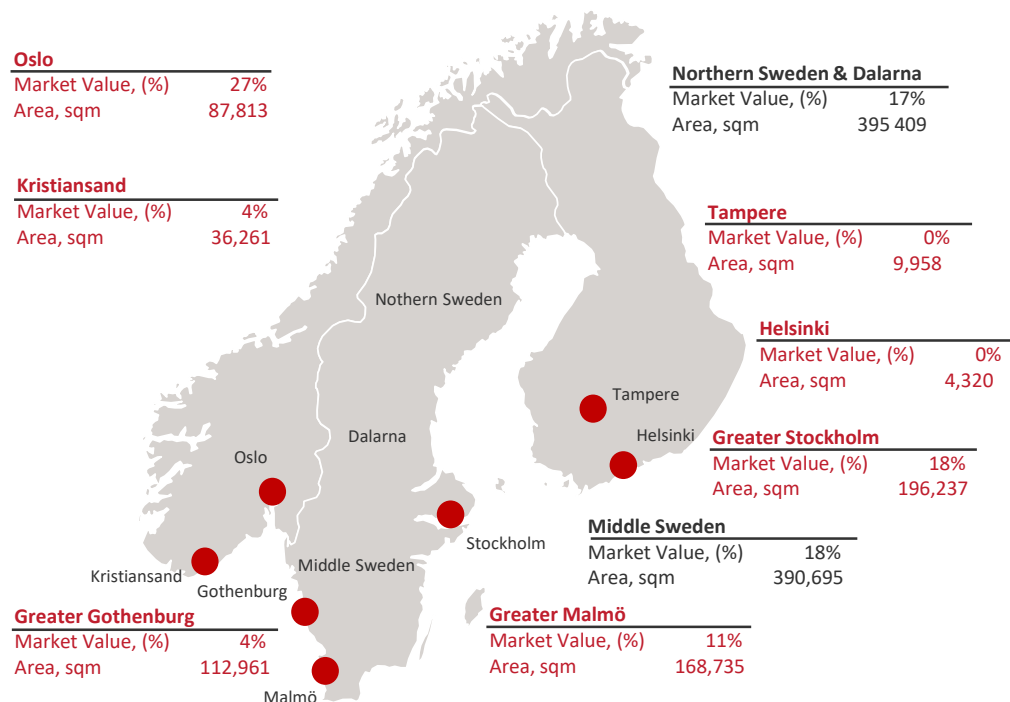
	2018 Q3	2018 Jan-Sep	2017 Jan-Dec
Rental income, SEKm	427	1 227	1 339
Net operating income, SEKm	293	797	877
Surplus ratio, %	68	65	66
Interim profit, SEKm	482	999	2 429
Yield, %	4,8	4,8	4,8
Cash flow from current operations, SEKm ¹	99	255	360
Property value (market value), SEKm	25 122	25 122	23 001
EPRA NAV (long-term net asset value), SEKm	8 294	8 294	7 120
Earnings capacity, 12 moths rolling	766	766	582
Loan-to-value ratio %	56	56	58
Equity ratio, %	36	36	32
Adjusted Equity ratio, %	40	40	36
Earnings per ordinary share, SEK	0,65	1,31	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 9 000 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 a risk adjusted basis
- Out of SBB's property value 68% is located in Sweden, 31% is located in Norway and 1% in Finland as of 30 September 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 8.8bn¹⁾

Property value per region: 65% 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 25.1bn	782	SEK 1,637m	96.8%	4.8%	7 years	40%



All figures in this presentation are for the Group as of 30 September 2018, if not otherwise stated

1) As of 30 October 2018, based on 546,071,540 common shares and a share price of SEK 11.68 and 209,977,491 non listed A-shares at the same value

