



Samhällsbyggnadsbolaget

INTERIM REPORT 2018
JANUARY – JUNE
Samhällsbyggnadsbolaget i Norden AB (publ)

Q2



PERIOD IN BRIEF

INTERIM PERIOD

RENTAL INCOME, SEKm	OPERATING PROFIT, SEKm	PROPERTY VALUE, SEKm	RENTAL INCOME, SEKm	OPERATING PROFIT, SEKm	PROPERTY VALUE, SEKm
800	182	26	410	109	26

SECOND QUARTER

PERIOD IN BRIEF

SEK 517m
Profit for the period

SEK 10.61
Long-term net asset value per share (EPRA NAV)

- Rental income increased to SEK 800m (585).
- Net operating income increased to SEK 505m (357).
- Cash flow from operations before changes in working capital was SEK 155m (132).
- Profit before tax amounted to SEK 687m (2 140), of which:
 - Income from property management are included with SEK 182m (138). Adjusted for one-time effects, the management result is SEK 243m.
 - Unrealised value changes on properties excluding building rights are included with SEK 452m (1 468).
 - Unrealised value changes as a result of building rights are included with SEK 54m (500).
 - Realised value changes relating to properties are included with SEK -4m (34).
 - Unrealised value changes on derivatives are included with SEK 4m (-).
- Net income after tax for the period amounted to SEK 517m (1 686) after deduction for deferred tax of SEK -156m (-427) and current tax of SEK -14m (-27), corresponding to earnings per share of SEK 0.67 (2.93) before dilution.
- Renovation of 151 apartments and building of 27 new apartments commenced during the first half year.
- The value of the property portfolio increased to SEK 25.6bn (23.0).
- Long term net asset value (EPRA NAV) increased to SEK 7,831m (7 120), corresponding to SEK 10.61 (9.65) per share.

IMPORTANT EVENTS DURING THE SECOND QUARTER

- In April, a school property in Kristiansand in Norway was sold for a value of NOK 415.5m. The property has generated a return on equity of NOK 83m since it was acquired by SBB in May 2017.
- In April, the site lease hold to the property Stockholm Vårholmen 6 was acquired with a newly built building containing apartments and a preschool.
- In April, 20,000 sqm of building rights were sold for the construction of Swedish rental housing to a development company jointly owned with KlaraBo. The building rights are located in Höganäs, Karlskrona and Falun.
- Marika Dimming was employed in April as manager of investor relations and sustainability.
- In April, an elderly care home in Helsinki was acquired, which means that SBB's property portfolio is expanding in Finland.
- In April, SBB acquired six residential properties with 135 apartments in Stockholm.
- In May, SBB established a commercial paper program with a framework amount of SEK 2bn. During the quarter, business certificates of SEK 700m were issued at an interest rate of 0.3-0.5 percent.
- In May, a collaboration was commenced regarding the production of two LSS properties, each containing six apartments, in the Malmö region. In addition, an LSS property was acquired in Höganäs.
- SBB received a BB rating with positive outlook from Fitch.
- In June, SBB acquired 158 rented apartments in Falun from the municipal residential company Kopparstaden AB.
- In June, two community service properties with health care and elderly care were acquired and two residential properties from Karlskrona Public Service. In another transaction, six residential properties were acquired with 114 apartments in Karlskrona.
- In June, SBB divested three separate transactions, building rights with an estimated volume of 63,500 sq.m. for a total market value of SEK 180m, which is expected to produce a profit effect of SEK 50m for 2018.
- In June, SBB initiated a JV cooperation with Magnolia for the development of 17,000 sqm building rights in Nykvarn and Västerhaninge.
- During the quarter, SBB established a green framework for future issuance of green bonds. The framework is in line

with the so-called "Green Bond Principles" according to ICMA and has been evaluated by CICERO.

- SBB signed an agreement with Erik Penser Bank regarding the service as Certified Adviser. Erik Penser Bank will act as a certified advisor from July 1st.
- In June, SBB sold building rights of 4,700 sq.m. corresponding to 40 apartments to the municipal residential company Kopparstaden AB.
- SBB expanded the former JV cooperation with K2A with two project properties located in Uppsala and Västerås.
- In June, a portfolio was acquired containing 35 residential properties in Oskarshamn and Avesta and a community service property in Vimmerby.

