



INTERIM REPORT JANUARY – JUNE 2017

Samhällsbyggnadsbolaget i Norden AB (publ)

Q2



PERIOD IN BRIEF

This interim report refers to Samhällsbyggnadsbolaget i Norden AB (publ), org. no. 556981-7660, hereinafter referred to as SBB or Samhällsbyggnadsbolaget alternatively the group or the company. On the 16th of January 2017 SBB shareholders decided, on an extraordinary general meeting, to acquire SBB's i Norden AB (publ), Kuststaden Holding AB and Sörmlandsporten AB. On the same day SBB i Norden AB (publ) acquired AB Högekullen (publ). In total, the newly created group had a property value of SEKbn 11 including the previously mentioned transactions. On the general meeting, a decision regarding distributions to the shareholders of SBB's former business was made. The company's acquisition of SBB i Norden AB (publ), org. no. 559053-5174, on 2017-01-16 was classified as a so-called reversed acquisition. The group is refereed to as SBB i Norden AB since that date and that the comparative figures in this report refers to SBB i Norden group. The parent company's in this report refers to Samhällsbyggnadsbolaget i Norden AB (publ) for all periods.

INTERIM PERIOD JANUARY-JUNE 2017

WEIGHTED AVERAGE
UNEXPIRED LEASE TERM
(CSP),

NUMBER OF PROPERTIES

PROPERTY VALUE, SEKm

RENTAL INCOME, SEKm

720

21,143

585

7 YEARS

(147)

(2,326)

(11)

(11 YEARS)

FIRST HALF-YEAR IN BRIEF

- Rental income increased, as a result of the acquisitions that were accessed during the second quarter of 2016 and the first quarter of 2017, as well as investments and new rentals, to SEKm 585 (11).
- The net operating surplus increased to SEKm 357 (5).
- The net operating result increased, as a result of the improved net operating surplus, to SEKm 138 (1).
- The profit for the period increased to SEKm 1,686 (354), which corresponds to an earnings per share of SEK 2.93.
 - Unrealized property value changes excluding building rights amounted to SEKm 1,502 (129).
 - Unrealized value changes as a result of building rights amounted to SEKm 500 (325).
- The value of the property portfolio increased to SEKm 21,143 (2,326).
- The EPRA NAV per share increased to SEK 8.44.

SEKm 1,686
profit for the period

SEKm 4,604
increased equity
during the first 6
months of the year

IMPORTANT EVENTS DURING THE SECOND QUARTER

- The surplus ratio increased from 55 percent in the first quarter to 65 percent in the second quarter, which contributed to an operating profit of SEKm 103 for the second quarter.
- During the quarter, several contracts were signed regarding the sale of future building rights comprising of 202,000 sq.m. BTA in Stockholm and Nyköping. The sale is estimated to impact the result by SEKm 300.
- SBB completed property acquisitions of approx. SEKbn 3.5. The acquisitions concern 35 community service properties in the south and middle of Sweden, a property portfolio of 14 residential- and community service properties in Västerås and Hallstahammar, a portfolio of 7 community service properties in Kristiansand, Norway and a portfolio of 12 residential properties in Karlskrona and one community service property in Värmdö municipality.
- In connection to the acquisitions of the properties in Västerås 26,666,667 new series B shares were issued, which resulted in an increase of the share capital by SEK 2,666,666.70. The price of each issued share was SEK 6 with a total share issue of SEKm 160.
- SBB offered summer jobs to 73 young adults from our residential areas.

IMPORTANT EVENTS AFTER THE SECOND QUARTER

- After the end of the period, SBB has completed two new acquisitions. The acquisitions concern one property portfolio in Falun valued at SEKm 316 and one commercial property in Uppsala valued at SEKm 65. The property portfolio in Falun is a residential property with 463 apartments and has been acquired from the municipal property company. The property in Uppsala is part of SBB's development portfolio.

- In July SBB issued a hybrid bond of SEKm 300 within the total framework of SEKm 1,000. The sole subscriber of the hybrid bond issue was Phoenix Insurance Company, a leading insurance company. SBB’s board has also made the decision, with support from the annual general meeting on the 27th of April 2017, to issue 35,000,000 warrants. The Hybrid bond is expected to be categorized as equity by creditors and leading rating houses. All else equal, it is estimated that the hybrid bond will affect the adjusted equity ratio by an additional 1.4 percentage points.
- The affiliate SBB i Norden AB (publ) issued an additional SEKm 150 on the bond loan with a framework of up to SEKbn 1.5. The total framework is thus fully used. The bonds were issued at a price of 101.25 percent, which corresponds to a coupon of Stibor 3 months + 5.95 percent.
- In April, SBB presented a public offer to the owners of the preference shares and warrants of the affiliate AB Högkullen (publ). The acceptance period ended in August. Following the end of the acceptance period, SBB controls 77.95 percent of the shares, 96.09 percent of the votes and 97.46 percent of the warrants in Högkullen. In addition to the cash consideration, SBB will issue 2,667,812 new class B shares and 195,670 new preference shares, which corresponds to a dilution of 0.39 percent of the share capital and 0.11 percent of the votes in the company.

SBB KEY RATIOS

	2017 H1	2016 H1	2017 Q2	2016 Q2	2016
Rental income, SEKm	585	11	348	11	187
Operating net, SEKm	357	5	226	5	91
Surplus ratio, %	61	49	65	49	49
Interim profit, SEKm	1 686	354	1 038	354	1 007
Yield, %	4,7	4,7	4,7	4,7	5,6
Cash flow from current operations, SEKm	721	689	466	689	536
Property value (market value), SEKm	21 143	2 326	21 143	2 326	7 572
Shareholders’ equity, excl. non-controlling equity interests, SEKm	5 596	388	5 596	388	1 767
EPRA NAV (long-term net asset value), SEKm	6 208	490	6 208	490	1 596
Return on Shareholders’ equity , % ²⁾	41	182	18	172	114
Loan-to-value ratio % ¹⁾	63	43	63	43	64
Equity ratio, %	29	16	29	16	21
Adjusted Equity ratio, %	33	29	33	29	33
Earnings per ordinary share, SEK ²⁾	2,93	n/a	1,40	n/a	n/a
Average number of ordinary shares ³⁾	567 897 901	7 230 434	727 369 131	7 230 434	7 230 434
Average number of preference shares ³⁾	73 193	-	103 500	-	-
Number of ordinary shares ³⁾	735 281 219	7 230 434	735 281 219	7 230 434	7 230 434
Number of preference shares ³⁾	103 500	-	103 500	-	-
Number of properties	720	147	720	147	358
Leasable area, sq.m.	1 324 506	280 339	1 324 506	280 339	696 698
Economic letting ratio, %	96,9	95,7	96,9	95,7	98,3
WAULT, community service properties, yrs	7	11	7	11	10

1) Excl. shareholder loans and convertible debentures
2) Calculation based on number of ordinary shares and preference shares



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 for residential and community service properties. The company's strategy is to have a long-term view on ownership, management and development of residential properties in Sweden and community service properties in the Nordics. Further the company aims to actively carry out property development where cash flow properties can be converted into building rights for residentials. Acquisitions are focused on properties in attractive cities with an underlying growth in Sweden and Norway.

REAL ESTATE PORTFOLIO

SBB's property portfolio is comprised of residential properties and community service properties as well as properties with a clear development potential.



In order to safeguard stability and strong cash flows. SBB's aim is to make sure that community service properties with long contracts and residentials comprise 80-90 percent of the property portfolio. Samhällsbyggnadsbolaget is active in a market with stable and strong underlying fundamentals. The property portfolio of the company is characterized by a high occupancy rate and long contracts. 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 720 properties as of 2017-06-30. The properties had a total value of SEKbn 21.1, where housing constituted of SEKbn 5.1, community service properties SEKbn 13.6, and the remaining properties SEKbn 2.4. The total lettable area was approx. 1 325 000 sq.m. with a rental value of 12-months rolling was SEKm 1,513.

ORGANIZATION

SBB has a management team with significant experience from development and management of both residentials and community service properties. The organization constitutes of a small team of employees where the focus lies on transactions, property development and cost-efficiency. SBB works actively with 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. The company achieves scalability in the organization through external property management, which enables continuous growth within the existing organization.

CEO ILIJA BATLIJAN

SIX AMAZING MONTHS including everything from a listing on Nasdaq Stockholm First North to a unique and strong pace of transactions can we, in the light of this report, put to the past. We are delivering an earning per share of SEK 2.93 for the period, which corresponds to a semi-annual return of 56 percent, given the share price at the end of the second quarter. During the first half of the year we have increased the NAV by approx. SEK 3.70 per share and completed real-estate transactions totaling approximately SEKbn 12.

THESE HAVE BEEN A HISTORICAL SIX MONTHS FOR OUR COMPANY.