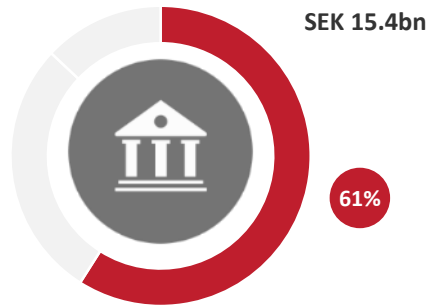
2) Current earnings capacity for the Group for 12 months given the real estate portfolio, financial costs, capital structure and organisation as of 30 September 2018

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 1,285m

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 867k 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	541	33%
Group Housing (LSS)	155	10%
Government	691	42%
Indirect Government	113	7%
Other	137	8%
Total	1,637	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 LOI to acquire the new community center

SBB'S FOCUS SHIFTED FROM GROWTH TO VAULE CREATION AND CONSOLIDATION

Further strengthening of key metrics through:

Sole focus on consolidating the balance sheet

Repaid SEK 1.2 billion in outstanding bonds maturing April 2020

Reduced SEK 89 million in financial costs on a 12-month rolling basis during the quarter

Average interest rate of 2.5 percent by the end of the quarter, compared to 3.5 percent a year ago

Divestment of non-strategic properties totalling SEK 1.5 billion during the quarter

Active ownership focusing on value creation

Conditions for Investment grade rating by the end of 2018



UNDERLYING MEGATRENDS SUPPORT CONTINUED GROWTH



Demographic change



Sustainability and
energy efficiency



Urbanization

STRONG NET OPERATING INCOME

1

- During the first nine months of the year: Net Operating Income of SEK 797 million, which adjusted for non-recurring items amounted to SEK 817 million, an increase of 29 percent from SEK 633 million during the corresponding period of the previous year.

2

- Our strong net operating income combined with long-term reduced financing costs enables continued strong cash flow.

3

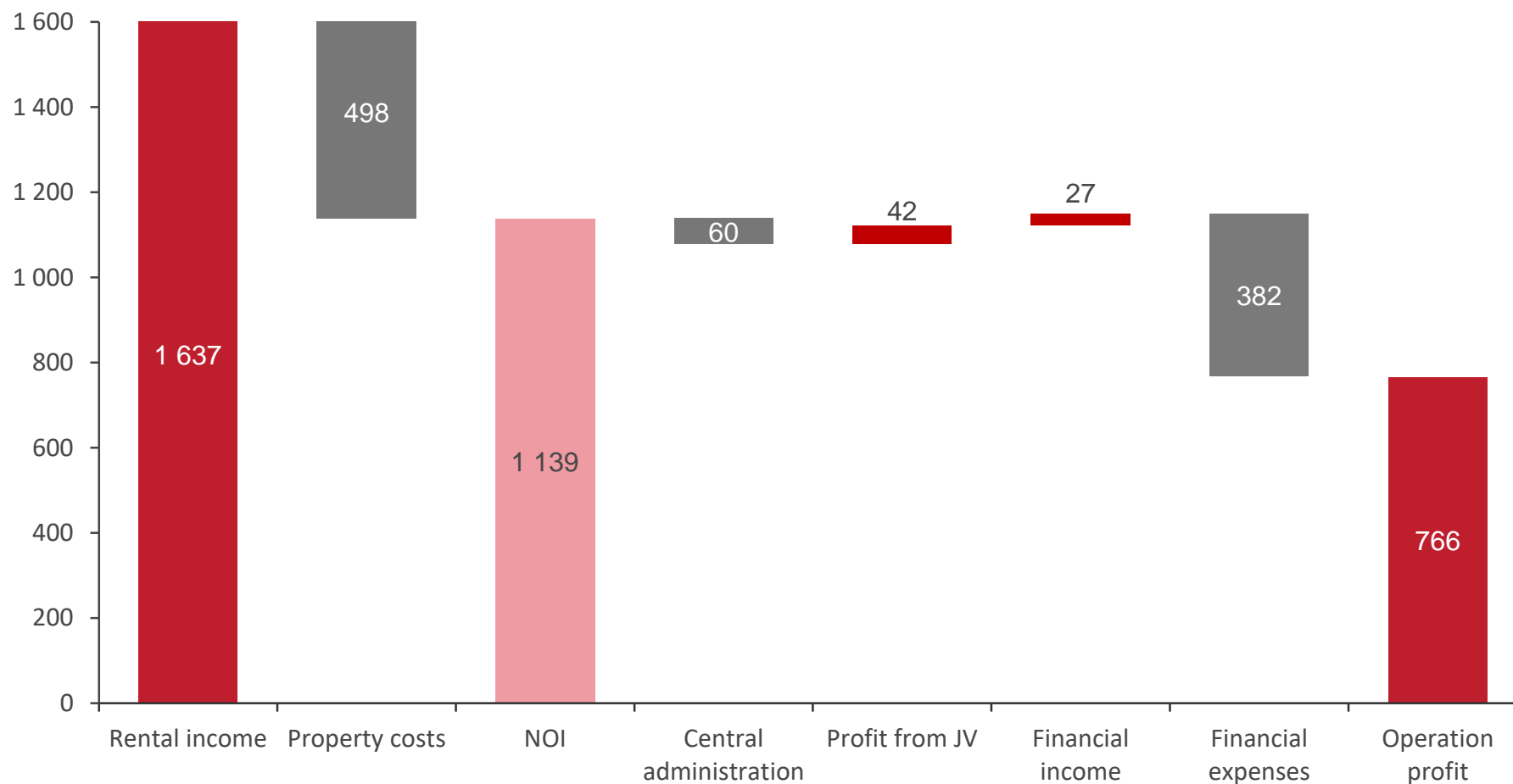
- Our estimated earnings capacity using rolling 12 months at the end of the third quarter was SEK 766 million, corresponding to an increase of 32 percent from SEK 582 million at the end of 2017.

