



Samhällsbyggnadsbolaget

INTERIM REPORT 2019
JANUARY – MARCH
Samhällsbyggnadsbolaget i Norden AB (publ)

Q1



FIRST QUARTER

RENTAL INCOME,
SEKm

429

OPERATING PROFIT,
SEKm

106

NET PROFIT FOR THE
PERIOD, SEKm

216

PERIOD IN BRIEF

- Rental income increased to SEK 429m (390).
- The operating surplus increased to SEK 240m (233).
- Cash flow from operating activities before changes of working capital was SEK 97m (40).
- Profit before tax was SEK 349m (151), of which:
 - Income from property management is included with SEK 106m (73). The management result includes costs for early redemption of loans and other non-recurring financing costs of SEK -25m.
 - Unrealized changes in the value of properties excluding building rights are included with SEK 236m (72).
 - Unrealized changes in value as a result of building rights are included with SEK 32m (1).
 - Realized value changes relating to properties are included with SEK -16m (-).
 - Unrealized changes in value of derivatives are included with SEK -9m (5).
- Profit for the period was SEK 216m (113) after deductions for deferred tax of SEK -116m (-29) and current tax of SEK -17m (-9), corresponding to earnings per ordinary share of class A and B of SEK 0.20 (0.19) before dilution.
- The value of the property portfolio increased by SEK 2bn during the quarter to SEK 27.2bn (24.0).
- Long-term net asset value (EPRA NAV) increased to SEK 9,168m (8,736), corresponding to SEK 12.13 (11.55) per share.

SEK 27.2bn
Property value

SEK 12.13
Long-term net
asset value
per share

IMPORTANT EVENTS DURING THE FIRST QUARTER

- SBB decided to discontinue the rating from Moody's Investors Service. SBB believes that two international credit rating agencies are sufficient to meet the company's long-term financial and operational goals.
- In January, SBB received SEK 126m in cash through a private placement share issue of 4,064,516 shares of class D.
- A voluntary repurchase offer of outstanding 2018/2019 SEK bonds resulted in bonds with a nominal value of SEK 262m being repurchased and was followed by SBB tapping SEK 224m of SBB's existing bond loan maturing in May 2021.
- In the period after the quarter, SBB sold a development property in Kristiansand in Norway for NOK 200m to a JV company together with Martin Mæland. Closing took place in April.
- SBB invested in an energy project to reduce carbon dioxide emissions by 75 percent in a residential area with 476 apartments in Motala. This will be done through solar cells and a reduction of existing energy use through energy recovery measures.
- In February, the municipality of Nykvarn entered into a new 25-year lease with SBB regarding the rebuilding and extension of Nykvarn's municipal house. The municipal building will undergo a rebuilding and extension of approximately 2,000 sq.m. to a total of 3,900 sq.m. offices for the municipality's employees, including the municipality's existing library.
- In February, SBB issued its first unsecured green bond and reached another milestone in its sustainability efforts. The bond of SEK 500m has a maturity of 5 years carrying an interest rate of Stibor 3m + 3.30 percent, which continues to reduce the company's financial risk profile, and was oversubscribed more than twice the issued volume. The green bond received the second highest rating E2 in Green Evaluation from Standard & Poor's.
- In February SBB signed five new lease agreements for group housing in Southern Sweden. The buildings for group housing will be built in 2019, three of which will be developed on existing building rights.
- In February, Standard & Poor's raised the outlook for SBB to a BB rating with positive outlook.
- In February, a local plan for 400 apartments and a social infrastructure property in Nykvarn became legally binding. The local plan was developed in collaboration with the municipality of Nykvarn and the planning for the area will start immediately.
- In February, SBB appointed ABG Sundal Collier as liquidity provider for the company's shares of class D. The

commitment is carried out within the frame of Nasdaq Stockholm ABs rules and regulations for liquidity providers, which means that the liquidity provider ensures buy and sell volume corresponding to a minimum of SEK 15,000 with a spread of maximum 4 percent between bid and asking price.

- SBB signed an agreement for the acquisition of two property stocks containing residential and social infrastructure properties of 367 apartments, 257 apartments located in Rinkeby/Tensta and 48 apartments located in Vallentuna. The deal also includes a group house in Täby and two residential properties in Eskilstuna.
- In March, an agreement was signed for the acquisition of two properties in Höganäs containing 122 apartments from Höganäshem.
- In March, SBB revised its goal for loan to value lower than 55 percent to lower than 50 percent.
- In March, SBB received SEK 285m in cash through a private placement share issue of 9,193,549 shares of class D. The issuance was not registered as of 31-03-2019 and some of the cash has to some part been received after the end of the period.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- SBB extended its fixed interest term by purchasing interest rate swaps of SEK 4.5bn with a duration between four and seven years. The average duration for the interest rate swaps is 5.4 years. In combination with previously secured loans, this means that about 85 percent of SBBs loans are secured with an average duration of about five years.
- SBB has received SEK 600m in cash through a private placement share issue of 19,422,377 shares of class D.
- SBB received a BBB- (stable outlook) rating from both Fitch and Standard & Poor's.
- In April, an agreement was entered into to sell DNB Bank's Headquarters to DNB Liv at an agreed net property value of SEK 4,897m. Closing is planned to take place on 30 April 2019.
- In April, SBB issued a hybrid bond of EUR 300m in the international capital markets. The bond is perpetual with a possible redemption earliest in 5.25 years with a fixed interest rate of 4.625 percent.
- SBB entered into an agreement to acquire a portfolio of 48 properties in Finland amounting to SEK 1.5 billion with closing to take place on 29 April 2019. The properties are used as elderly care homes, preschools and care homes.
- After the end of the period, SBB established an EMTN Programme (Euro Medium Term Note Programme) with a programme limit of EUR 2.5 billion.

SBB KEY RATIOS

	2019	2018	2018
	Jan-Mar	Jan-Mar	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
Number of properties	644	753	570
Leasable area, sq.m., thousands	1,466	1,380	1,330
Economic letting ratio, %	96.6	96.5	96.2
WAULT, social infrastructure properties, yrs	7	7	7
Shareholders' equity, excl. non-controlling equity interests, SEKm	9,580	6,592	9,009
EPRA NAV (long-term net asset value), SEKm	9,168	7,360	8,736
EPRA NNAV (actual net asset value), SEKm	8,263	6,484	7,838
Return on Shareholders' Equity, %	2	1	18
Loan-to-value ratio, %	52	62	53
Secured loan-to-value ratio, %	37	48	38
Equity ratio, %	39	33	41
Adjusted Equity ratio, %	43	37	44
Interest coverage ratio, times	2.0	1.7	1.8
Earnings per ordinary class A and class B share, SEK	0.20	0.19	2.07
Earnings per ordinary class D share, SEK	0.50	-	0.50
Average number of ordinary class A and B shares	756,049,031	737,949,031	741,569,031
Average number of ordinary class D shares	45,058,648	-	918,854
Average number of preference shares	175,251	333,205	324,983
Number of ordinary class A and B shares	756,049,031	737,949,031	756,049,031
Number of ordinary class D shares	45,690,906	-	41,626,390
Number of preference shares	175,251	333,205	175,251

See definitions of key ratios on page 35.



View from the property Dronning Eufemias gate 30 in Oslo, Norway

INFORMATION ABOUT THE GROUP

SAMHÄLLSBYGGNADSBOLAGET I NORDEN (SBB)

Ilija Batljan founded SBB in March 2016 with a vision to create the best Nordic property company focused on residential and social infrastructure properties. The company's strategy is to have a long-term view on ownership, management and development of residential properties in Sweden and social infrastructure properties in the Nordics. Further the company aims to actively carry out property development where cash flow properties can be converted into residential building rights.

REAL ESTATE PORTFOLIO

In order to safeguard both stability and strong cash flows. SBB's aim is to ensure that social infrastructure properties with long contracts and residentials comprise 80-90 percent of the property portfolio. SBB's objective is for its property portfolio to be valued to SEK 40bn before the year 2023 given that an Investment Grade rating is achieved and maintained. SBB is active in a market with stable and strong underlying fundamentals. The property portfolio of the company is characterized by high occupancy rate and long leases. Beyond growing through acquisitions Samhällsbyggnadsbolaget also carries out value-creating activities such as redevelopment and renovations of existing properties, as well as development of building rights.

The property portfolio consisted of 644 properties as of 31-03-2019. The properties had a total value of SEK 27.2bn, where residentials comprised SEK 8.5bn, social infrastructure properties SEK 16.7bn, and the remaining properties SEK 2bn. The total lettable area was approx. 1,466,000 sq.m. with a rental income, on a 12-months rolling basis, of SEK 1,714m.

Classification	Rental income, SEKm	Total, %
Residential	547	32
Group Housing	179	10
Government	718	42
Indirect government	117	7
Other	153	9
Total	1 714	100

ORGANISATION

SBB's management team has significant experience in development and management of both residential and social infrastructure properties. The organization constitutes of a small team of employees where the focus lies on transactions, property development and cost-efficiency. SBB is actively focused on cash flow improving actions in the existing property portfolio, which is achieved through efficient property management and an organization, which has a broad and deep knowledge as well as experience from property development. SBB conducts a transaction-intensive business with the aim of creating the best long-term return.





CEO ILIJA BATLIJAN

SBB's 12-month rolling earnings capacity from property management amounts to SEK 798m at the end of the first quarter 2019. Our model of acquiring and managing low-risk assets that, in addition to a strong earnings capacity from the property management, also delivers profit from three value-creating areas - renovations/investments in our properties, development of building rights and transactions - continues to contribute to a sharp increase in net asset value. The net asset value after deductions for dividends increased 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.