IMPORTANT EVENTS AFTER THE SECOND QUARTER

- In July, SBB signed an agreement with Offentliga Hus and Amasten for the sale of its student residential properties to the newly formed Studentbostäder i Sverige AB. SBB will initially own 21.69% of the company.
- In July, one community service property with an elderly care home, was acquired. The property is located in Stockholm.
- SBB initiated an issuer exchange for the subsidiary SBB in Norden AB's outstanding bond with the symbol SBBIN 002, which means that the parent company enters as issuer of the bond instead. The issue will be executed on July 11th.
- In July, two health care and care homes were acquired in Tönsberg in the Oslo region.
- SBB established a commercial paper programme in Finland with a framework of EUR 200m.

SBB KEY RATIOS

	2018 jan-june	2017 jan-june	2018 april-june	2017 april-june	2017 jan-dec
Rental income, SEKm	800	585	410	348	1 339
Operating net, SEKm	505	357	272	226	877
Surplus ratio, %	63	61	66	65	66
Interim profit, SEKm	517	1 686	404	1 038	2 429
Yield, %	4.6	4.7	4.6	4.7	4.8
Cash flow from current operations, SEKm ²⁾	155	132	116	100	360
Property value (market value), SEKm	25 637	21 143	25 637	21 143	23 001
Number of properties	812	720	812	720	749
Leasable area, sq.m., thousands	1 493	1 325	1 493	1 325	1 366
Economic letting ratio, %	96.6	96.9	96.6	96.9	96.8
WAULT, community service properties, yrs	7	7	7	7	7
Shareholders' equity, excl. non-controlling equity interests, SEKm	6 948	5 596	6 948	5 596	6 389
EPRA NAV (long-term net asset value), SEKm	7 831	6 180	7 831	6 180	7 120
EPRA NNNNAV (actual net asset value). SEKm	6 895	5 452	6 895	5 452	6 282
Return on Shareholders' Equity, %	6	41	5	18	52
Loan-to-value ratio % ¹⁾	59	60	59	60	58
Equity ratio, %	32	29	32	29	32
Adjusted Equity ratio, %	36	33	36	33	36
Earnings per ordinary share, SEK	0.67	2.93	0.56	1.40	3.60
Average number of ordinary shares	737 949 031	567 897 901	737 949 031	727 369 131	653 360 953
Average number of preference shares	333 205	73 193	333 205	103 500	168 360
Number of ordinary shares	737 949 031	735 281 219	737 949 031	735 281 219	737 949 031
Number of preference shares	333 205	103 500	333 205	103 500	333 205

1) According to new definition. See page 31.

2) Before changes in working capital. See definition of key ratios on p. 31-32

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 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 residential building rights.

REAL ESTATE PORTFOLIO

In order to safeguard both stability and strong cash flows. SBB's aim is to ensure 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 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 812 properties as of 30-06-2018. The properties had a total value of SEK 25.6bn, where residential constituted of SEK 7.6bn, community service properties SEK 15.4bn, and the remaining properties SEK 2.7bn. The total lettable area was approx. 1,493,000 sq.m. with a rental income, on a 12-months rolling basis, of SEK 1,732m.

Classification	Rental income, SEKm	Total, %
Residential	556	32
Group Housing	140	8
Government	732	42
Indirect government	113	7
Other	191	11
Total	1 732	100

ORGANISATION

SBB's management team has significant experience in development and management of both residential and community service properties. The organization constitutes 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

A unique composition of assets with low risk profile is a theoretical description of our business. A factual description is that our business is based on holding a combination of Nordic community service properties with long public sector leases and Swedish rent regulated residentials. This asset combination belongs to a unique part of the real estate market which is by its nature essentially protected from the effects of economic development and/or external factors. Our strategy is safe long-term cash flow, as simple as that. Furthermore, both assets involve close co-operation with municipalities and allow a strong foundation for the creation of building rights for residentials and community service properties which gives a low-risk asset with value add potential and ability to outperform with regard to long-term value creation.

Today value creation also requires a strong focus on sustainability. We are especially pleased that we managed to develop and certify a green framework to issue green bonds in the second quarter. Our enthusiasm and conscientious drive to create the leading Nordic company for community service properties and rent regulated residentials continue unabated. We continue to strengthen our community service property portfolio with strong locations in the major cities in the Nordic countries and with long-term leases. Our estimated earnings capacity on a rolling 12-month basis at the end of the period was SEK 640m, an increase from SEK 582m at the end of 2017. In addition to the acquisition of elderly care homes in three Nordic capitals; Stockholm, Oslo and Helsinki, we have also expanded our portfolio of rent regulated residentials. We now own about 8,500 tenanted apartments with a further 1,000 apartments in LSS housing, making SBB one of Sweden's largest listed residential property companies.

In February, we upgraded our listing to Nasdaq First North Premier. For SBB, the listing on Nasdaq First North Premier is a quality stamp and an important step towards a listing on Nasdaq Stockholm's main list, which we are working hard to achieve in the next 12 months.