”Samhällsbyggnadsbolaget has delivered on all counts since the start”. This is a quote from one of our banks and is further underlined by this report. Do not get me wrong, we are not chasing any acknowledgement for the sake of it. However we aim to keep delivering on all counts and create transparency. This is also why I want to repeat myself: We have the capacity to execute transactions, take care of the real estate management, carry on an active real-estate development portfolio and create value to our shareholders. We also contribute to the development of the society as a whole by creating building rights for housing, in these times of extreme lack of housing. We have done it before and we will continue to deliver.

REDUCING FINACIAL RISK

We are focusing on consolidation and to reduce the financial risk. Therefore, we have communicated a new goal for the LTV ratio to be lower than 65%. By the end of the period the LTV ratio was 63%. We have created the right conditions for continuing to lower the LTV ratio in the coming 12 months, through, among other things, a sale of building rights. SBB has, the lowest duration of the locked-up interest rate on the market. In combination with a long debt maturity this further contributes to reducing the financial risk. The company works actively to receive an official credit rating. The goal is to receive an investment-grade rating from one of the official rating houses by the latest 2018. An important step for reaching this goal has been the issue of the SEKm 300 Hybrid bond. It is a perpetual bond with the first possibility of redemption from SBB’s side after 5.5 years.



The bond is subordinated to the company’s outstanding senior unsecured bond and is expected to be categorized as shareholders equity by creditors and leading rating houses.

THE PROFIT from property management for the first six months of 2017 amounts to SEKm 138 and it is in line with our previously communicated 12-month estimates. The value creation focus through investments in our properties, new leases, prolonged municipal contracts and our property development team has proven to deliver a very strong result for the first half of the year.

We have divested 202,000 sq.m. BTA future building rights during the second quarter. During the last 12 months, we have finalized the divestment of future building rights for a value of approx. SEKbn 1, where the prices have varied between SEK 2,500/sq.m. and SEK 5,000/sq.m. gross area.

After the end of the quarter we have continued to divest future building rights, the value of the divestment after the end of the quarter amounted to SEKm 80.

We have continued to successfully divest the properties which we are not part of our long-term goals. All divestments have been sold at a value which has exceeded the latest valuation value.

The total market value of our properties amounted to SEKbn 21.1 by the end of the quarter. After the end of the quarter we have successfully gained properties valued at SEKbn 0.5.

Lastly, we have also signed several long leasing agreements with a handful of municipalities, one university, the Swedish tax authority, Aleris and Ambea.

WE HAVE ONLY JUST STARTED All key figures show SBB has had an outstanding first 6 months as a listed company. Beyond the strong value-creation we have been able to create for our shareholders I am very proud of the fact that we this year have been able to offer summer jobs to 73 young adults that live in our residential areas and that we continue to collaborate with Mentor Sweden. It is a way for Samhällsbyggnadsbolaget to show that our community service goes beyond providing homes. Our journey has just started and we promise that we will continue to work hard. We will always focus on cash-flow, profitability and value-creation for our shareholders. However, also focus on value-creation for the society as a whole. We strongly believe the shares of this company will be passed on through generations as a safe and secure cash-flow with social responsibility.

Ilija Batljan

CEO and founder

SBB INCOME STATEMENT

THE GROUPS COMPREHENSIVE INCOME STATEMENT					
IN THOUSANDS OF SEK	2017-01-01 2017-06-30	2016-03-02 2016-06-30	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2016-03-02 2016-12-31
Rental income	584 545	10 745	348 347	10 745	186 877
Operations	-152 435	-1 882	-83 841	-1 882	-50 815
Maintenance	-30 789	-1 445	-15 009	-1 445	-18 072
Management administration	-36 193	-1 858	-19 176	-1 858	-23 777
Property tax	-8 055	-268	-3 957	-268	-2 942
Net operating income	357 073	5 292	226 364	5 292	91 271
Central administration	-42 094	-1 850	-19 880	-1 850	-19 414
Profit before financial items	314 979	3 442	206 484	3 442	71 857
Profit from financial items					
Interest income and similar	13 332	6	9 263	6	5 076
Interest expenses and similar	-190 337	-2 460	-112 851	-2 460	-71 299
Profit from property management	137 974	988	102 896	988	5 634
Changes in the value of properties	2 001 953	454 142	1 191 099	454 142	1 218 782
Profit before tax	2 139 927	455 130	1 293 995	455 130	1 224 416
Tax	-453 976	-101 379	-256 381	-101 379	-217 285
PROFIT FOR THE PERIOD	1 685 951	353 751	1 037 614	353 751	1 007 131
REPORT OTHER COMPREHENSIVE INCOME					
IN THOUSANDS OF SEK	2017-01-01 2017-06-30	2016-03-02 2016-06-30	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2016-03-02 2016-12-31
Interim profit	1 685 951	353 751	1 037 614	353 751	1 007 131
Other comprehensive income					
Translation gains/losses for the period	-37 689	-	-30 394	-	-8 898
COMPREHENSIVE INCOME FOR THE PERIOD	1 648 262	353 751	1 007 220	353 751	998 233



INCOME STATEMENT COMMENTS

NET OPERATING INCOME

Rental income during the first half of the year amounted to SEKm 584.5 (10.7) and to SEKm 348.3 (10.7) during the quarter. Of the rental income for half of the year, SEKm 215.2 came from residential properties, SEKm 312.1 from community service properties and SEKm 57.2 from the remaining cash flow properties. The occupancy ratio by the end of the period amounted to 96.9 percent (95.7). The average contract duration for community service properties was 7 years (11).

The property costs during the period amounted to SEKm -227.4 (-5.5) and to -122.0 (-5.5) for the second quarter. The costs are mainly attributable to tax related costs, maintenance costs, and other operational and management costs. The property costs have increased due to the amount of new properties and other types of one time costs. If the operating net had been adjusted for these one time costs, the operating net would have increased by SEKm 13.

SEGMENT REPORTING

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

SEGMENT REPORTING FOR THE PERIOD 2017-01-01--2017-06-30

SEKm	Residential	Community service properties	Other/property development	Total
Rental income	215.2	312.1	57.2	584.5
Property costs	-125.0	-75.6	-26.8	-227.4
Net operating income	90.2	236.5	30.4	357.1
Value changes	265.5	1,276.3	460.2	2,002.0
Investment properties	5,126.5	13,643.6	2,372.6	21,142.7

PROFIT FROM PROPERTY MANAGEMENT

In total, the costs for central administration during the period amounted to SEKm -42.1 (-1.9). For the quarter, these costs amounted to SEKm -19.9 (-1.9). Costs for business development, transactions, real estate development and financial management are included in the costs for central administration. Costs that are of one-time character which related to the handling of the company’s transactions are also included in the amount. These costs are estimated to be approximately SEKm 18.

Net financial items for the period amounted to SEKm -177.0 (-2.5), which primarily consist of financial expenses. For the quarter, the costs amounted to SEKm -103.6 (-2.5). Within the financial expenses, interest rate expenses for external financing and interest rate expenses for loans to shareholders are included.

Profit from property management was SEKm 138.0 (1.0) for the period and SEKm 102.9 (1.0) for the quarter.

PROFIT AFTER TAX

Value changes of the properties amounted to SEKm 2,002 where SEKm 34.5 was realized value change and SEKm 1,967.5 was unrealized value change. A major part of the unrealized value change was value creation regarding building rights of SEKm 500. Value changes regarding acquisitions during the period amounted to SEKm 1,113. 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 SEKm 1,686 (353.8), which was weighed down by SEKm -454.0 (-101.4) in taxes. SEKm -26.7 (-) relates to current taxes and SEKm -427.3 (-101.4) relates to deferred property taxes. The after-tax profit for the quarter amounted to SEKm 1,037.6 (353.8), which was weighed down by SEKm -256.4 (-101.4) in taxes. SEKm -18.3 (-) relates to current taxes and SEKm -238.1 (-101.4) relates to deferred property taxes.

BALANCE SHEET

STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK	2017-06-30	2016-06-30	2016-12-31
ASSETS			
Fixed assets			
Tangible fixed-assets			
Investment properties	21 142 723	2 326 146	7 572 420
Equipment, tools and installations	12 602	1 160	6 368
Total tangible fixed-assets	21 155 325	2 327 306	7 578 788
Financial assets			
Shares in associated companies /joint ventures	95 745	-	83 216
Deferred tax receivables	28 426	-	19 892
Other long-term receivables	66 026	-	15 100
Total financial assets	190 197	-	118 208
Total non-current assets	21 345 522	2 327 306	7 696 996
Current assets			
Current receivables			
Account receivables	18 794	2 372	9 544
Other receivables	84 639	11 499	121 691
Prepaid expenses and accrued income	34 805	5 293	33 347
Total short-term payables	138 238	19 164	164 582
Cash and cash equivalents	214 718	59 613	506 397
Total current assets	352 956	78 777	670 979
TOTAL ASSETS	21 698 478	2 406 083	8 367 975

STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK	2017-06-30	2016-06-30	2016-12-31
EQUITY AND LIABILITIES			
Equity	6 370 535	387 851	1 766 538
Long-term liabilities			
Liabilities to credit institutions	4 856 404	939 641	3 180 121
Bond loans	6 060 402	-	1 153 479
Long-term loans to shareholders	33 600	175 450	793 954
Loans to associated companies	664 606	101 653	226 297
Deferred tax liabilities	23 761	100	58 764
Total long-term liabilities	11 638 773	1 216 844	5 412 615
Short-term liabilities			
Liabilities to credit institutions	1 726 631	64 900	487 330
Account payables	588 000	-	-
Short-term liabilities to owners	123 021	19 645	61 817
Liabilities to associated companies	40 000	29 500	-
Current tax liabilities	45 175	3 173	22 880
Other liabilities	961 532	645 968	501 069
Accrued expenses and prepaid income	204 812	38 202	115 726
Total short-term liabilities	3 689 171	801 388	1 188 822
TOTAL EQUITY AND LIABILITIES	21 698 478	2 406 083	8 367 975

GROUPS STATEMENT OF CHANGES IN EQUITY – IN SUMMARY

IN THOUSANDS OF SEK

	Share capital	Other contributed capital	Retained earnings	Equity attributable to non-controlling interests	Total equity
Share Issue	723	731 932			732 655
Shareholder contributions received		35 650			35 650
Net profit of the year			1 007 131		1 007 131
Other comprehensive income			-8 898		-8 898
Closing Equity 2016-12-31	723	767 582	998 233	-	1 766 538
Opening Equity 2017-01-01	723	767 582	998 233	-	1 766 538
Share Issue	72 815	2 142 832		459 891	2 675 538
Dividend			-34 804		-34 804
Acquired minority interests				315 000	315 000
Net profit for the period			1 685 951		1 685 951
Other comprehensive income			-37 689		-37 689
Closing Equity 2017-06-30	73 538	2 910 414	2 611 692	774 891	6 370 535

The shareholder contributions are unconditional. Non-controlling interests refer to preference shares in AB Högbullen (publ) and in Nye Barcode 121 Bidco AS.

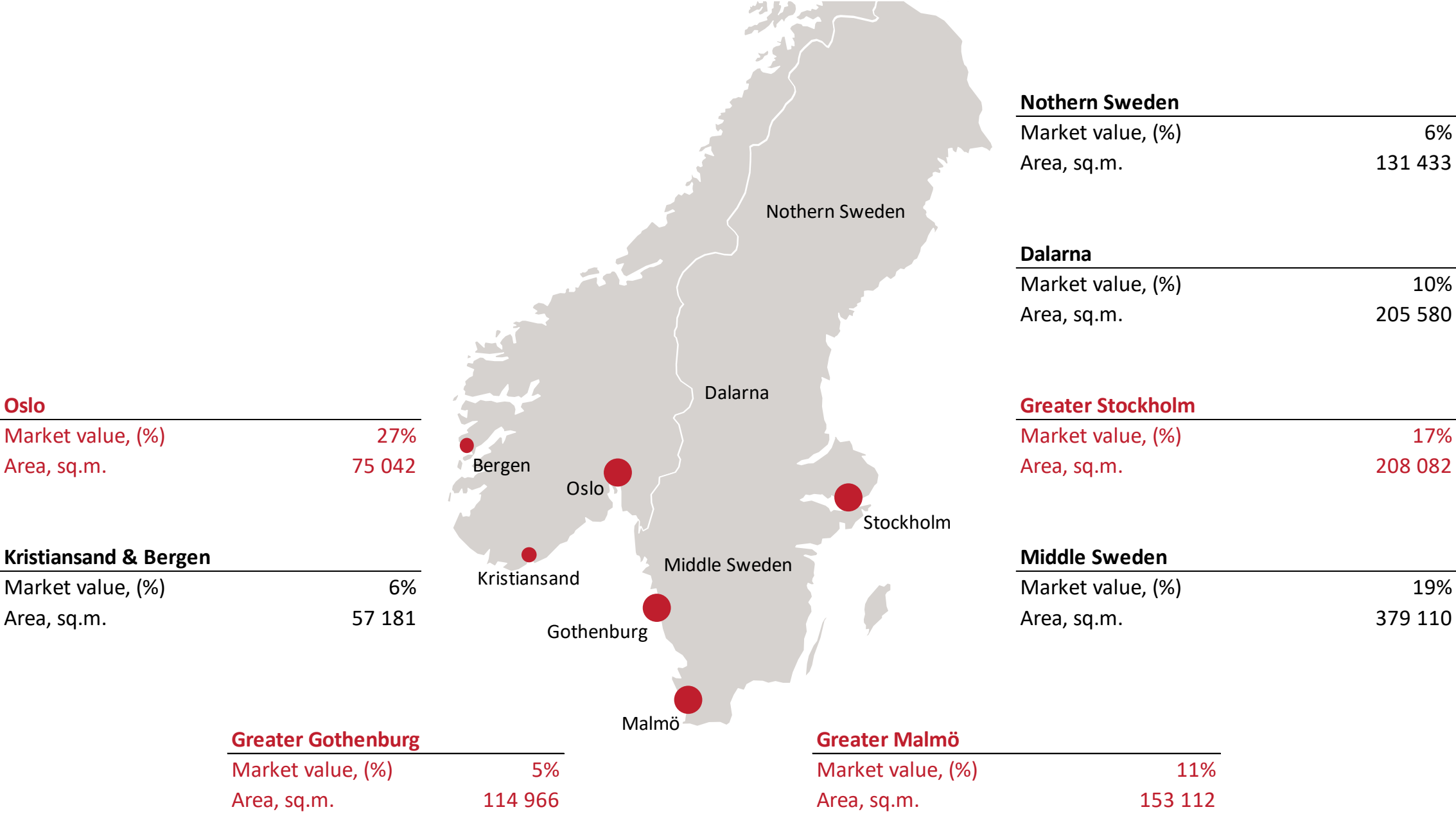
PROPERTIES

REAL ESTATE PORTFOLIO

The property value amounted to SEKbn 21.1 on the 2017-06-30. The value of the property stocks have been assessed through external valuations made by Newsec, JLL, Forum and Savills. The valuations are based on an analysis of future cash flow for every property, while considering each lease contract, the situation of the market, the level of rents, operational –

maintenance and administration costs as well as the need for future investments. The yield requirements in the valuation are in the range of 3.2 percent to 9.0 percent. The valuation of the real estate also includes approximately 600 m building rights which have been valued through sales comparables. 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.

PROPERTY VALUE PER REGION: 60 percent of the property stock in the Nordic big cities regions



SBB's business idea 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 perspective of owning, managing and developing community service properties.
- Acquiring, developing, constructing and managing residential properties throughout Sweden.
- Acting as a community service 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 residential properties in Sweden and community service properties in the Nordic region on a long-term basis. At the end of the period, community service properties in Norway accounted for 32 percent of the company's real estate value. About 57 percent of the real estate value consisted of residential and community service properties in Sweden. The

remaining 11 percent are properties in Sweden, where the company actively conducts property development work. Furthermore, Swedish cash flow 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 residential properties in Swedish growth municipalities. Our properties are generally located close to the city center and with access to very good transportation alternatives, whether it is apartments in Kallhäll center in Järfälla Municipality, or the city centers of for example Oskarshamn, Nyköping and/or Nykvarn in the Stockholm region. SBB owns residential properties in approximately 30 Swedish cities, from Malmö in the south to Sundsvall in the north. However, most of the residentials are located in the Stockholm region, Sundsvall, Oskarshamn, Karlstad, Borlänge and Motala.

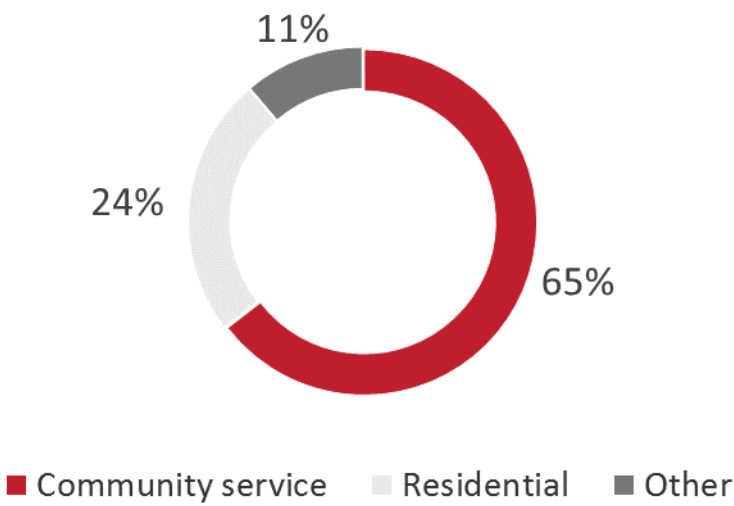
Our community service properties include properties used by tenants who are directly or indirectly tax financed. Tenants are engaged in activities such as education, elderly care, LSS and other care activities, municipal and state administration. For example, the community service properties Fågelviks school and preschool in Värmdö municipality, Borlänge city hall and Norwegian Ministry of Justice and Emergency Affairs, accommodates for elderly people in Malmö and Norrtälje and about 200 properties that accommodates for people with special needs (LSS). SBB is one of the Nordic region's largest actors in the field of housing and long-term care facilities for the elderly and people with disabilities. Our idea 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 community service and residential properties comprise SBB's core business and account for 80 to 90 percent of the company's total property value. The combination of residential and community service properties is unique for the Nordic countries. They are low risk assets due to low tenant dependency, high occupancy and high demand for housing. Our tenants in community service properties are safe and secure tenants with long leases. The lease agreements for community service properties are characterized by long maturities and low relocations. SBB has one of the longest weighted average lease expires in the market, about 7 years.