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. This can be compared with transactions contributing with SEK 700m, profit from building rights with SEK 511m and investments with SEK 290m on average per year between 2016 and 2018. This year, we could see how the transactions contribute to the cash flow, where the sale of DNB delivers nearly SEK 1.8 billion in free cash flow that we can use for new investments in social infrastructure. At the same time, we will repay SEK 3.4 billion in secured debt by using the proceeds from the hybrid euro bond. Profit after tax was SEK 216m. Adjusted for non-recurring costs relating to refinancing and the repurchase of bonds, earnings per ordinary class A- and B shares for the first quarter was SEK 0.23 per share.

Our pace of renovation is now at the targeted levels and will continue to deliver strong results and growth in net asset value. During 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.

Property development also continues to deliver strongly. 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. Sold and zoned (approved) building rights have delivered approximately SEK 157m in cash flow.

Our property portfolio, where almost half of the value is in Stockholm and Oslo, combined with an average lease length of 7 years (given the newly signed leases, rather an adjusted average lease length of 10 years) means low risk. We can add to this the fact that our total rental income, which for a rolling 12-month period amounts to SEK 1,714m, has 91 percent coming from either rent regulated rental apartments or comes directly or indirectly from the state and municipalities through our social infrastructure properties. Overall, this is a low-risk exposure that is unique in its kind when the economy turns.

The success of a company is based on its employees' efforts and skills. Over the past three years, we have succeeded in recruiting several fantastic colleagues. However, that job is never finished for a fast-growing company. We continue to recruit talented people and give them the ability to do what they are best at. We continue to recruit in the property management team but also invest in expanding our renovation team through the recruitment of additional two project managers focusing solely on SBB's apartment renovations.

CONTINUED FOCUS ON CONSOLIDATION AND STRENGTHENING EQUITY STORY

The work of consolidating the balance sheet with the aim to improve our financial position culminated in the first four months of 2019. The major successes were achieved after the end of the quarter, but the hard work done during the second half of 2018 and the first quarter 2019 will always be the most important chain of events that lifted SBB to the "premier league" – ie companies that have the highest credit rating in the form of an investment grade rating.

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 same time, we have repaid the majority of expensive loans, reduced the proportion of secured debt and increased the proportion of unsecured debt. We have also extended the average fixed interest period. At the end of March and early April, we purchased interest rate swaps corresponding to SEK 4.5 billion with maturities between 4 and 7 years. The average maturity of these is 5.4 years. Together with the rest of the loans with a fixed interest rate, approximately 85 percent of SBB's loans are with a fixed interest rate.

SUSTAINABILITY IS CORE IN OUR BUSINESS MODEL

We see a great potential in continuing to develop our property management through increasing focus on energy efficiency. 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. During the quarter, agreements were also signed regarding an energy project on the Tellus 1 property in Motala, where the goal is to reduce the amount of purchased energy by 50 percent. This will be done by recycling extract air and heat from waste water. 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.

We have a long experience of working with municipalities, we are an active community builder and during the quarter we have commenced preparations to offer summer jobs to young people in our residential areas. The goal is 100 summer jobs in 2020. The largest owners of social infrastructure

in the Nordics are municipalities and we continue to be a leading partner to the municipalities in the Nordic region. Our strong position combined with demographic trends that lead to great needs for elderly care homes and schools creates the potential for new collaborations and growth. This quarter, too, we have signed long-term municipal agreements, such as the new 25-year agreement with Nykvarn's municipality in connection with the rebuilding of the municipal house.

STRONG INCREASED CASH FLOW, PROFIT FROM PROPERTY MANAGEMENT AND EARNINGS CAPACITY

SBB has delivered a net operating income of SEK 240m. We continue to invest extra in maintenance in connection with renovations during the first quarter. If we adjust profit from property management of SEK 106m for extraordinary costs for the repurchase of bonds, setup fees, and costs for refinancing, our adjusted profit from property management amounts to SEK 131m. The profit has also been affected by high transaction activity. We also note a strong increase in cash flow. The reported cash flow from operating activities before changes in working capital was SEK 97m, an increase with 149 percent from the first quarter of 2018.

Given SBB's business model of selling building rights and the effect of extra costs for refinancing, one could calculate a free cash flow for the first quarter after adjustments of SEK 238m (see table below).

	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

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

OUTLOOK

During the first quarter of 2019, we have started refurbishment of 176 apartments, which is in line with our goal of 600 apartments for the full year of 2019. We have also started the rebuilding and refurbishment of the municipal house for the municipality of Nykvarn. Renovations and refurbishments are an important part of our business model, which contributes to both higher income and more attractive residential areas. In connection with our renovations, we also invest in

energy efficiency improvements, which creates value for both the company and society. Our rent regulated rental apartments have an average value corresponding to just over SEK 13,000 per sq.m. in our balance sheet and we see great opportunities for value growth as we start refurbishments from low rent levels.

SBB's stable cash flows are only marginally affected by the business cycle and external factors. Our properties are located at attractive locations in the major cities in the Nordic region, and our portfolio of social infrastructure properties and rent regulated rental apartments has a long lease duration. I repeat my recurring message - Swedish rent regulated rental apartments with low regulated rents are safe and stable assets. SBB's portfolio of rent regulated apartments combined with our high proportion of tenants who are tax financed and represented by the state and municipalities, via our social infrastructure properties, represents a stable and long-term investment. We see continued strong demand for rent regulated rental apartments and great competition for both rent regulated rental apartments and social infrastructure properties.

Given the background of our assets' low financial risk, it is satisfactory to note that after the end of the first quarter we achieved the goal of investment grade rating from both S&P and Fitch. In our communication in connection with the issues ordinary class D shares, we have also clarified that in

the short term we focus on a BBB rating, which is a notch better and leads to long-term lower financing costs. Our financial target of maintaining a loan-to-value ratio below 50 percent means that after adjustments for how the rating agencies counts hybrids that we will rather report a net loan-to-value ratio of about 40 percent. Almost half of our planned growth from SEK 25 billion to SEK 40 billion between 2018 and 2023 will be delivered organically through property development, renovations, renegotiations and thus higher rental income (ie without acquisitions). We want to be clear that we prioritize a strong financial position.

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.

All in all, this gives us the best conditions for continuing to build the Nordic region's strongest player with a focus on social infrastructure and rent regulated residential.

Ilija Batljan
Founder and CEO



CONSOLIDATED INCOME STATEMENT

Amount in SEK, millions	01-01-2019 31-03-2019	01-01-2018 31-03-2018	01-01-2018 31-12-2018
Rental income	429	390	1 680
Operating costs	-134	-114	-386
Maintenance	-26	-16	-100
Management administration	-21	-19	-92
Property tax	-8	-8	-31
Net operating income	240	233	1 071
Central administration	-27	-21	-102
Results from associated companies/join ventures	12	-	13
Profit before financial items	225	212	982
Financial items			
Interest income and similar items	13	2	4
Interest expenses and similar items	-107	-141	-538
Expenses for redeemed loans in advance	-25	-	-127
Land lease expenses	0	-	-
Profit from property management	106	73	321
Changes in value, property	252	73	1 575
Changes in value, derivatives	-9	5	8
Profit before tax	349	151	1 904
Tax	-133	-38	-214
NET PROFIT FOR THE PERIOD	216	113	1 690

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amount in SEK, millions	01-01-2019 31-03-2019	01-01-2018 31-03-2018	01-01-2018 31-12-2018
Net profit for the period	216	113	1 690
Translation gains/losses	142	-7	-4
COMPREHENSIVE INCOME FOR THE PERIOD	358	106	1 686
Earnings per ordinary share A and B before dilution	0.20	0.19	2.07
Earnings per ordinary share A and B after dilution	0.20	0.19	2.06
Earnings per ordinary share D	0.50	-	0.50

INCOME STATEMENT COMMENTS

NET OPERATING INCOME

Rental income during the period amounted to SEK 429m (390). Of the rental income, SEK 152m related to rent regulated residentials, SEK 250m to social infrastructure properties and SEK 27m to other properties. The economic occupancy rate at the end of the period was 96.6 percent (96.2). The average lease length for social infrastructure properties was 7 years (7).

Property costs during the period amounted to SEK -189m (-157). The costs are mainly attributable to utility costs, maintenance costs, and other operational and management costs. Property costs have been affected by seasonal variations that have contributed to higher costs for heating, electricity and snow removal.

SEGMENT REPORTING

SBB has, for the sake of accounting and monitoring, divided its activities into three segments. The segments are residentials, social infrastructure properties and other/property development. The division is based on differences in segments in terms of nature, and also on the management reports regarding company analysis and strategy.

SEGMENT REPORTING FOR THE PERIOD 01-01-2019 - 31-03-2019

SEKm	Residential	Social infrastructure	Other	Total
Rental income	152	250	27	429
Property costs	-98	-74	-17	-189
Net operating income	54	176	9	240
<i>Surplus ratio</i>	36%	70%	37%	56%
Central administration				-27
Profit from associated companies/JV				12
Net financials				-119
Operating profit				106
Changes in value, property	204	60	-12	252
Changes in value, derivatives				-9
Tax				-133
Profit for the period				216
Investment properties	8,454	16,745	2,002	27,201
Value per sq.m. (SEK)	13,261	25,689	11,372	18,562

SEGMENT REPORTING FOR THE PERIOD 01-01-2018 - 31-03-2018

SEKm	Residential	Social infrastructure	Other	Total
Rental income	124	233	33	390
Property costs	-78	-59	-20	-157
Net operating income	46	174	13	233
<i>Surplus ratio</i>	37%	75%	39%	60%
Central administration				-21
Profit from associated companies/JV				-
Net financials				-139
Operating profit				73
Changes in value, property	55	-6	24	73
Changes in value, derivatives				5
Tax				-38
Profit for the period				113
Investment properties	6,060	15,084	2,672	23,816
Value per sq.m. (SEK)	11,658	23,551	12,136	17,252

PROFIT AFTER TAX

In total, the costs for central administration during the period amounted to SEK -27m (-21). Costs for business development, transactions, real estate development and financial management are included in the central administration. Income from associated companies and joint ventures was SEK 12m (-) for the quarter.