EARNINGS CAPACITY PROPERTY PORTFOLIO AS OF 30 SEPTEMBER 2018

Current earnings capability for the Group for 12 months

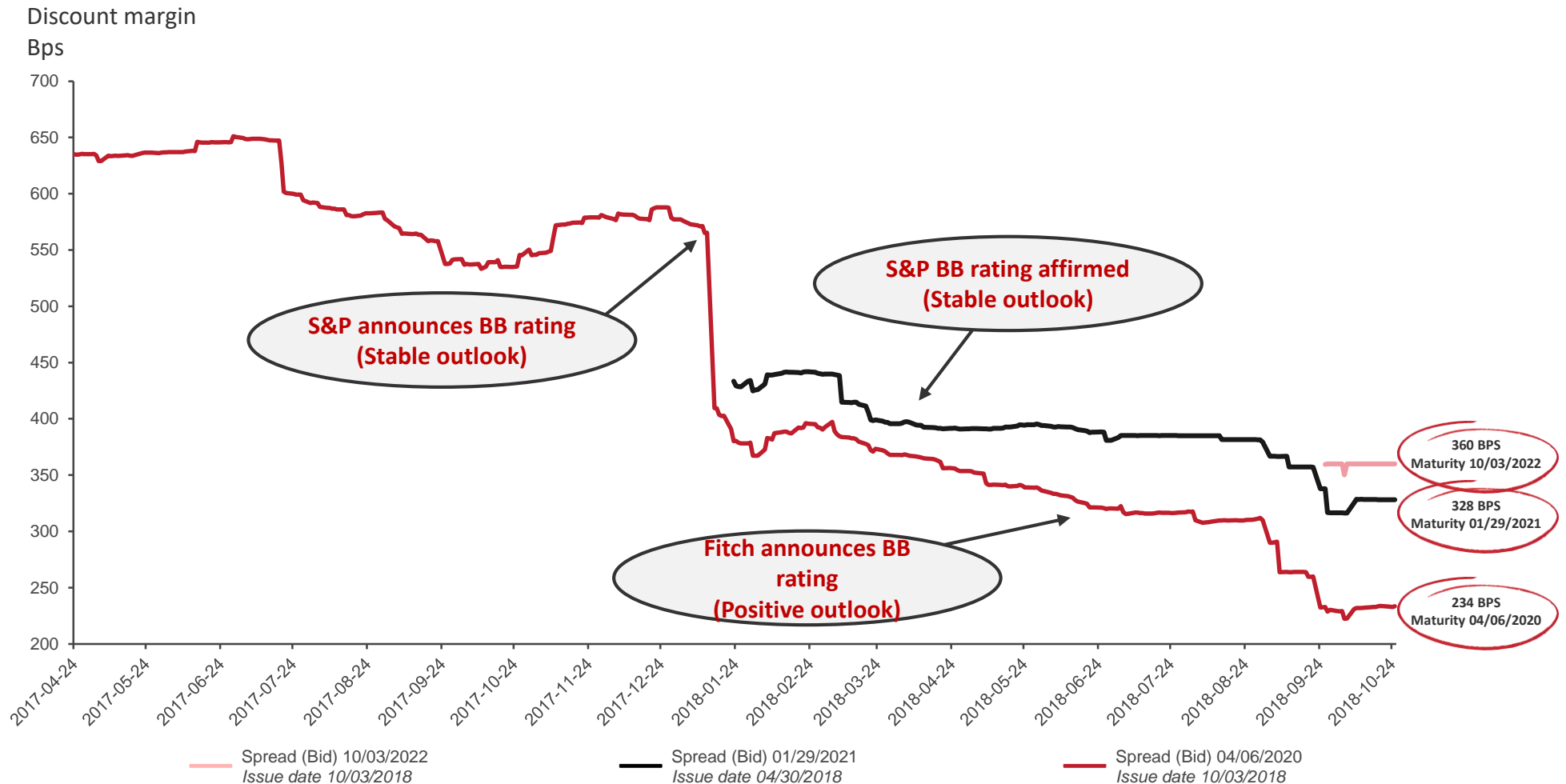
SEKm

Surplus ratio: 70%



DECREASING NEW ISSUE SPREADS

NEW ISSUE SPREADS HAVE DECREASED SIGNIFICANTLY FOR SBB



Source: Bloomberg as of 10/25/2018



PROJECT DEVELOPMENT POTENTIAL STILL SELING (13 000 SQM IN Q3)

Current development portfolio (30 September 2018)

Municipality	Property	Building right, sqm
Development projects with formal planning process initiated		
Nyköping	Raspen 1, 2, 3	156,000
Nykvarn	Kaffebryggaren 1	33,500
Falun	Falun 9:22	100,000
Ulricehamn	Krämare 4	7,000
Norrköping	Järven 4	21,800
Haninge	Kalsvik 11:9, 1:4	135,000
Haninge	Åby 1:67 i.a.	110,000
Nykvarn	Grytan 6	1,000
Oskarshamn	Hälsan 22	10,000
Karlshamn	Lasarettet 8	6,500
Borlänge	Klövervallen 1	10,100
Lund	Landsdomaren 7	5,500
Karlskrona	Gullbernahult 1	7,000
Karlstad	Letten 1	12,000
Total		615,400
Projects in earlier development phases		163,080
Projects with planning permission		113,440
Total portfolio		891 920
Of which are sold		404 030
Total value, sold building rights		SEK 1,411m
<ul style="list-style-type: none"> SBB had per 2018-09-30, approx. 50 ongoing development projects with a total of 900,000 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: 450 residential units renovated in 2018, 600 residential units to be renovated in H2 2018 – H1 2019.

5

- Active property management and energy efficiency: Large potential but still in early phase.

6

- Market fundamentals expected to remain stable.

THANK YOU!



Samhällsbyggnadsbolaget