PROPERTY VALUE PER SEGMENT

Of the total property value SEKbn 13.6 consists of community service properties, SEKbn 5.1 of residential properties and SEKbn 2.4 of other properties (mostly development properties).

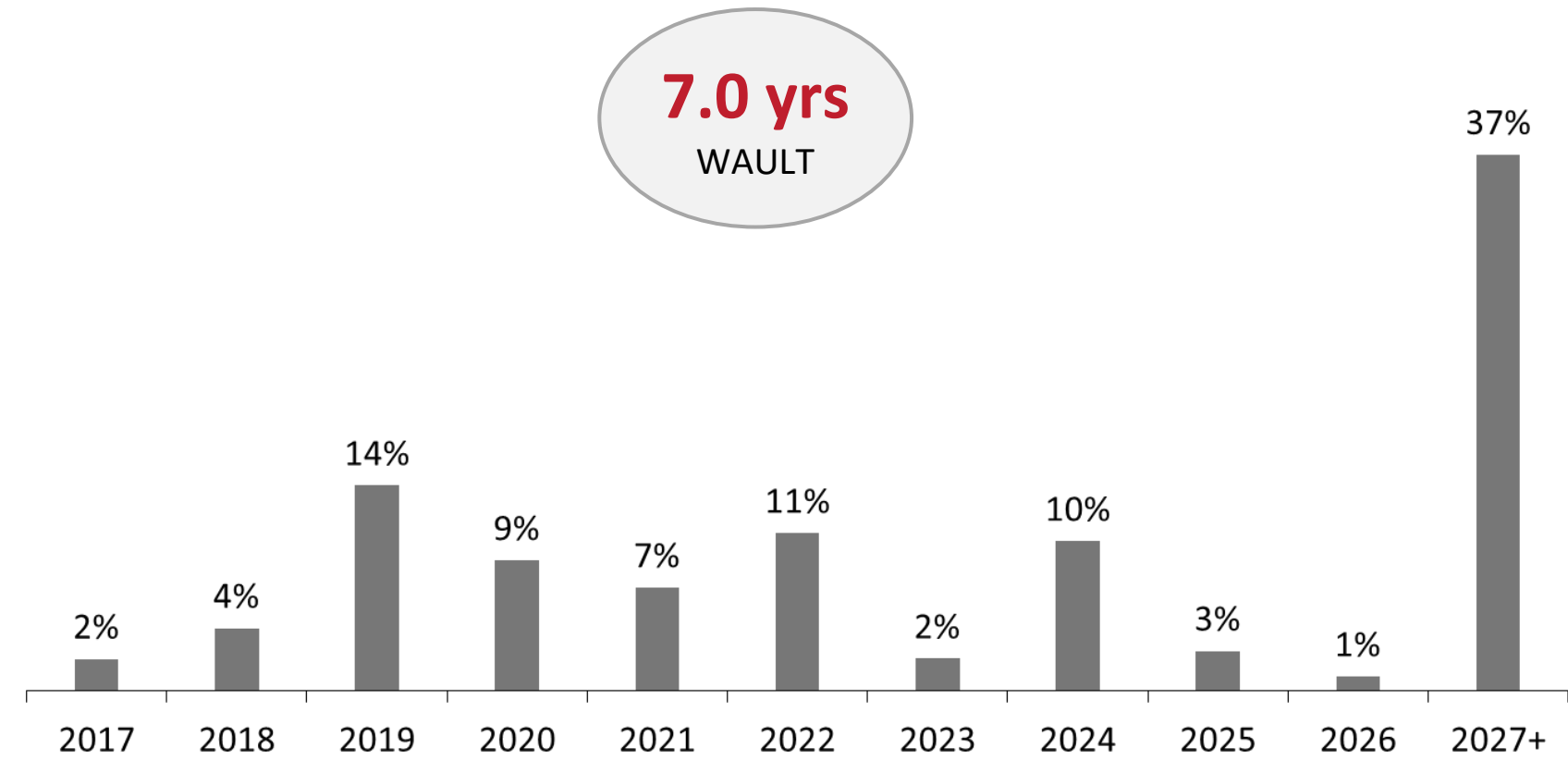


SENSIVITY ANALYSIS

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 does most likely not change in isolation.

	Change	Value change
Rental value	+/- 5 %	SEKm 886/-884
Discount rate	+/- 0,25 %	SEKm -471/448
Yield	+/- 0,25 %	SEKm -649/741

LEASE MATURITY STRUCTURE COMMUNITY SERVICE



Community service properties have a long weighted average lease expiry.



ACQUISITIONS

During the quarter SBB, conducted acquisitions for approximately SEKbn 3.5 divided on several portfolios.

- In April 2017, properties were acquired for a value of SEKbn 1.8. The property portfolio refers to 35 community service properties in southern and central Sweden and includes retirement homes, educational properties and property for legal services. The total lettable area is 175,000 sq.m. and provides a rental income of approximately SEKm 150. The largest tenants are Västra Götaland County Council and Lund University.
- During the quarter, acquisitions of 7 community service properties were completed at a value of SEKm 900 in Kristiansand, Norway. The portfolio has a total lettable area of 75,000 sq.m. and a total rental income of approximately SEKm 57.
- In June, 12 properties were acquired at a value of SEKm 700 in Karlskrona. The property portfolio consists of both residential and community service real estate and other commercial properties. The total lettable area is 57,000 sq.m. and the largest tenant is Karlskrona municipality.

DIVESTMENTS

- During the period, 9 commercial properties in Nyköping, Gotland and Vänersborg have been divested. In total, the properties had a value of SEKm 230 at date of sale. The divestments were made at a value higher than the lastest valuation. The divestments were part of SBB’s strategy to focus on residential and community service properties.

CHANGES IN THE PROPERTY STOCK

		SEKm
Initial fair value 2017-01-01		7,572
Acquisitions		12,037
Investments		68
Divestments		-281
Translation gains/losses		-221
Unrealised value changes		1,968
Fair value at the end of the period		21,143



REAL- ESTATE DEVELOPMENT

SBB works actively with real-estate development. The company's operational goal is to have 20 percent of the property portfolio consisting of the property segment others, which means cash-flow properties with identified development potential. The segment will generate a profit of SEKm 250-400 per year on average over a business cycle. The properties acquired by SBB in the other segment are cash-flow properties with development potential that generates a positive cash flow until the zoning plan is in place and further development is possible. The acquisitions are usually made off-market and after SBB has had a dialogue with each municipality to ensure that the property is within the immediate area, which is a priority for urban development.

SBB’s organization of property development

SBB has a property development and project team with very long and extensive experience in property development and transactions. The team is led by deputy CEO Krister Karlsson. In recent years, the team members have been responsible for a building rights portfolio of a total of about one million sq.m. of light BTA. The team is working actively to create flexible and rational building rights (tenant-owned, rental properties and community-service properties) and has developed building rights that fit a wide range of investors such as Ikano, Wallenstam, Svenska Stadsbyggen, Botrygg, K2A, Veidekke, JM, HSB and Riksbyggen. The organization also has extensive experience in creating volume and value-maximized retail plans and has experience in initiating and implementing sales early on in the planning process.

How does SBB work with sustainable social development?

SBB believes that sustainable community- and urban development is based on the location and, above all, the communication-oriented location. SBB believes that in the modern urban environment you should be able to live

without a car. Transportation, hospitals, schools etc. should be in the immediate local area. With this as a starting point, SBB has made the majority of its property development acquisitions in connection with railway-based stations. This applies to the acquisitions in the Stockholm area as well as in the regional cities in rest of Sweden.

Building rights

SBB had 12 ongoing development projects with a total area of approximately 430,000 sq.m. BTA (taking into account signed but not yet divested sales as of 2017-06-30). The table below show projects where SBB has received municipal note to start zoning plan.

Municipality	Property	BTA residential
Nyköping	Raspen 1, 2,3	122,500
Nykvarn	Kaffebryggaren 1	27,000
Falun	Falun 9:22	100,000
Ulricehamn	Krämarens 4	7,000
Norrköping	Järven 4	21,800
Haninge	Kalvsvik 11:9; 1:4	35,000
Haninge	Åby 1:67 m.fl	28,000
Nykvarn	Tillbringaren 2 mfl	5,000
Waiting for start note for zoning plan		83,700
Total		430,000

During the second quarter, building rights amounting to a total area of 202,000 sq.m. of BTA in Västerhaninge, Jordbro and Nyköping were sold to HSB, K2A, Botrygg, Sveafastigheter Bostad and Innovation Properties. In three of these projects totaling an area of 115,000 sq.m. BTA, SBB remains as a 50 percent owner through JV companies with HSB (Nyköping), Botrygg (Jordbro) and Innovation Properties (Västerhaninge). The value of the sale amounts to SEKm 712, with a positive impact of SEKm 300.