Net financial items for the period amounted to SEK -119m (-139). Net financial items primarily consist of interest expenses but also other financial expenses such as arrangement fees. Financial expenses include one-off costs in the form of arrangement fees for borrowing and cost of early repayment of expensive loans with approximately SEK 25m during the period.

Value changes of the properties amounted to SEK 252m (73), where SEK -16m (-) were realized value changes and SEK 268m (73) were unrealized value changes. A part of the unrealized value change was value creation regarding building rights of SEK 32m (1). The remaining value changes can be explained by an increase in the operating net as a consequence of investments and leasing of the property stock, as well as reduced yield requirements.

The after-tax profit amounted to SEK 216m (113), which was weighed down by SEK -133m (-38) in taxes. SEK -17m (-9) relate to current taxes and SEK -116m (-29) concerned deferred taxes related to the properties and loss carry-forwards. The deferred tax has been affected by adjustments for previous period, mainly attributable to loss carry-forwards calculations of SEK 44m. As a result of the new tax rules applicable as of 2019-01-01 deferred tax has been revalued to 20.6 percent. The government has decided to lower the tax rate in two steps, first to 21.4 percent in 2019 and then to 20.6 percent in 2021. SBB has decided to calculate deferred tax liabilities at 20.6 percent since they are not expected to be reversed to any significant extent in 2019 and 2020.



Exterior view of the residential property Emmekalv 4:152 in Oskarshamn

CONSOLIDATED BALANCE SHEET

Amount in SEK, millions	31-03-2019	31-03-2018	31-12-2018
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	24	25	24
Total intangible assets	24	25	24
Tangible assets			
Investment properties	27 201	23 816	25 243
Land lease agreements	52	-	-
Equipment, machinery and installations	4	11	5
Total tangible fixed assets	27 257	23 827	25 248
Financial fixed assets			
Shares in associated companies/joint ventures	226	102	213
Receivables from associated companies/joint ventures	970	-	583
Other long-term receivables	73	16	73
Total financial fixed assets	1 269	118	869
Total fixed assets	28 550	23 970	26 141
Current assets			
Current receivables			
Accounts receivable	31	24	30
Receivables from associated companies/joint ventures	631	-	991
Other receivables	355	227	290
Prepaid expenses and accrued income	27	42	32
Total current receivables	1 044	293	1 343
Cash and cash equivalents	398	292	157
Total current assets	1 442	585	1 500
TOTAL ASSETS	29 992	24 555	27 641
EQUITY AND LIABILITIES			
Equity	11 782	8 182	11 197
Long-term liabilities			
Liabilities to credit institutions	6 494	6 465	5 898
Bond loans	7 423	7 374	6 598
Derivatives	20	32	12
Liabilities leasing	52	-	-
Deferred tax liabilities	1 159	903	1 047
Other long-term liabilities	131	16	25
Total long-term liabilities	15 279	14 790	13 580
Current liabilities			
Liabilities to credit institutions	22	443	12
Commercial papers	1 928	-	1 840
Bond loans	67	418	327
Accounts payable	79	36	88
Short-term liabilities to owners	-	40	-
Current tax liabilities	12	42	19
Other liabilities	514	344	279
Accrued expenses and prepaid income	309	260	299
Total current liabilities	2 931	1 583	2 864
TOTAL EQUITY AND LIABILITIES	29 992	24 555	27 641

BALANCE SHEET COMMENTS

INVESTMENT PROPERTIES

The property value amounted to SEK 27.2bn as of March 31, 2019. The value of the property portfolio is assessed through external valuations made by Newsec, JLL and Savills. The valuations are based on an analysis of future cash flow for every property, while considering each lease contract, the market, the rent levels, operational, maintenance and property administration costs as well as the need for future investments. The yield requirements in the valuation are in the range of 2.35 percent to 8.5 percent. The valuation of the real estate also includes approximately SEK 1,310m building rights which have been valued through sales comparable. This means that the valuation is based on a comparison of prices for similar building rights, the value has thus been assessed in accordance with IFRS 13 level 3. Please also refer to investment properties on page 16.

ASSOCIATED COMPANIES AND JOINT VENTURES

SBB's involvement in associated companies and joint ventures consists partly of an ownership interest and, in some cases, financing of the companies. As of 31-03-2019 participations in associated companies and joint ventures amounted to SEK 226m (213) and receivables from associated companies and joint ventures amounted to SEK 1,601m (1,574). Some of the companies manage property development projects, which are described in more detail on page 19, while other companies own investment properties.

GOODWILL

During 2018, SBB acquired the company Hestia Sambygg AB with 70 employees. The goodwill items that arose during the acquisition are linked to the employees and their skills.

EQUITY

Shareholders' equity amounted to SEK 11,782m (11,197) on 31-03-2019. Equity include issued hybrid bonds with a book value of SEK 1,872m and preference shares in the Norwegian subsidiary Nye Barcode 121 Bidco AS and Karlbergsvägen 77 Fastighets AB (publ) of SEK 330m. The equity ratio was 39 percent (41), the adjusted equity ratio was 43 percent (44) and the loan-to-value ratio was 52 percent (53).

DEFERRED TAX

Deferred tax is calculated as of June 30, 2018 with a nominal tax of 20.6 percent on differences between reported value for investment properties and tax residual value of assets and liabilities. The deferred tax liability amounted to SEK 1,159m (1,047) on March 31, 2019 and is mainly attributable to investment properties and loss carry-forwards. The loss carry-forwards amount to approximately SEK 280m as per 31-03-2019.

LIABILITIES AND CASH EQUIVALENTS

At the end of the period, interest-bearing liabilities in the Group amounted to SEK 15,934m (14,675), of which SEK 6,516m (5,910) related to liabilities to credit institutions, SEK 7,490m (6,925) related to bond loans and SEK 1,928m (1,840) to commercial paper. See also the section Financing on page 22. Cash and cash equivalents amounted to SEK 398m (157).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount in SEK, million							
	Share capital	Unregistered share capital	Other contributed capital	Retained earnings	Hybrid bonds	Non-controlling interest	Total equity
Total equity 01-01-2018	74	-	3 041	3 274	668	579	7 636
Issue hybrid bonds					315		315
Issue warrants			0				0
Dividend					-12		-12
Net profit for the period				101	12		113
Other comprehensive income				101		28	129
Total equity 31-03-2018	74	-	3 041	3 477	983	607	8 182
Share issue	6	-	1 374				1 380
Issue hybrid bonds					1 189		1 189
Issue warrants			9				9
Dividend				-100	-75	-38	-213
Redeemed preference shares			-79	-19			-98
Repurchased hybrid bonds				-16	-300		-316
Repurchased warrants				-93			-93
Acquired minority interests						13	13
Redeemed minority interests				-11		-288	-299
Net profit for the period				1 464	75	38	1 577
Other comprehensive income				-116		-17	-133
Total equity 31-12-2018	80	-	4 345	4 585	1 872	315	11 197
Total equity 01-01-2019	80	-	4 345	4 585	1 872	315	11 197
Share issue	1	0	257				258
Dividend					-31		-31
Net profit for the period				185	31		216
Other comprehensive income				127		15	142
Total equity 31-03-2019	81	0	4 602	4 897	1 872	330	11 782

CONSOLIDATED CASH FLOW STATEMENT

Amount in SEK, millions	01-01-2019 31-03-2019	01-01-2018 31-03-2018	01-01-2018 31-12-2018
Operations			
Profit from property management	106	73	321
<i>Adjustments for non-cash flow items</i>			
Depreciations	0	0	2
Net financial items	119	139	661
Interest paid	-124	-166	-739
Interest received	13	2	4
Income tax paid	-17	-8	-1
Cash flow from operations before changes in working capital	97	40	248
Cash flow from changes in working capital			
Changes in current receivables	-60	47	-6
Changes in current liabilities	197	-432	-402
Cash flow from operations	234	-346	-160
Investment activities			
Investments in properties ¹⁾	-1 661	-290	-3 908
Divestment of properties	327	1	3 417
Investments/sales equipment, machinery, installations	1	-1	5
Investments in associated companies/joint ventures	-12	9	-102
Investments in intangible fixed assets	-	-25	-24
Changes in receivables from associated companies/joint ventures	-27	-	-1 574
Changes in other long-term receivables	-	-4	-63
Cash flow from investment activities	-1 372	-310	-2 249
Financing activities			
Share issue ¹⁾	258	-	1 380
Issue hybrid bonds	-	315	1 504
Redeemed preference shares	-	-	-98
Repurchased hybrid bonds	-	-	-316
Redeemed warrants	-	-	-93
Issue warrants	-	-	9
Dividends paid	-41	-27	-186
Acquired minority shares	-	-	13
Redeemed minority shares ¹⁾	-	-	-299
New loans	3 182	1 629	7 516
Amortization of loans	-2 127	-1 035	-6 895
Amortization of loans from shareholders	-	-33	-74
Change in other long-term liabilities	106	2	12
Cash flow from financing activities	1 378	851	2 473
Cash flow for the period	240	195	64
Cash and cash equivalents at the beginning of the period	157	93	93
Translation difference of cash and cash equivalents	1	4	0
Cash and cash equivalents at the end of the period	398	292	157

¹⁾ The amount above also include share issues without contribution of cash. Investments in subsidiaries also includes investments made by direct share issues.

PROPERTIES

PROPERTY VALUE PER REGION: 64 percent of the property stock in the Nordic big city regions



SBB's business focus is to make sound decisions and generate profit for its shareholders and society as a whole through:

- Being a natural and reliable partner to the public sector in the Nordic countries, with a long-term ownership perspective as well as managing and developing social infrastructure properties.
- Acquiring, developing, constructing and managing rent regulated residential properties throughout Sweden.
- Acting as a social infrastructure builder and long-term partner to municipalities, countries and state authorities, by working actively with the aim to create residential building rights.

SBB's strategy is to own, manage and develop rent regulated residential properties in Sweden and social infrastructure properties in the Nordic region on a long-term basis. At the end of the period, social infrastructure properties in Norway accounted for 28 percent of the company's real estate value and 1 percent in Finland. About 64 percent of the real estate value consisted of residential and social infrastructure properties in Sweden. The remaining 7 percent are properties in Sweden, where the company actively conducts property development work where the properties are converted into building rights for housing - an important part of the community building concept; acting as a real community builder in these times of housing shortage.

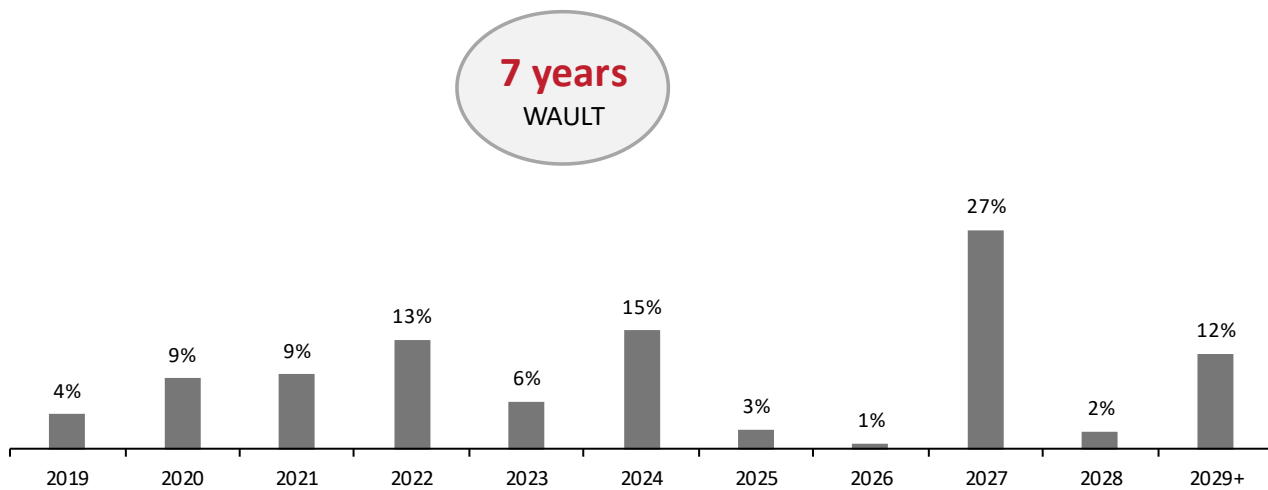
SBB manages and develops rent regulated residential properties in Swedish growth municipalities. The properties are generally located close to the city centre and with access to good transportation links, whether it is apartments in Kallhäll centre in Järfälla municipality, or the city centres of for example Oskarshamn, Nyköping and/or Nykvarn in the Stockholm region. SBB owns rent regulated residential properties in approximately 30 Swedish cities, from Malmö in the south to Sundsvall in the north. However, most of the rent regulated residential properties are located in the Stockholm region, Sundsvall, Oskarshamn, Karlstad, Borlänge and Motala.

The social infrastructure properties include properties used by tenants who are directly or indirectly tax funded. Tenants are engaged in activities such as education, elderly care, people with special needs and other care activities, municipal and state administration. Examples of tenants include Fågelvik school and a preschool in Värmdö municipality, Borlänge city hall, the Norwegian Ministry of Justice and Emergency Affairs, several accommodations for elderly people and about 200 properties that

accommodate people with special needs (group housing). SBB is one of the Nordic region's largest players in the field of housing and long-term care facilities for the elderly and people with disabilities. Our aim is to offer modern care properties in close cooperation with the main providers of care services - often municipalities and county councils, but also private care companies. We offer properties and accommodation that meet our customers' needs and requirements, and provide everything that is essential to make the home suitable.

Our social infrastructure and rent regulated residential properties comprise SBB's core business and account for 80 to 90 percent of the company's total property value. The combination of rent regulated residential and social infrastructure properties is unique for the Nordic countries. They are low risk assets due to a high occupancy and a high demand for housing. Our tenants in the social infrastructure properties are safe and secure tenants with long leases. The lease agreements for social infrastructure properties are characterized by long maturities and low relocations. SBB has one of the longest weighted average lease in the market, approximately 7 years.

LEASE MATURITY STRUCTURE SOCIAL INFRASTRUCTURE PROPERTIES



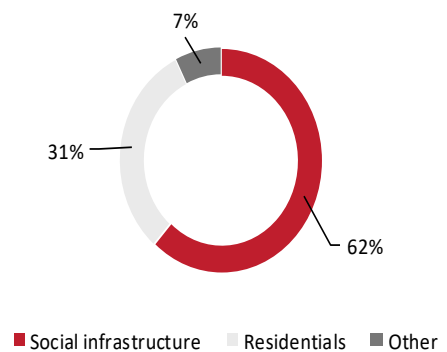
Social infrastructure properties have a long weighted average lease expiry.

SENSITIVITY ANALYSIS

The valuations are made in accordance with accepted principles based on certain assumptions. The table below shows how the value is affected by a change of a certain parameter assumed for the valuation. The table provides a simplified picture, as a single parameter most likely does not change in isolation.

	Change	Value change
Rent value	+/- 5 %	1,367/-1,365m
Discount rate	+/- 0.25 %	-327/286m
Exit yield	+/- 0.25 %	-821/940m

PROPERTY VALUE PER SEGMENT



INVESTMENTS / SUCCESSION RESTORATION

During the first quarter, 176 apartments were being renovated and another 75 apartments with terminated leases were planned to start being renovated in the second quarter. At the beginning of the year a decision was made to recruit two new project managers to solely focus on housing renovations. SBB intends to have at least four project managers by the end of the summer. 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. Installations are ongoing in the properties Stensiken 1 in Tidaholm and Yggdrasil 1 & 2 in Skara and the projects are expected to be completed in June 2019. During the first quarter another energy project agreement was signed for the property Tellus 1 in Motala with an objective to reduce the amount of purchased energy by 50 %. This is made possible by recycling extract air and heat from wastewater. In early February 2019, SBB issued its first non-secured green bond of SEK 500m with a maturity of five years. The proceeds from the green bond will be used to finance the company's energy and environmental objectives as described above. The green bond was listed on Nasdaq during the first quarter.

ACQUISITIONS

- SBB signed an agreement for the acquisition of two property stocks containing residential and social infrastructure properties of 367 apartments, 257 apartments located in Rinkeby/Tensta and 48 apartments located in Vallentuna. The deal also includes a group house (LSS) in Täby and two residential properties in Eskilstuna. The lettable area is 32,174 sq.m. of which 24,789 sq.m. are residential and 3,100 sq.m. are being leased by the municipalities of Stockholm, Täby, Eskilstuna and Vallentuna. Total rental income is SEK 42m and net operating income is SEK 26m.

- In March, an agreement was signed for the acquisition of two properties in Höganäs containing 122 apartments allocated in 12 residential buildings from Höganäshem.

JOINT VENTURES / MINORITY INTERESTS

- During the quarter, SBB formed a joint venture with a company owned by Martin Mæland. The new company will acquire a property for development in central Kristiansand from SBB with possession in April 2019.

OTHER

- In February, the municipality of Nykvarn entered into a new 25-year lease with SBB regarding the rebuilding and extension of Nykvarn's municipal house. The municipal building will undergo a rebuilding and extension of approximately 2,000 sq.m. to a total of 3,900 sq.m. offices for the municipality's employees, including the municipality's existing library.

- In February, five new 15-year leases were entered into for Group Houses (LSS) in Southern Sweden. The Group Houses (LSS) will be built during 2019 of which three on existing building rights. Total rental income is SEK 6m and net operating income is SEK 6m.

CHANGES IN THE PROPERTY STOCK

	SEKm
Initial fair value 01-01-2019	25,243
Acquisitions	1,563
Investments	98
Divestments	-342
Translation gains/losses	371
Unrealised value changes	268
Fair value at the end of the period	27,201

PROPERTY DEVELOPMENT

SBB works actively with property development. The company's strategy is to have 10-20% of the property portfolio consist of the property segment "Other", meaning cash flow properties with an identified development potential. The segment shall generate an average profit of SEK 250-400 million per year over a business cycle. The properties acquired by SBB within the segment "Other" are cash flow properties with an identified development potential that will generate a positive cash flow until the development begins. The acquisitions are usually made off-market and after SBB has ensured with each municipality that the property and its immediate area is a prioritized location for urban development.