FINANCING

The groups interest-bearing liabilities at the end of the period amounted to SEKm 13,305, where SEKm 6,583 were liabilities to creditors, SEKm 6,648 were bond loans and SEKm 74 related to subordinated loans to shareholders and convertibles. Excluding loans to shareholders the LTV ratio was 63 percent. The real value of the liabilities on the 2017-06-30 is deemed to be consistent with the reported value. The average interest rate for the external financing amounted to 3.47 percent and to 7 percent for the shareholder loans and the convertibles. The average fixed-rate period amounted to 3.10 years. The table to the right shows the repayment-plan

The proportion of used secured financing was 85 percent of the total loan amount. In July 2017, the company issued a SEKm 300 hybrid bond within a framework amount of SEKm 1,000. The holder of the hybrid bond is Phoenix Insurance Company, a leading insurance company. The Board of the SBB has also decided, within the authorization of the Annual General Meeting on April 27, 2017, to issue 35,000,000 warrants.

The subsidiary SBB in Norden AB (publ) issued a further SEKm 150 bond in July within a framework of up to SEKbn 1.5. The framework amount is thus fully utilized. The bond were issued at a price of 101.25 percent, which corresponds to a coupon rate of Stibor 3 months + 5.95 percent. Of the loans that mature within one year, the unsecured bond of SEKm 600 was issued at the end of 2016 with the maturity date per 2018-06-23. Work on refinancing has begun. A portion of other loans

CREDIT MATURITY STRUCTURE 30-06-2017

SEKm	Utilized credit	Proportion
< 1 year	2,350	18%
< 2 year	663	5%
< 3 year	2,937	22%
< 4 year	1,316	10%
< 5 year	2,209	17%
> 5 year	3,868	29%
Total	13,343	100%

structure for the external financing.

with maturity within one year are loans that will be rolled forward. To handle other refinancing, a hybrid bond of SEKm 300 has been issued and an unsecured bond of SEKm 150 has been issued. In addition to the issues, SEKm 375 was secured in loan commitments that will be used for refinancing.

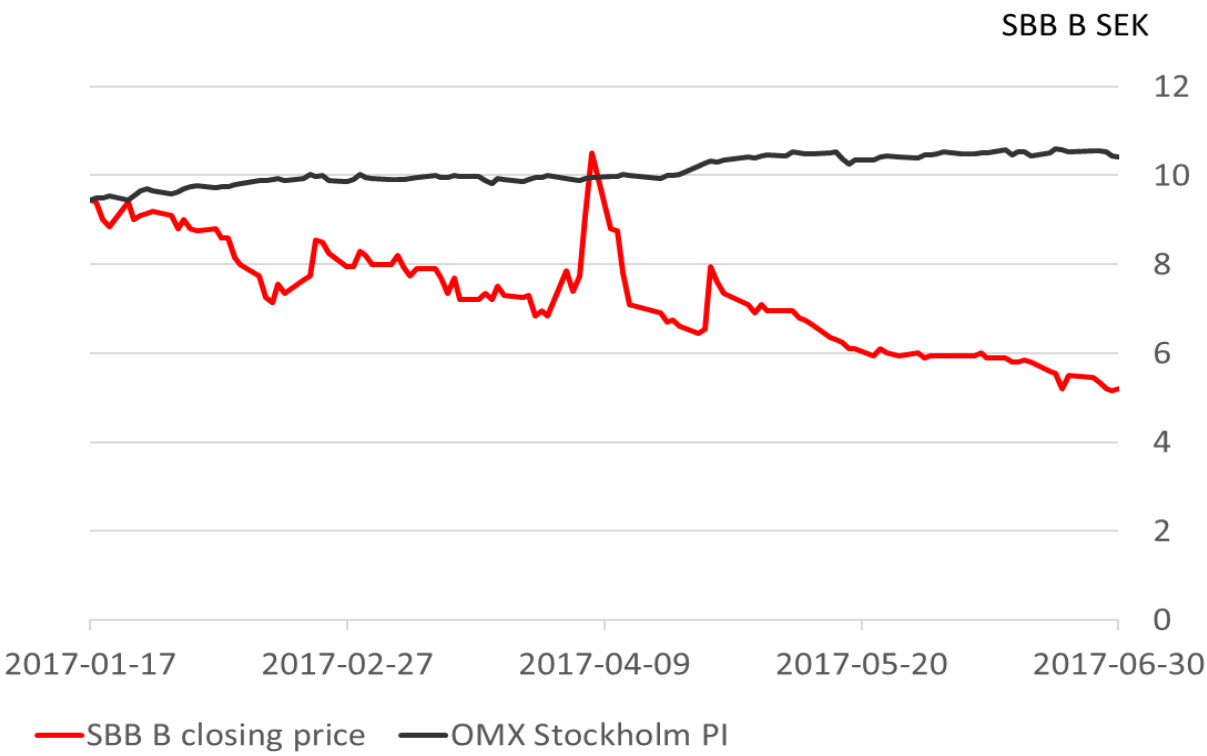
The item other current liabilities consist mainly of liabilities attributable to acquired real estate portfolios that are not accrued as of the closing date. These liabilities will be replaced on the day of access by external financing and equity.

The groups equity per 2017-06-30 amounted to SEKm 6,374 resulting in an equity ratio of 29 percent. The adjusted equity ratio (incl. deferred tax of SEKm 665 and shareholders loans of SEKm 74) was 33 percent. All things equal, it is estimated that the hybrid loan will affect the adjusted equity ratio with an additional 1.4 percentage points.

THE SHARE

SBB’s Class B share is listed on Nasdaq First North. On the 2017-06-30 the number of class B shares amounted to 517,684,244. In addition, the company has class A shares that amount to 217,596,975 and 103,500 preference shares.

During the second quarter of 2017, 26,666,667 series B shares were issued, representing an increase in the share capital of SEK 2,666,666.70. The price of each underwritten share was SEK 6 with totaling SEKm 160. The shares were used as consideration for the acquisition of a property portfolio in Västerås. The price of the Series B share issue was per 2017-06-30, SEK 5.20. The market capitalization of the share capital (including non listed A-shares at the same value) was SEKm 3,823.



EPRA KEY FIGURES

	2017-06-30	2016-06-30	2016-12-31
EPRA Earnings, SEKm	114	1	6
EPRA Earnings (EPS), SEK/share	0,15	0,14	0,78
EPRA NAV, SEKm	6 208	490	1 596
EPRA NAV, SEK/share	8,44	n/a	n/a
EPRA NNNAV, SEKm	5 480	414	1 339
EPRA NNNAV, SEK/share	7,45	n/a	n/a
EPRA Vacancy Rate	3,1	4,3	1,7

SHAREHOLDERS

The share capital amounted to SEK 73,538,471 per 2017-06-30 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 votes per class B share and 0.1 votes per 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. The biggest shareholder is Ilija Batljan who directly and indirectly holds 14.3 percent of the capital and 38.8 percent of the votes.

Shareholders	Amount Class A	Amount Class B	Amount Pref. share	Share of capital, %	Voting Share, %
Ilija Batljan Invest AB	63 495 701			8,6	23,6
Kvalitena AB	44 322 229	18 406 436		8,5	17,1
Ilija Batljan (privat och genom bolag)	45 558 167	1 137 606		6,3	17,0
Compactor Fastigheter AB	15 997 977	13 653 664		4,0	6,4
Backahill AB	10 919 159	14 605 317		3,5	4,6
Michael Coccozza	7 619 484	10 841 288		2,5	3,2
Meteva AS		84 929 772		11,5	3,2
Investmentaktiebolaget Cyclops	6 349 570	2 666 666		1,2	2,5
Assindia AB	4 762 186	3 924 318		1,2	1,9
AktFast Förvaltnings AB	4 762 186	3 924 309		1,2	1,9
Postens pensionsstiftelse		42 651 810		5,8	1,6
Stiftelsen för Strategisk Forskning		42 651 810		5,8	1,6
HighHill Intressenter AB		36 499 329		5,0	1,4
Krister Karlsson	3 174 785			0,4	1,2
Oscar Lekander	3 174 785			0,4	1,2
Other	7 460 746	241 791 919	103 500	33,9	11,7
Total	217 596 975	517 684 244	103 500	100	100