SBB believes that a crucial factor for sustainable community- and urban development is location and, most importantly, locations with easily accessible transportation methods. In modern day urban living it should be possible to live without owning a car and in order to do so, communications, services, health care, schools and care services must be in the immediate vicinity. As a result, SBB has made several acquisitions of development properties in close connection to railway stations. Several of SBB's development areas are in prioritized areas of transportations, such as in close access to commuter train railway stations or other major railway stations.

SBB's Property Development Organization

Samhällsbyggnadsbolaget (SBB) has a business-orientated project organization with extensive experience in property development and transactions and is headed by Deputy CEO Krister Karlsson. The team is developing approximately 960,000 sq.m. GFA (gross floor area) in various planning stages. SBB works actively to create flexible building rights in various segments (e.g. co-operatively owned housing, rental housing and social infrastructure properties) and has developed building rights that suit a wide range of investors, both cooperative companies, listed companies and public housing companies. SBB has also extensive experience of initiating and conducting sales early in the planning process. SBB's property development organization is also responsible for project development that takes place within SBB's property portfolio. Currently, in addition to several new LSS-housing with long lease agreements being built, Nykvarn's Town Hall is being renovated and extended, leading to a renewed 25-year lease agreement with the municipality, as well as a new sports arena in Bollnäs being constructed, with a 25-year lease signed with Bollnäs municipality.

Building Rights

SBB had per 31-03-2019 ongoing development projects in various stages of the planning process, with a total volume of approximately 960,000 sq.m. GFA (gross floor area). The planning process consists of various phases and SBB categorizes them as follows; Project ideas (phase 1), Pending formal planning decision (phase 2), Formal

planning process initiated (phase 3), and Zoning plan granted (phase 4). The table below illustrates SBB's various projects.

Municipality	Property	Sqm GFA building rights
Development projects with formal planning process initiated		
Nyköping	Raspen 1,2,3	156,000
Haninge	Kalvsvik 11:9, 1:4	135,000
Haninge	Åby 1:67	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	10,100
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	5,000
Total sq.m. with formal planning decision (phase 3)		649,670
Project ideas (GFA) (phase 1)		55,580
Pending formal planning decision (GFA) (phase 2)		91,000
Zoning plan granted (GFA) (phase 4)		160,640
Total building rights portfolio (GFA) (all phases)		956,890
<i>Of which is municipal land allocation (GFA)</i>		<i>244,900</i>
<i>Of which is sold but not yet closed (GFA)</i>		<i>428,650</i>
<i>Total value of building rights sold but not yet closed (SEK)</i>		<i>1,522</i>
<i>Average price of building rights sold but not yet closed (SEK/sqm)</i>		<i>3,550</i>

Sale agreed but not completed means that all sales conditions (e.g., legally binding zoning plan) have not yet been met. The sales have partly been taken into account in connection to the valuation of the properties and thus affected the unrealized changes in value.

SBB estimates that the value of the building rights portfolio upon being granted zoning plan (phase 4) will exceed the book value by SEK 500-750 million.

Key events in the first quarter 2019:

- Sale of the development property Drammen Greenland 1 of approx. NOK 220m.
- Signed 25-year lease agreement with the municipality of Nykvarn in connection to the renovation and extension of the Town Hall (owned by SBB).
- Completion of two buildings for LSS-housing, through SBB's own building rights, for the tenant Attendo in the municipality of Burlöv.
- Initiated collaboration with Martin Maeland, the former CEO of OBOS and now Veidekke's chairman, regarding the development of various properties in Norway.
- Three zoning plans were granted, regarding the properties Nykvarn Kaffebryggaren 1, Oskarshamn Hälsan 22 and Ulricehamn Krämarens 4, totaling in 50,500 sq.m. GFA, and have now won legal force.
- The zoning plans for Borlänge Kvarnsveden 3:196 and Falköping Trollet 14 have been through the consultation phase within the municipality (samråd), total volume 11,750 sq.m.
- Planning notification was received for the zoning plan regarding Stockholm Kadetten 29, total volume 10,000 sq.m.

PROPERTY DEVELOPMENT IN JV

To contribute to urban development and to ensure production resources, a Joint Venture collaboration with the buyer has been set up regarding the development of the building rights. SBB estimates the potential profit of these collaborations to approx. SEK 600-800m after deducting SBB's own investment in the building rights. This potential gain is to be added in addition to previously described surplus values. In these JV collaborations, SBB takes a very limited risk concerning the implementation of the building rights as the responsibility for the design, sales, production and project management lies on the other JV-party. The potential profit of approx. SEK 600-800m relates to a five-year period and has not been considered in any part of the financial statements.

The pictures below show a newly built LSS accommodation with Attendo as tenant and the type of plan at SBB's developed type house for LSS. In 2018, SBB signed an agreement for the construction of four new LSS dwellings.





FINANCING

INTEREST BEARING LIABILITIES

At 31 March 2019, the Group's interest-bearing liabilities amounted to SEK 15,934m (SEK 14,675m), of which SEK 6,516m (SEK 5,910m) related to liabilities to credit institutions, SEK 7,490m (SEK 6,925m) to bond loans and SEK 1,928m (1,840m) to commercial paper. The net loan ratio was 52 (53) per cent. The fair value of the liabilities as at 31 March 2019 is deemed to be in accordance with the carrying amount. The average interest rate for the outstanding loans amounted to 2.52 (2.44) percent, which is an increase of 0.08 percent during Q1 2019. The average period of fixed interest for all outstanding loans was 2.94 (2.59) years and the average debt maturity was 4.50 (4.59) years. The debt maturity structure for all external financing is shown in the tables on the right-hand side. Excluding commercial paper, SEK 88m matures within one year. To handle the refinancing risk, the commercial paper has been secured with back-up facilities that at any given point in time covers all outstanding commercial paper.

SBB has assets in Sweden, Norway and Finland and is therefore exposed to exchange rate risks. For that reason, SBB has a diversified funding structure and funds itself by bond loans, bank loans as well as commercial paper in different currencies. SBB's main creditors are the larger Nordic banks and investors in the capital markets. SBB views the capital markets as an excellent complement to bank lending.

Approximately half of the source of debt financing is comprised of bank loans, mainly in SEK but also in NOK, followed by unsecured bond loans in SEK and secured bond loans in NOK and commercial paper in SEK and EUR. In addition, SBB has issued hybrid capital which is classified as equity on the balance sheet. At 31 March 2019, capital markets financing (including commercial paper) amounted to 59 percent.

SBB has continued to develop positively on the financing side during Q1 2019. SBB continues working to decrease the average interest rate for existing loans and credits. The reason for slightly higher average interest rate costs during Q1 2019 is due to SBB entering into interest rate swaps of SEK 4,500m between for and seven years maturity. During 2018, the average interest rate decreased by over one percentage point. At 31 March 2019, floating rate loans amounted to 27 percent. and fixed rate loans amounted to 73 percent.

RATING

After the end of Q1 2019, SBB issued a EUR 300m hybrid bond. In conjunction with this bond issue both Fitch and Standard & Poor's upgraded SBB to BBB- (stable outlook).

DEBT MATURITY STRUCTURE (EXCLUDING COMMERCIAL PAPER)

Maturity year	Nominal amount, SEKm	Share
< 1 year	88	1%
< 2 year	1 215	9%
< 3 year	2 555	18%
< 4 year	1 722	12%
< 5 year	3 771	27%
> 5 year	4 725	34%
Total	14 076	100%

DEBT MATURITY STRUCTURE (INCLUDING COMMERCIAL PAPER)

Maturity year	Nominal amount, SEKm	Share
< 1 year	2 017	13%
< 2 year	1 215	8%
< 3 year	2 555	16%
< 4 year	1 722	11%
< 5 year	3 771	24%
> 5 year	4 725	30%
Total	16 004	100%

EVENTS DURING THE FIRST QUARTER

In January 2019, SBB announced that it had bought back bonds through a tender offer dated 9 January 2019 to holders of the company's outstanding 2018/2019 senior unsecured fixed rate notes maturing in 2019 with ISIN SE0010869123 and outstanding amount of SEK 300m to tender their bonds for purchase by SBB for cash. The aggregate nominal amount of the bonds validly tendered by the holders of the bonds for purchase pursuant to the tender offer was SEK 262m.

In conjunction with the tender offer, SEK 224m was issued in a tap issue of SBBs existing bonds maturing in May 2021 with ISIN SE0010985713. The new bonds were issued at a price of 102.00% corresponding to an interest rate of 3 months Stibor plus a margin of ca. 2.85% to maturity. Settlement of the tender offer took place on 17 January 2019.

In February 2019, SBB issued its first unsecured green bonds. The SEK 500m bonds have a tenor of five years and the issue was significantly oversubscribed (by more than two times the issued amount). The bonds carries a floating rate interest of 3 months Stibor plus a margin of 3.30% and mature in February 2024. The bonds were issued under a framework amount of SEK 2,000m. The bonds are listed on Nasdaq Stockholm Sustainable Bond list and the issue proceeds will be deployed in accordance with the company's green bond framework dated 15 June 2018, and

with score E2 (second highest) by Standard & Poor's and medium green by CICERO.