CASH-FLOW ANALYSIS

STATEMENT OF GROUP’S CASHFLOW

IN THOUSANDS OF SEK	2017-01-01 2017-06-30	2016-03-02 2016-06-30	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2016-03-02 2016-12-31
Cash flow from operations					
Net profit - property management	137 974	988	102 896	988	5 634
<i>Adjustments for non-cash items</i>					
Depreciation	684	43	167	43	511
Net interest	177 005	2 454	103 588	2 454	66 223
Interest paid	-170 153	-846	-97 157	-846	-49 383
Interest received	13 332	6	9 263	6	5 076
Income tax paid	-26 709	-	-18 314	-	-
Cash flow from operations before changes in working capital	132 133	2 645	100 443	2 645	28 061
Cash flow from changes in working capital					
Increase (-)/decrease (+) of receivables	26 344	-19 164	43 570	-19 164	-164 935
Increase (-)/decrease (+) of liabilities	562 810	705 648	321 653	705 648	672 390
Cash flow from operations	721 287	689 129	465 667	689 129	535 516
Cash flow from investing activities					
Investments in properties ¹⁾	-11 884 683	-1 872 004	-3 266 867	-1 872 004	-6 832 993
Disposals of properties	316 333	-	228 200	-	436 253
Investments in equipment	-6 918	-1 203	-3 176	-1 203	-6 879
Investments in associated companies/joint ventures	-12 529	-	383	-	-83 216
Investments in financial fixed assets	-50 926	-	-65 677	-	-15 100
Cash flow from investing activities	-11 638 723	-1 873 207	-3 107 137	-1 873 207	-6 501 935
Cash flow from financing activities					
New issues	-	50	-	-	732 655
Share Issue ¹⁾	2 675 538	-	139 409	-	-
Paid dividend	-19 931	-	-5 625	-	-
Shareholder contributions received	-	34 050	-	10 300	35 650
Acquired minority interests	315 000	-	-	-	-
New loans	9 353 545	1 004 541	3 336 586	1 004 541	5 102 555
Amortization of loans	-943 038	-	-871 652	-	-250 762
Occupied debts to owners	73 600	204 950	73 600	186 800	829 454
Amortization of debts to owners	-793 954	-	-33 600	-	-35 500
Change in other long-term liabilities	-35 003	100	-35 159	100	58 764
Cash flow from financing activities	10 625 757	1 243 691	2 603 559	1 201 741	6 472 816
Cash flow for the period	-291 679	59 613	-37 912	17 663	506 397
Cash and cash equivalents at beginning of period	506 397	-	252 630	41 950	-
Cash and cash equivalents at end of period	214 718	59 613	214 718	59 613	506 397

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

INCOME STATEMENT OF PARENT COMPANY

INCOME STATEMENT OF PARENT COMPANY IN BRIEF

Amounts in thousand SEK	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2016-01-01 2016-12-31
Revenue	-	-	-	-	338
Personnel costs	-4 771	-110	-3 462	-80	-236
Other operating expenses	-9 257	-227	-8 424	-87	-849
Operating profit/loss	-14 028	-337	-11 886	-167	-747
Profit/loss from financial items					
Interest earnings and similar items	16 832	7	16 832	3	14
Interest payments and similar items	-3 911	-	-23	-	-
Profit/loss after financial items	-1 107	-330	4 923	-164	-733
Group contributions	-	-	-	-	743
Profit/loss before tax	-1 107	-330	4 923	-164	10
PROFIT FOR THE PERIOD	-1 107	-330	4 923	-164	10

STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in thousand SEK	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2016-01-01 2016-12-31
Profit or loss for the period	-1 107	-330	4 923	-164	10
Other comprehensive income	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-1 107	-330	4 923	-164	10

BALANCE SHEET OF PARENT COMPANY

BALANCE SHEET OF PARENT COMPANY IN BRIEF

Amounts in thousand SEK	2017-06-30	2016-06-30	2016-12-31
ASSETS			
Fixed assets			
Financial assets			
Shares in group companies	3 098 330	-	1 733
Receivables from group companies	1 137 754	23 864	19 348
Total financial assets	4 236 084	23 864	21 081
Total fixed assets	4 236 084	23 864	21 081
Current assets			
Short-term receivables			
Other receivables	13 367	29	3 401
Accruals and prepaid expenses	6 672	17	14
Total short-term receivables	20 039	46	3 415
Cash and cash equivalents	2 666	2 353	1 957
Total current assets	22 705	2 399	5 372
TOTAL ASSETS	4 258 789	26 263	26 453

EQUITY AND LIABILITIES

Equity	4 237 780	26 100	26 114
Short-term liabilities			
Accounts Payable	16 166	4	137
Other liabilities	4 126	-	-
Accruals and Deferred Income	718	159	202
Total short-term liabilities	21 010	163	339
TOTAL EQUITY AND LIABILITIES	4 258 789	26 263	26 453

CHANGES IN EQUITY

PARENT COMPANY’S REPORT OVER CHANGES IN EQUITY

Amounts in thousand SEK

	Share Capital	Other Capital	Retained Earnings	Total Equity
Opening Equity 2016-01-01	723	21 877	3 830	26 430
Dividens			-326	-326
Net result for the year			10	10
Closing Equity 2016-12-31	723	21 877	3 514	26 114
Opening Equity 2017-01-01	723	21 877	3 514	26 114
Share Issue	72 815	4 145 313		4 218 128
Dividend			-5 356	-5 356
Net result for the period			-1 107	-1 107
Closing Equity 2017-06-30	73 538	4 167 190	-2 949	4 237 780

The Parent Company's operations consist of Group-wide functions such as business development, transaction, property development and financial management. The company has 9 employees. The costs incl. personnel expenses during the period amounted to SEKm -14.0 (-0.3). In total, the Parent

Company has acquired shares for SEKbn 3.1 during the period. Issue of new shares have been made, which has increased the number of shares to 735,384,719 and the share capital to SEK 73,538,472. The previous operations were distributed at a value of SEKm 1.7.



CASH FLOW STATEMENT OF PARENT COMPANY

CASH FLOW STATEMENT OF PARENT COMPANY					
Amounts in thousand SEK	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2016-01-01 2016-12-31
Operating activities					
Profit after net financials	-1 107	-330	4 923	-164	-733
Net interest	-12 921	-7	-16 809	-3	-14
Interest paid	-3 911	-	-23	-	-
Interest received	16 832	7	16 832	3	14
Cash flow from operating activities before changes in working capital	-1 107	-330	4 923	-164	-733
Cash flow from changes in working capital					
Increase (-)/decrease (+) of receivables	-16 624	141	-16 519	5	1 788
Increase (-)/decrease (+) of liabilities	17 048	-171	15 599	26	5
Cash flow from operating activities	-683	-360	4 003	-133	1 060
Investment activities					
Investment in subsidiaries ¹⁾	-3 096 597	-	-10 722	-	-1 733
Loans to affiliated undertakings	-1 118 406	500	-157 502	500	0
Cash flow from investment activities	-4 215 003	500	-168 244	500	-1 733
Financing Activities					
Share Issue ¹⁾	4 218 128	-	164 208	-	-
Paid dividend	-1 733	-	-	-	-326
Group contributions	-	-	-	-	743
Cash flow from financing activities	4 216 395	-	164 208	-	417
Cash flow for the period	709	140	-13	367	-256
Liquidity at beginning of period	1 957	2 213	2 679	1 986	2 213
Liquidity at end of period	2 666	2 353	2 666	2 353	1 957

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



The largest part of SBB's real estate values lies in the Nordic metropolitan regions. However, we are also a strong actor in the regional cities. In Borlänge we manage municipal buildings, schools and housing.



BORLÄNGE



ADDITIONAL INFORMATION

General Information

Samhällsbyggnadsbolaget i Norden AB and its subsidiaries has operations in property management and real estate development. The parent company is a limited liability company registered in Sweden and is headquartered in Stockholm.

ACCOUNTING PRINCIPLES

Basis of consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by IFRS Interpretations Committee (IFRIC). Furthermore, the Annual Accounts Act (AAA) and "RFR1 Supplementary Accounting Regulations for Corporate Groups" have been applied. The parent company applies the same accounting principles as the group with the exceptions and additions set out in the Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities. This means that IFRS is applied with the exceptions listed below in the section Parent Company Accounting Principles. This report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Assets and liabilities are stated at acquisition cost, except investments properties which are measured and stated at fair value. The working currency of the parent company is Swedish kronor, which is the reporting currency of the parent company as well as the group. All amounts are in thousands unless otherwise indicated.

Consolidated Accounting

Subsidiaries are all those entities to which the group is exposed, or have rights to variable returns from its involvement and may affect yields by using their influence over the company. Subsidiaries are initially consolidated using the acquisition method. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are not included in the consolidated financial statements from the date that control ceases. Inter company transactions, balances and unrealised gains/losses on transactions between group companies are then eliminated in consolidated financial statements.

Acquisition

In an acquisition, an assessment is made if the acquisition constitutes an operational or asset acquisition. An asset acquisition is only acquisitions where the property does not include the organisation and processes required to operate and run the property. Other acquisitions are operative

acquisitions.

Since acquisitions of Group companies do not concern acquisition of business, but acquisition of assets in the form of investment properties, the acquisition cost is allocated on the acquired net assets.

Reverse acquisition

A reversed acquisition occurs when the issuer of securities (the legal acquirer) is identified as the acquired company for accounting purposes. The company which equity interests are acquired (the legally acquired company) must be the acquirer for accounting purposes for the transaction to be regarded as a reversed acquisition. Consolidated financial statements drawn up after a reversed acquisition are issued in the name of the legal parent company (accounting acquiree) but are described in the notes as a continuation of the legal subsidiary's financial statements (accounting acquirer) with an adjustment, namely a retroactive adjustment of the accounting acquirer's equity so that it reflects the equity of the acquired acquiree. This adjustment is required to reflect the legal parent company's capital (the acquired acquiree). Comparative information presented in the consolidated financial statements is also retroactively adjusted to reflect the legal parent company's equity (accounting acquired companies).

Revenue

Revenue is reported when it is likely that the economic advantages will be accrued by the group and the revenue can be measured in a reliable way. Revenue is calculated exclusive of VAT and less any rebates. The group's revenue consists essentially of rental income.

Leases are classified in their entirety as operating leases. Rental income including supplements is announced in advance and the accruals of rent is linear so that only the portion of rent that accrues within the period is reported as revenue. Reported rental income, where applicable, is reduced by the value of the remaining rental rebate. In cases where the rental contract provides for a reduction in rent for a certain period, it is accrued linearly during the actual term of the contract. Compensation paid by tenants in relation to premature cancellation of the rental agreement is reported as income in relation to the ceasing of the rental agreement with the tenant and no obligations remain, which normally occurs upon moving out.

The sale of properties is reported in relation to when risks and rewards transfers to the purchaser from the seller. Assessment of the risks and rewards have been carried out at each point of sale. Results of the sale of the property is reported as a realised change in value.

Lease Agreements

Lease agreements where substantially all of the risks and rewards associated with ownership fall on the lessor are classified as operating lease agreements. All of the group's lease agreements are based on this so is to be regarded as operational lease agreements. Properties that are leased under operational lease agreements are included in the record as investment properties. On the closing date there were no operating lease agreements where Samhällsbyggnadsbolaget is the lessee.

Central administration

The group's administration expenses are divided into management administration costs contained in the group's net operating income and central administration. Costs classified as central administration are those group-level costs that are not directly attributable to property management, such as costs for the group's executive board, business development, property development and financing.

Employee benefits

Employee benefits consist of salaries, paid vacation, paid sick leave and other benefits and pensions.

The group only has defined pension plans. For those defined pension plans, the company pays a fixed sum to a separate legal entity and has thereafter fulfilled its obligation towards the employee. Defined pension plans are reported as a cost in the period in which the paid premiums are attributable.

Financial revenue and expenses

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the rate at which the present value of all future payments received and made during the fixed interest rate period becomes equal to the carrying amount of the claim or liability. Financial income and expenses are reported in the period to which they are attributable.

Taxes

Tax for the period is comprised of current and deferred tax. Taxes are reported in the income statement except when the underlying transaction is reported in other comprehensive income or directly in equity, at which time the associated tax effect is also reported in this place.

Current tax is the tax calculated on taxable earnings for the period. The taxable earnings differ from the reported earnings in that it has been adjusted for non-taxable and non-deductible items. Current tax is tax payable or refundable for the current year with a possible adjustment for current tax attributable to prior periods.

Deferred tax is reported as the difference between the reported and fiscal value of assets and liabilities. Change in the recognised deferred tax asset or liability is reported as an expense or income in the statement of profit or loss except when the tax is related to items reported in other comprehensive income or directly in equity.

Segment reporting

Operating segments are reported in a manner that complies with the internal reporting submitted to the Chief Executive

Decision maker (CED). The Chief Executive Decision maker is the function responsible for allocating resources and assessing the operating segment results. In the Group, this function has been identified as the management. An operating segment is a part of the Group that operates from which it can generate revenues and incur costs and for which there is independent financial information available. The Group's segments are based on the differences in the segment's nature and on the reporting that management obtains to monitor and analyze the operations along with information gathered to make strategic decisions. As a result, the business has been divided into three segments, residential, community service and other properties. Segment performance is assessed and analyzed based on operating profit. The same accounting principles are used for the segments as for the Group.

BALANCE SHEET

Investment properties

Investment properties, that is to say properties held to generate rental income and appreciate in value, is reported initially at acquisition cost, including directly attributable transaction costs. Subsequently, investment properties are reported at fair value. Fair value is primarily based on prices in an active market and is the amount for which an asset could be exchanged between knowledgeable and willing parties who are independent from one another and who have an interest in the transaction undertaken. A market valuation to determine the fair value of the properties is carried out at each reporting date.

Both unrealised and realised changes in value are recognised in the Statement of Comprehensive Income in the line "change in value of investment properties". The unrealised change in value is calculated based on the value at the end of the period compared with the valuation at the beginning of the period or alternatively the acquisition value of the property acquired during the period with respect to capital expenditures.

Subsequent expenditure occurs when it is probable that future economic benefits associated with the expenditure will be received by the group and hence provide for an increase in value, and that the cost can be measured reliably. Other maintenance costs and repairs are expensed as being incurred in the period that they arose. Major new constructions, extensions and renovations are calculated to include interest payable during the production period.

Inventory

The inventories consist mainly of office equipment and vehicles, which have been taken up at acquisition cost less accumulated depreciation and any impairment costs. The inventories are amortised linearly during their life cycle. The inventories are estimated to have a life cycle that is assumed to be equal to the asset's economic longevity and thus the residual value is assumed to be negligible and therefore not taken into consideration. Depreciation is calculated from the time the asset is available for use.

Financial instruments

Financial instruments are any kind of contract that gives rise to a financial benefit for one company and a financial liability for another. The reporting is different depending on how the financial instruments are classified below.

Financial assets

Purchases and sales of financial assets are reported on their date of trade, or the date that the group commits itself to buy or sell the asset. Financial assets are removed from the balance sheet when the right to receive cash flow from the instrument has expired or been transferred and the group has thereby transferred substantially all of the risks and rewards associated with ownership.

The group currently has only financial assets in the form of accounts receivable in the category of 'Loans and Receivables". Accounts receivable are reported initially at fair value and thereafter at amortised cost, less provision for depreciation. An impairment of accounts receivable occurs when there is evidence that the group will not receive payment. Provisions are measured as the difference between the asset's carrying amount and the present value of the estimated future payment. Any impairment is reported in the income statement as an expense.

Financial Liabilities

Financial liabilities are reported at acquisition cost, and as a net value after transaction costs. Any difference between the received amount and the repayment amount, for example in the form of issue premium or discount, is reported in the income statement distributed over the term of the loan. Borrowings are classified as short-term liabilities unless the group has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date. Accounts payable have a short expected duration and are placed at nominal value.

Deferred Tax

Deferred tax is reported as the difference between the carrying value of assets and liabilities in the financial statements and the tax value that is used in the calculation of taxable income. Deferred tax is reported according to the balance sheet method. Deferred tax liabilities are reported for taxable temporary differences and deferred tax assets are reported for deductible temporary differences to the extent that it is probable that the amount can be used against future taxable income. If the temporary difference arising from the initial reporting of assets and liabilities is such that constitutes an asset acquisition then it is not reported as deferred tax. Deferred tax is calculated according to statutory tax rates that have been enacted or announced as at the date of the balance sheet and are expected to apply when the related tax asset is realised or the deferred tax liability is adjusted.

Cash flow

Cash flow analysis is made using the indirect method in accordance with IAS 7. This means that earnings are adjusted by transactions that do not entail payments or disbursements as well as income and expenses associated with investment or financing activities.

Parent company accounting principles

Deviations from the accounting principles applied between the parent company and the group stem from the limitations of applying IFRS in full for the parent company due to the provisions of the Annual Accounts Act. The deviations are presented below.

Subsidiaries

Investments in subsidiaries are reported in the parent company in accordance with the acquisition method. This means that the transaction costs are included in the book value of the interest in the subsidiary. The book value is tested quarterly against the subsidiary's equity. In cases where the book value is less than the subsidiary's consolidated value an impairment is charged to the income statement. In cases where a previous impairment is no longer justified it is removed.

Group contributions and shareholder contributions

The parent company reports received group contributions as appropriations. Shareholder contributions of the parent company are booked directly against equity of the recipient and are reported as stocks and shares of the parent company. Received shareholder contributions are reported as an increase in non-restricted equity.

Revenue

Dividends are reported when the right to receive payment is deemed secure. Revenue from the sale of subsidiaries is reported when the risks and benefits associated with interest held in the subsidiary are transferred to the buyer.

INFORMATION ON FUTURE STANDARDS

A number of new standards and interpretations are mandatory to apply during the coming financial year and have not been applied in preparing these financial statements. The standards, amendments and interpretations are expected to affect or may have an effect on the consolidated financial statements as described below:

IFRS 9, Financial Instruments

This standards comes into force on 1 January 2018 and will replace IAS 39 Financial Instruments: Recognition and Measurement. The new standards set out rules for the classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. The EU has not yet approved the standard. The group has not yet evaluated the standard and how it will affect consolidated financial reporting.