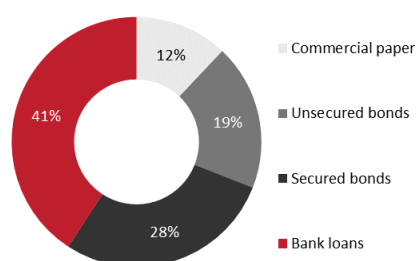
Later in February 2019, SBB issued a further senior unsecured bond of SEK 200m with ISIN SE0012313245 with an interest rate of 3 months Stibor plus a margin of 3.25% maturing in 2024.

SBB has ongoing discussions with its main lenders regarding interest rates and maturities for the shorter end of its bank loan portfolio and assesses the prospects to refinance these bank loans at market rates to be good. During Q1 2019, SBB has restructured parts of the debt portfolio and has replaced several smaller loans with fewer and bigger credit facilities. This restructuring has been done in conjunction with several of the larger Nordic banks.

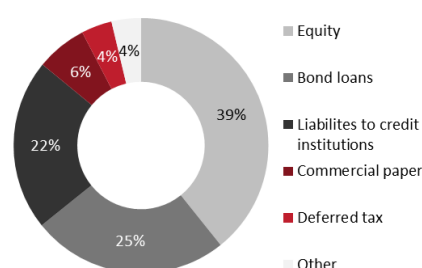
AVAILABLE LIQUIDITY

SBB's available liquidity at 31 March 2019 amounted to SEK 4,344m, of which SEK 398m was cash and cash equivalents and SEK 3,946m comprised of unutilized back-up facilities. No additional collateral needs to be provided for the use of the loan commitments.

SOURCES OF DEBT FINANCING



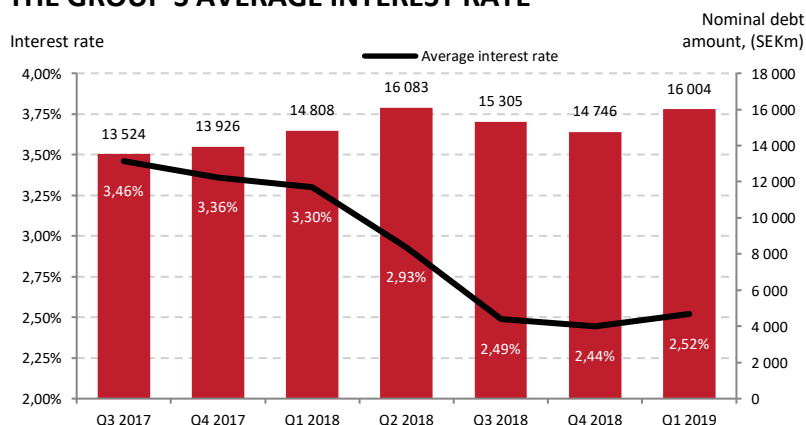
CAPITAL STRUCTURE



OUTSTANDING SENIOR UNSECURED BOND LOANS (INCLUDING HYBRID BONDS) 31-03-2019

ISIN-code	Currency	Nominal amount, SEKm	Of which bought back by SBB, SEKm	Maturity	Interest rate, %
SE0010869123	SEK	300	262	Dec/2019	FXD 2,90
SE0009805468	SEK	1 500	1 381	Apr/2020	FRN 6,00
SE0010414581	SEK	750	-	Jan/2021	FRN 3,90
SE0010985713	SEK	474	48	May/2021	FRN 3,65
SE0011725514	SEK	1 000	6	Mar/2022	No floor FRN 3,60
SE0012256741	SEK	500	-	Feb/2024	No floor FRN 3,22
SE0012313245	SEK	200	-	Feb/2024	No floor FRN 3,18
SE0011642776	SEK	1 200	-	Hybrid	No floor FRN 6,35
SE0010414599	SEK	1 000	300	Hybrid	FRN 7,00
TOTAL		6 924	1 997		

THE GROUP'S AVERAGE INTEREST RATE





Samhällsbyggnadsbolaget

TODAY'S COMMUNITY BUILDER FOR THE FUTURE NEEDS



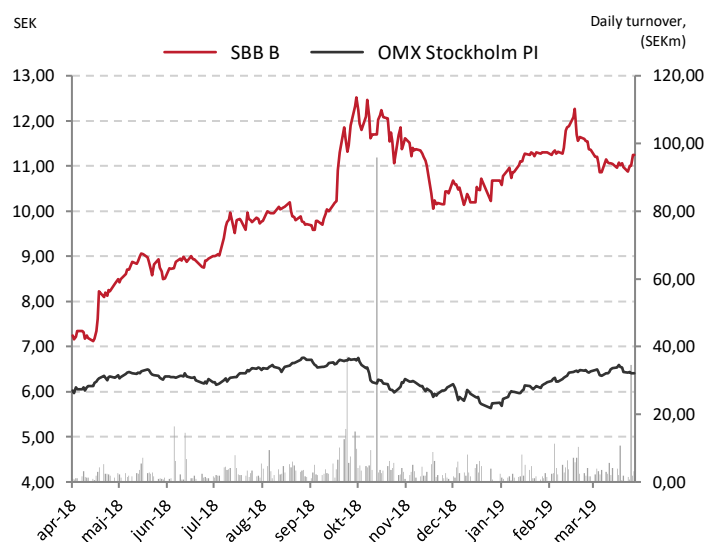
A high population growth and an increased number of elderly people in Sweden lead to great needs for modern social infrastructure properties. Schools and retirement homes must be given priority in new construction, while many of the existing social infrastructure properties that were built in the 1970s and 1980s need to be modernised. SBB is an important partner there to Sweden's municipalities.

SBB owns residential and social infrastructure properties throughout the Nordic region and has the basic idea of developing, owning and managing long term. As a partner to Sweden's municipalities, we want to contribute to creating suitable premises for welfare's most important activities.

THE SHARE

SBB's ordinary shares of class B, class D and preference shares are listed on Nasdaq First North Premier. As of 31-03-2019, the number of ordinary class B shares was 546,071,540 and the number of ordinary class D shares was 45,960,906. The preference shares totaled 175,251 and in addition, the company has 209,977,491 ordinary shares of class A which are not publicly traded. The price of the ordinary share of class B was SEK 11.24, class D was SEK 31.25 and for the preference share the price was SEK 625.00 per 31-03-2019. The market capitalization of the ordinary class B share (including the value of the unlisted ordinary class A shares at the same price) was SEK 8,498m, class D was SEK 1,428m and for the preference share SEK 110m.

PRICE TREND OF CLASS B SHARES PAST 12 MONTHS



TRADE IN THE SHARES ON THE NASDAQ FIRST NORTH

	Price paid, SEK	
	31 Mar 2019	31 Mar 2018
Class B shares	11.24	7.14
Class D shares ¹⁾	31.25	-
Preference shares	625.00	552.00

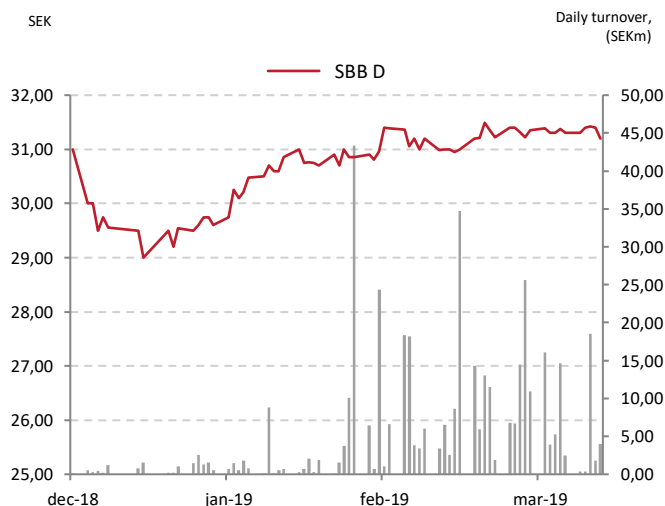
	Average trading volume per trading day, SEKm	
	Jan-Mar 2019	Jan-Mar 2018
Class B shares	3.7	1.4
Class D shares ¹⁾	6.5	-
Preference shares	0.2	0.5

1) Price data is missing for the time before listing, which took place on December 14, 2018.

PRICE TREND OF PREFERENCE SHARES PAST 12 MONTHS



PRICE TREND OF CLASS D SHARES SINCE LISTING



	31-03-2019	31-03-2018	31-12-2018
EPRA Earnings, SEKm	89	64	320
EPRA Earnings (EPS), SEK/share	0.12	0.09	0.43
EPRA NAV, SEKm	9,168	7,360	8,736
EPRA NAV, SEK/share	12.13	9.97	11.55
EPRA NNAV, SEKm ¹⁾	8,263	6,484	7,838
EPRA NNAV, SEK/share	10.93	8.79	10.37
EPRA Vacancy Rate, %	3.4	3.5	3.4

1) Real value of deferred tax has been estimated to be 5.5 percent.

SHAREHOLDERS

As of 31-03-2019, the share capital amounted to SEK 80,191,519 with a quota value of SEK 0.1. Being a shareholder entitles the right to vote at the Annual General Meeting with one vote per class A share and 0.1 vote per ordinary share of class B, class D and preference share. The preference shares have a preferential right over the ordinary shares to an annual dividend of SEK 35, paid quarterly, per preference share. Holders of the ordinary shares of series D are entitled to five times the total dividend on the ordinary shares of series A and B, however no more than SEK 2 per share and year. The largest shareholder is Ilija Batljan, who directly and indirectly holds 13.7 percent of the capital and 40.6 percent of the votes.