IFRS 15, Revenue

This standard comes into force on 1 January 2018 and replaces all previously standards and interpretations which manage revenue from client contracts. IFRS thus contains a single model for revenue reporting. The EU has not yet approved the standard. The group has not yet evaluated the standard and how it will affect consolidated financial reporting.

IFRS 16 , Leases

This standard comes into force on 1 January 2019 and will replace IAS 17 Lease Agreements and related interpretations. It requires the lessee to report assets and liabilities relating to all lease agreements except those less than 12 months in duration and/or relate to small amounts. The reporting for

lessors will essentially be unchanged. The EU has not yet approved the standard. The group has not yet evaluated the standard and how it will affect consolidated financial reporting.



IMPORTANT ASSESSMENTS

The preparation of the financial statements requires the management and the Board of Directors to make certain estimates and assumptions that affect the reported value of assets and liabilities in respect of revenue and cost items as well as other information disclosed. The assessments are based on experience and assumptions that the management and the Board deem reasonable under the circumstances. The actual outcome may differ from these estimates if different conditions arise. Below are the assessments that are most essential when preparing the company's financial statements.

The report is particularly sensitive to the estimates and assumptions underlying the valuation of investment properties. Investment properties are reported at fair value, which is determined by management based on the market value of the properties. Significant judgements have been made regarding, among other things, capital cost and direct yield based on the valuer's empirical assessments of the market's yield requirements for comparable properties. Estimates of cash flow for operation, maintenance and administration costs are based on actual costs, but also the experience of comparable properties. Future estimates are assessed based on actual needs that exist.

When acquiring a company, an assessment of the acquisition will classify either a financial or an operative acquisition. An financial acquisition takes place if the acquisition regards to properties but does not include the organisation and the processes required to conduct management activities. Other acquisitions are operative acquisitions. In real estate transactions, there is also an assessment of when the transfer of risks and benefits is performed. This assessment is indicative of when the transaction should be reported. Management assesses each acquisition or sale on a case-by-case basis as to whether it shall be reported as a financial or operative acquisition as well as when it should be reported.

Another matter of concern in the estimates made in reporting are in regards to the valuation of deferred tax. With regard to accounting regulations, deferred tax is reported nominally without discounting. Both current and deferred tax have been calculated on the basis of a nominal tax rate of 22 percent. The actual tax rate is estimated to be lower partly because of the possibility of selling real estate in a tax-efficient manner, and partly because of time concerns. The valuation of losses carried forward is made on an assessment of the possibility of offsetting deficits against future profits.

Risks

The real estate industry is affected by macroeconomic factors such as economic development, growth, employment, the rate of new construction, infrastructure, population growth, inflation and interest rates. In a worsening macroeconomic situation, the value of the company's properties may decline.

The company's revenue consist of rent payments from housing and commercial premises. In the event that the rental of residential and commercial premises decline so too shall the company's revenue decline. Revenue can also decline if the tenants of the properties become insolvent and therefore are unable to pay rent. The company's costs to manage all properties owned are dependant on the overall development of costs in Sweden.

The company's interest-bearing liabilities give rise to risks regarding liquidity, refinancing and interest rates. Liquidity and refinancing risks involve the risk that financing cannot be obtained at maturity, or only at a much higher cost, and that payment obligations can not be met due to insufficient liquidity. Interest rate risk refers to changes in market conditions that may lead to higher cost of financing.

PLEDGED ASSETS AND CONTINGENT LIABILITIES

Group			
Pledged assets	2017-06-30	2016-06-30	2016-12-31
Mortgages	8 278 006	931 987	3 728 456
Floating charges	1 472 949	231 842	1 053 106
Total	9 750 955	1 163 829	4 781 562
Contingent liabilities	2017-06-30	2016-06-30	2016-12-31
Guarantees	-	-	-
Total	-	-	-
Parent company			
Pledged assets	2017-06-30	2016-06-30	2016-12-31
Floating charges	-	-	-
Total	-	-	-
Contingent liabilities	2017-06-30	2016-06-30	2016-12-31
Guarantees	3 232 092	-	-
Total	3 232 092	-	-

Transactions with related parties

The company's transactions with related parties involve loans from the company's shareholders and loans accruing interest. Shareholder loans are subordinated and accrue on 7 percent interest paid quarterly.

In addition, the group purchases services from Hestia Sambygg AB, which is 50 percent owned by the principle shareholder, Ilija Batljan Invest AB. The purchases include consultancy services within financial and technical management. The pricing is the actual cost of production plus a margin of 7 percent.

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 August 2017

Lennart Schuss
Chairman of the Board

Ilija Batljan
Chief Executive Officer

Sven-Olof Johansson
Member of the Board

Hans Runesten
Member of the Board

Seth Lieberman
Member of the Board

Eva Swartz Grimaldi
Member of the Board

This information is information that Samhällsbyggnadsbolaget i Norden AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication (Swedish version), through the agency of the contact persons set out below, on 29 August 2017, 8 am CET.
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Certified Advisor is Remium Nordic AB (www.remium.com)

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

Calendar

Interim Report Jan-Sept 2017	2017-10-31
Year-end report 2017	2018-02-27

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.

Average interest rate, year

Average remaining maturity at interest rate adjustment date for interest-bearing liabilities.

Average interest rate, %

Weighted average contracted interest rate on interest-bearing liabilities at the end of the period, excluding unutilized credit facilities.

Average number of preference shares

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

Average number of shares

The weighted average number of outstanding 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.

EPRA

European Public Real Estate Association is an association for listed real estate companies and investors in Europe which, among other things, sets standards regarding financial reporting.

EPRA Earnings, SEK

Income from property management adjusted for nominal 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.

EPRA NAV (Long term net asset value)

Reported equity according to the balance sheet, adjusted for interest rate derivatives, goodwill and deferred tax.

EPRA NNNAV (Actual net asset value), SEK

Reported equity according to the balance sheet, adjusted for actual deferred tax instead of nominal deferred tax.

EPS (Earnings Per Share)

Earnings after tax for the period in relation to the weighted average number of outstanding shares for the period after deduction of dividend to preference shareholders.

Equity ratio, %

Reported equity as a percentage of total assets.

Outstanding number of preference shares

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

Loan to value ratio, %

Interest-bearing liabilities after deduction for liquid assets as a percentage of the properties' fair value at the end of the period.

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.

Return on equity, %

Income after tax as a percentage of average equity for the period.

Property-related definitions

Economic occupancy rate, % Rental income in relation to rental value.	Number of square meter (sq.m.) Total area of property portfolio at the end of the period.
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.	Rental income, SEK Debited rent for the period with deduction for rental losses and rental discounts.
EPRA Vacancy rate, % The rental value of vacant contracts divided by the rental value of the entire property portfolio.	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.
Market value of investment properties, SEK Fair value of investment properties at the end of the period.	Surplus ratio, % Net operating income as a percentage of rental income for the period.
Net operating income, SEK Refers to rental income minus property costs.	Weighted average unexpired lease term for community service properties, years Remaining contract value in relation to annual rental income for community service properties.
Number of properties Number of properties at the end of the period.	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 2017-06-30. Current earning 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	1,466
Operating costs	-306
Maintenance	-86
Property administration	-50
Property tax	-27
Net operating income	997
Central administration	-48
Net financials	-463
Operating profit	486

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 2017-06-30.
- Operating and maintenance costs consist of an assessment of a normal year's operating costs and maintenance measures. Property tax has been calculated based on the property's current tax value per 2017-06-30.
- Property administration costs have been calculated based on existing organization.
- 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 including long-term change in value

In companies managing real assets, such as real estate, the income from property management only reflects part – albeit a large part – of the overall result. The definition of a real asset is that its value is protected. This means that over time – and with proper maintenance – the real asset increases in value to compensate for 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 of 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 with effective tax to provide an accurate view of income and yield. One problem is that changes in value can vary greatly between years and quarters, thus leading to volatile results. It is why we use average inflation rates for the previous 10 years as indicator on value changes and present sensitivity analyses. We also include sensitivity analyses concerning assumption of annual profit from building rights. At the same time, by being a long-term player with stable cash flow and a low risk real estate portfolio, SBB is able to make use of long-term value changes.

SENSITIVITY ANALYSIS

	Building rights profit = SEKm 250			Building rights profit = SEKm 400		
	Change in value			Change in value		
		-1%-point	+1%-point		-1%-point	+1%-point
Operating profit, rolling 12 months	486	486	486	486	486	486
Profit from creation of building rights	250	250	250	400	400	400
Change in property value (10-years average CPI)	250	40	461	250	40	461
D:o %	1.2%	0.2%	2.2%	1.2%	0.2%	2.2%
Current tax, 10%	-49	-49	-49	-49	-49	-49
Profit after tax	938	727	1 148	1 088	877	1 298
Profit SEK/share	1.28	0.99	1.56	1.48	1.19	1.77
Return on actual long-term net asset value	15.9%	12.4%	19.5%	18.5%	14.9%	22.1%
Profit / share price per 2017-06-30	24.5%	19.0%	30.0%	28.5%	23.0%	34.0%
P/E	4	5	3	4	4	3

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Samhällsbyggnadsbolaget