Shareholders	Amount Class A	Amount Class B	Amount Class D	Amount Pref. shares	Share of capital, %	Voting Share, %
Ilija Batljan Invest AB	63 495 701				7.9	23.6
Ilija Batljan (private and through companies)	45 558 167	1 137 606			5.8	17.0
AB Arvid Svensson	26 000 000	26 666 667			6.6	10.6
Compactor Fastigheter AB	21 997 977	25 405 525			5.9	9.1
Backahill AB	13 919 159	14 605 317			3.6	5.7
Dragfast AB	7 322 229	28 100 000			4.4	3.8
Meteva AS		77 029 772			9.6	2.9
Investmentaktiebolaget Cyclops	6 349 570	1 326 148			1.0	2.4
Assindia AB	4 762 186	2 500 000			0.9	1.9
AktFast Förvaltnings AB	4 762 186	2 237 814			0.9	1.9
Stiftelsen för Strategisk Forskning		42 651 810			5.3	1.6
Lennart Schuss (private and through companies)	2 634 957	15 424 060			2.3	1.6
Postens Pensionsstiftelse		40 551 810			5.1	1.5
HighHill Intressenter AB		40 701 897			5.1	1.5
Oscar Lekander	3 174 785	292 700			0.4	1.2
Krister Karlsson	3 174 785				0.4	1.2
Övriga	6 825 789	227 440 414	45 690 906	175 251	34.9	12.7
Total	209 977 491	546 071 540	45 690 906	175 251	100.0	100.0



Exterior view of the school property Frostfjärilen 44 in Huddinge, Stockholm

INCOME STATEMENT OF PARENT COMPANY

Amount in SEK, millions	01-01-2019 31-03-2019	01-01-2018 31-03-2018	01-01-2018 31-12-2018
Net sales	-	-	-
Personnel costs	-7	-4	-24
Other operation expenses	-15	-10	-43
Operating profit	-22	-14	-67
Financial items			
Profit from shares in group companies	-	-	7
Interest income and similar items	117	38	240
Interest expenses and similar items	-74	-10	-249
Profit after financial items	21	14	-69
Appropriations	-	-	73
Profit before tax	21	14	4
Tax	-1	-	1
NET PROFIT FOR THE PERIOD	20	14	5

Amount in SEK, millions	01-01-2019 31-03-2019	01-01-2018 31-03-2018	01-01-2018 31-12-2018
Net profit for the period	20	14	5
Other comprehensive income	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	20	14	5

BALANCE SHEET OF PARENT COMPANY

Amount in SEK, millions	31-03-2019	31-03-2018	31-12-2018
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in group companies	3 700	3 442	3 700
Receivables from group companies	8 578	3 127	7 948
Receivables from associated companies/joint venture	65	-	156
Deferred tax assets	-	-	1
Other long-term receivables	63	-	63
Total financial fixed assets	12 406	6 569	11 868
Total fixed assets	12 406	6 569	11 868
Current assets			
Current receivables			
Accounts receivable	-	1	1
Other receivables	12	46	10
Prepaid expenses and accrued income	11	14	2
Total current receivables	23	61	13
Cash and cash equivalents	85	23	6
Total current assets	108	84	19
TOTAL ASSETS	12 514	6 653	11 887
EQUITY AND LIABILITIES			
Equity	7 473	5 350	7 226
Untaxed reserves	2	2	2
Long-term liabilities			
Liabilities to credit institutions	-	-	150
Bond loans	3 048	1 282	2 461
Other long-term liabilities	-	-	88
Total long-term liabilities	3 048	1 282	2 699
Current liabilities			
Commercial papers	1 928	-	1 840
Accounts payable	5	1	16
Current tax liabilities	1	1	1
Other liabilities	28	7	46
Accrued expenses and prepaid income	29	10	57
Total current liabilities	1 991	19	1 960
TOTAL EQUITY AND LIABILITIES	12 514	6 653	11 887

STATEMENT OF CHANGES IN EQUITY OF PARENT COMPANY

Amount in SEK, million					
	Share capital	Unregistered share capital	Share premium	Retained earnings	Total equity
Total equity 01-01-2018	74	-	4 937	23	5 034
Issue hybrid bonds			315		315
Dividend			-12		-12
Net profit for the period				13	13
Other comprehensive income				-	-
Total equity 31-03-2018	74	-	5 240	36	5 350
Share issue	6	-	1 374		1 380
Issue hybrid bonds			1 190		1 190
Dividend			-178		-178
Redeemed preference shares			-98		-98
Repurchased hybrid bonds			-317		-317
Repurchased warrants				-93	-93
Net profit for the period				-8	-8
Other comprehensive income				-	-
Total equity 31-12-2018	80	-	7 211	-65	7 226
Total equity 01-01-2019	80	-	7 211	-65	7 226
Share issue	1	0	257		258
Issue hybrid bonds					-
Dividend			-31		-31
Net profit for the period				20	20
Other comprehensive income				-	-
Total equity 31-03-2019	81	0	7 437	-45	7 473

GROUP COMPANY INCOME STATEMENT AND BALANCE SHEET COMMENTS

The parent company's operations consist of group-wide functions such as business development, transaction, property development and financial management. The company has 10 employees. The costs incl. personnel costs during the period amounted to SEKm -22 (-14).

In the first quarter, SBB issued its first secured green bond of SEK 500m and increased an existing bond loan by SEK 224m. New ordinary class D shares have been issued. The number of shares amounted to 801,915,188 shares and share capital to SEK 80,191,519.

CASH FLOW STATEMENT OF PARENT COMPANY

Amount in SEK, millions	01-01-2019 31-03-2019	01-01-2018 31-03-2018	01-01-2018 31-12-2018
Operations			
Profit after financial items	21	14	-69
Net financial items	-43	-28	9
Interest paid	-74	-3	-249
Interest received	117	38	240
Cash flow from operations before changes in working capital	21	21	-69
Cash flow from changes in working capital			
Changes in current receivables	-10	-45	2
Changes in current liabilities	-57	-13	95
Cash flow from operations	-46	-37	28
Investment activities			
Investments in subsidiaries	-	-	-258
Claims incurred by group companies	-630	-1 528	-6 348
Changes in receivables from associated companies/joint ventures	91	-	-156
Changes of other long-term receivables	-	-	-63
Cash flow from investment activities	-539	-1 528	-6 825
Financing activities			
Share issue	258	-	1 380
Issue hybrid bonds	-	315	1 505
Repurchased hybrid bonds	-	-	-317
Redeemed warrants	-	-	-93
Redeemed preference shares	-	-	-98
Received group contribution	-	-	73
Dividend paid	-31	-12	-190
New loans	675	1 282	4 539
Amortization of loans	-150	-	-
Changes of other long-term liabilities	-88	-	-
Cash flow from financing activities	664	1 585	6 799
Cash flow for the period	79	20	2
Cash and cash equivalents at the beginning of the period	6	3	3
Cash and cash equivalents at the end of the period	85	23	5

ADDITIONAL INFORMATION

General information

Samhällsbyggnadsbolaget i Norden AB (publ), corporate identity number 556981-7660, with its subsidiaries is engaged in property management and property development. The parent company is a limited liability company registered in Sweden and headquartered in Stockholm.

ACCOUNTING AND REPORTING STANDARDS

Basis for the consolidated accounts

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC). In addition, the Annual Accounts Act (ÅRL) and "RFR1 Supplementary Accounting Rules for Groups" have been applied. The parent company applies the same accounting principles as the Group with exceptions and additions stated in the recommendation RFR 2 Accounting for Legal Entities issued by the Financial Reporting Board. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The same accounting and valuation principles have been applied as in SBB's Annual Report 2018, pages 57-142.

INFORMATION ABOUT NEW STANDARDS

IFRS 16, Leases

Since January 1, 2019, the Group has applied IFRS 16 Leases. The new standard is replacing IAS 17 Lease Agreement and associated interpretations. It requires that the lessee report assets and liabilities attributable to all leases, with the exception of agreements shorter than 12 months and / or small amounts. The lease accountant's report will essentially remain unchanged. SBB has as a result of the implementation of IFRS 16 in January 1, 2019 reported a lease asset and a lease liability in the balance sheet related to land lease agreements. The income statement is affected by the fact that land lease payments are reported in the financial items instead of as an operating cost. SBB has chosen to apply the simplified method and will not apply the standard retrospectively.

PLEDGED ASSETS AND CONTINGENT LIABILITIES

Group	31-03-2019	31-03-2018	31-12-2018
Pledged assets			
Mortgages Sweden	9 540 532	7 654 569	8 963 839
Mortgages Norway *)	19 400 870	8 039 939	17 799 275
Shares in subsidiaries	2 409 154	1 528 484	1 790 315
Total	31 350 556	17 222 992	28 553 429
Contingent liabilities			
Guarantees	-	-	-
Total	-	-	-
Parent company			
Pledged assets			
Shares in subsidiaries	-	-	-
Total	-	-	-
Contingent liabilities			
Guarantees	3 746 951	3 065 546	4 713 456
Total	3 746 951	3 065 546	4 713 456

*) The property mortgages in Norway are collateral for loans totalling SEK 4bn (5.8).

HEDGE ACCOUNTING

Since 1 January 2018, the Group has applied hedge accounting for a currency loan. Mainly commercial papers issued in Euro is used as a hedge against net assets in Finland. The effect of the hedge accounting is that the unrealised exchange rate difference of SEK 2m when converting the loan at the balance sheet date has been reported in other comprehensive income. In the Swedish group there was also a loan in NOK until September 25, 2018 amounting to NOK 86m that was used as a hedge against net assets in Norway.

TRANSACTIONS WITH RELATED PARTIES

SBB acquired the company Hestia Sambygg AB on 26 March 2018, which was previously owned 49 percent by the principal owner Ilija Batljan Invest AB. The purchase price paid to Ilija Batljan Invest AB was SEK 1. Until the acquisition, SBB purchased services from the company including consulting services relating to financial and technical management. The pricing for the services was based on a market-based square meter price. After the acquisition, these services are intercompany transactions.

Extraordinary General Meeting held on 7 November 2017 has decided to issue warrants directed to a specially established subsidiary and approved that the subsidiary will transfer the warrants to the company's current and future employees. The program comprises 20,000,000 warrants entitling to subscribe for the corresponding number of class B shares in the company. The subscription price for new subscription of class B shares corresponds to 130 percent of the average of the company's class B shares volume weighted average price during the 10 trading days from 24 October 2017 through 6 November 2017. Subscription of B shares by using the warrants may take place in the period from 1 October 2020 until 31 October 2020.

The Board of Directors and the Managing Director certify that this interim report gives a true and fair view of the operations, financial position and income of the parent company and corporate group, and describes the significant risks and uncertainties affecting the parent company and the companies included in the group.

Stockholm, 29 April 2019

Lennart Schuss
Chairman of the Board

Ilija Batljan
Chief Executive Officer

Sven-Olof Johansson
Member of the Board

Hans Runesten
Member of the Board

Fredrik Svensson
Member of the Board

Eva Swartz Grimaldi
Member of the Board

Anne-Grete Strøm Erichsen
Member of the Board

This information is information that Samhällsbyggnadsbolaget i Norden AB is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication (Swedish version), through the agency of the contact persons set out below at 08.00 CET on April 29, 2019.

Ilija Batljan, CEO, ilija@sbbnorden.se
Marika Dimming, IR, +46 70-251 66 89, marika@sbbnorden.se
Certified advisor is Erik Penser Bank AB (www.penser.com).

Calendar

Interim Report Jan-June 2019	10-07-2019
Interim Report Jan-Sept 2019	29-10-2019
Year-end Report 2019	19-02-2020

REVIEW REPORT

Samhällsbyggnadsbolaget i Norden AB (publ), corporate identity number 556981-7660

INTRODUCTION

We have reviewed the condensed interim report for Samhällsbyggnadsbolaget i Norden AB as at March 31, 2019 and for the three months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 29th of April 2019

Ernst & Young AB

Ingemar Rindstig
Authorized Public Accountant

DEFINITIONS

FINANCIAL DEFINITIONS

Adjusted equity ratio, %

Reported equity incl. shareholder loans and convertibles, with reversal of reported deferred tax liability as a percentage of total assets. *The key figure is used to highlight SBB's financial stability.*

Average fixed interest term, year

Average remaining maturity at interest rate adjustment date for interest-bearing liabilities. *The key figure is used to illustrate SBB's financial risk.*

Average interest rate, %

Weighted average contracted interest rate on 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 number of preference shares

The weighted average number of outstanding preference shares during a given period.

Average number of ordinary shares

The weighted average number of outstanding ordinary shares during a given period.

Cash flow from operating activities, SEK

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

Debt maturity, years

Remaining maturity until the expiration for interest-bearing liabilities. *The key figure is used to illustrate SBB's financial risk.*

EPRA

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

EPRA Earnings, SEK

Income from property management adjusted for current tax attributable to income from property management. With taxable income from property management means income from property management with a deduction for tax purposes of depreciation and reconstruction. *The key figure provides information about the management result calculated in a uniform manner for listed property companies.*

EPRA NAV (Long term net asset value)

Equity related to the ordinary shares of class A and B, excluding equity associated with preference and D shares, non-controlling interests and hybrid bonds, adding back deferred tax liability and derivatives. *The key figure provides an adjusted and complementary measure of the size of equity calculated in a manner consistent with listed property*

EPRA NNNAV (Actual net asset value), SEK

Equity attributable to the ordinary share, excluding equity associated with preference and D-shares, non-controlling interests and hybrid bonds, adjusted for estimated 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.*

EPS (Earnings Per Share A + B)

Profit for the period after dividend to preference shareholders and holders of ordinary class D shares and interest on the hybrid bond in relation to the average number of ordinary shares A and B for the period.

Equity ratio, %

Reported equity as a percentage of total assets.

Interest coverage ratio

Profit from property management (last 12 months) after reversal of financial expenses in relation to financial expenses excluding costs for early redemption of loans and land lease fees. *The key figure is used to illustrate SBB's financial risk.*

Net interest-bearing liabilities

Interest-bearing liabilities less cash and cash equivalents.

Outstanding number of preference shares

The number of preference shares outstanding at a given point in time.

Outstanding number of ordinary shares

The number of ordinary shares outstanding at a given point in time.

Loan-to-value ratio, %

Net interest-bearing liabilities as a percentage of total assets at the end of the period. *The key figure is used to illustrate SBB's financial risk.*

Outstanding number of shares

The number of shares registered with a deduction for the company's own repurchased shares at a given point in time.

Profit from property management

Profit before tax and value changes.

Return on equity, %

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

Secured loan-to-value ratio, %

Secured interest-bearing liabilities as a percentage of total assets at the end of the period. *The key figure is used to illustrate SBB's financial risk.*

PROPERTY-RELATED DEFINITIONS

Economic occupancy rate, %

Rental income in relation to rental value.

EPRA Earnings, SEK

Management profit with deduction for estimated current tax attributable to the management result. Taxable management result refers to management result with deduction for tax deductible depreciation and redevelopment.

EPRA Vacancy rate, %

The rental value of vacant contracts divided by the rental value of the entire property portfolio.

Market value of investment properties, SEK

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

Net operating income, SEK

Refers to rental income minus property costs.

Number of properties

Number of properties at the end of the period.

Number of square meter (sq.m.)

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

Rental income, SEK

Debited rent for the period with deduction for rental losses and rental discounts.

Rental value, SEK

Refers to contracted rental income with the addition of estimated rental income for vacant contracts if they were to be rented out.

Surplus ratio, %

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

Weighted average unexpired lease term for social infrastructure properties, years

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

Yield, %

Net operating income in relation to the properties real value at the end of the period.

APPENDIX 1 – CURRENT EARNINGS CAPACITY

Below is the current earnings capability for the Group for 12 months, taking into account the Group's property portfolio as of 31-03-2019. The current earnings capacity is not a forecast but only to be regarded as a hypothetical snapshot and presented solely to illustrate revenue and expenses on a yearly basis, given the real estate portfolio,

financial costs, capital structure and organization at a certain time. The Group's earnings capacity does not include the result effect of unrealized and realized value changes.

THE GROUP'S EARNINGS CAPACITY

	SEKm
Rental income	1,714
Operating costs	-344
Maintenance	-100
Property administration	-57
Property tax	-28
Net operating income	1,184
Central administration	-74
Profit from Joint Ventures	63
Financial income from Joint Ventures	28
Financial costs	-404
Operating profit	798

The following information forms the basis for calculating the earnings capacity:

- Contracted rental income on a yearly basis (including additions and rent discounts) and other real estate-related income based on current lease contracts per 31-03-2019.

- Operating and maintenance costs consist of budget of 2019 year's operating costs and maintenance measures.

- Property tax has been calculated based on the property's current tax assessment value per 31-03-2019.

- Property administration costs have been calculated based on existing organisation.

- No financial income has been included in the net financials. Financial expenses have been calculated based on contracted interest rates and include interest on external loans.

Net asset yield and long-term changes in value

Companies managing real assets, such as real estate companies, the income from property management only reflects part of the overall results – albeit a large part. By definition a real asset offers protection against inflation. The net asset value – i.e., the denominator of the yield ratio income/capital – is adjusted annually in accordance with IFRS regulations for changes in value. In order to provide an accurate figure for the yield, the numerator i.e., income, must be similarly adjusted. Therefore, the recorded net income has to be supplemented with a component of value changes as well as the effective tax to provide an accurate view of income and yield. One challenge is that changes in value can vary greatly between years and quarters, thus leading to volatile results. This is why we use average inflation rates for the previous 10 years as an indicator for value changes and sensitivity analyses. We also include sensitivity analyses for assumptions of annual profit from building rights. At the same time, by being a long-term player with stable cash flows and a low risk real estate portfolio, SBB is able to make use of long-term value changes.

SENSITIVITY ANALYSIS

	Building rights profit = SEK 250m			Building rights profit = SEK 400m		
	Change in value			Change in value		
		-1%-point	+1%-point		-1%-point	+1%-point
Operating profit, rolling 12 months	798	798	798	798	798	798
Profit from creation of building rights	250	250	250	400	400	400
Change in property value (10-years average CPI)	324	52	596	324	52	596
D:o %	1.2%	0.2%	2.2%	1.2%	0.2%	2.2%
Current tax, 10%	-80	-80	-80	-80	-80	-80
Profit after tax	1,292	1,020	1,564	1,442	1,170	1,714
Profit SEK/share	1.71	1.35	2.07	1.91	1.55	2.27
Return on actual long-term net asset value	14.1%	11.1%	17.1%	15.7%	12.8%	18.7%
Profit / share price per 30-06-2018	15.2%	12.0%	18.4%	17.0%	13.8%	20.2%
P/E	7	8	5	6	7	5

CONTACT

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This information is information that Samhällsbyggnadsbolaget i Norden AB is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication (Swedish version), through the agency of the contact persons set out above at 08.00 CET on April 29, 2019.



Samhällsbyggnadsbolaget