NORDICS – A GOOD DEAL

Nordic real estate continues to attract major interest from international investors, for example, we divested a school in Kristiansand, Norway to a UK insurance fund for a equivalent of SEK 446m, SEK 54.4m higher than the external valuation made at year-end. This sale was a difficult strategic decision for us, but the ability to demonstrate the attractiveness of our assets on the real estate market became the decisive factor in the end. Financially, it was a great deal as we generated a return of NOK 83 million in a relatively short period of time. During the first half of the year we further strengthened our Nordic focus and our presence in the major cities through, among other things, the acquisition of three elderly care homes in Tampere and one in Helsinki, Finland. After the end of the quarter we also acquired two elderly care homes in Oslo.



Our rent regulated residential properties are on average valued at approximately SEK 12,000 per square meter in our balance sheet and we see great potential for value growth when we start renovations from low rental rates. These levels can be compared to the levels achieved in the bid war over Victoria Park, won by Vonovia, which valued the company's residential properties at SEK 18 - 19,000 per square meter.

I have said it several times before and I would like to repeat again: Swedish rent regulated residential properties with their low rents are among the world's safest assets. These rent regulated residential properties combined with exposure to Nordic welfare states through the ownership of community service properties with long-term leases provide a safe and long-term investment.

LONG TERM PARTNER TO MUNICIPALITIES

The largest owners of community service properties (social infrastructure) are municipalities and, looking at the Nordic region, Sweden is at the forefront in the development of professional property management of community service properties. We believe this development will grow stronger in other parts of the Nordic region. Combined with demographic trends that lead to major needs for elderly care homes and schools, this creates potential for new collaborations with municipalities and new opportunities for SBB. We are also aware of the fact that we live in a political environment where election cycles impact business cycles and our business must be flexible. During the second quarter, SBB has announced two acquisitions of elderly care homes in Sweden, but we see that transactions with municipalities for this term of office is beginning to slow down. SBB's diversification in the Nordic countries, however, gives us the opportunity to adapt to these cycles and move focus geographically. This diversification also reduces risks resulting from currency fluctuations.

SOCIAL RESPONSIBILITY

As a long-term partner to municipalities, social commitment is important for us. We are proud to be able to create summer jobs for young people living in our residential areas and are a proud sponsor of Mentor. During the second quarter, we presented a green framework for issuing green bonds. Liquidity from these will be used for sustainable investments with the aim of reducing carbon dioxide emissions by creating energy-efficient buildings.

Access to housing is a fundamental prerequisite for social development and is a central issue for jobs and growth. Our building rights, in central locations with good access to public transport, have relatively low prices of SEK 3,000 - 5,000 per square meter, which makes it possible to build rent regulated residential properties and community service properties. The recent government-imposed regulations are likely to exclude many people from the right to own housing and potentially damage the housing market in the long-term. As a stakeholder in community services, we aim to be an active participant and look to intensify our property development work by developing constructive collaborations to build more housing. In the first half of the year, we initiated a number of collaborations to start construction of regulated rental residential properties. One example is the 20,000 square meters of BTA we sold to a development company jointly owned with KlaraBo, who will develop rent regulated residential properties. We have also sold 17,000 square meters of building rights for rent regulated residential properties in Nykvarn to a company jointly owned with Magnolia.

ATTRACTIVE AND STABLE PROPERTY PORTFOLIO WITH SAFE CASH FLOWS

Refurbishments are an important part of the Swedish regulatory system for rent regulated residentials, and we always strive to negotiate new rents for renovated apartments in dialog with the Tenants Association. During the first half of the year, renovations of 151 apartments started. In addition, building permits have been obtained to create 27 new homes through rebuilding. We plan to start refurbishment of another 300 apartments this year. We have completed refurbishment and extension of the municipal house in Borlänge, an LSS housing in Oskarshamn and have also started investments in the rebuilding and refurbishment of a number of other municipal properties.

The work on consolidating the balance sheet and reducing the financial risk continues with full force. As part of this work, we have repaid our June 2018 bond and repaid expensive bridge loans in both Sweden and Norway. All shareholder loans and all the mezzanine loans have been repaid. We have moved our April 2020 bond to the parent company Samhällsbyggnadsbolaget i Norden AB from a subsidiary. All these measures have a negative impact on profitability for the half year, but reduce financial risk and thus strengthen our future earnings.

In summary, during the first half of the year we delivered a net operating income of SEK 505m, adjusted for non-recurring items SEK 524m, compared with SEK 357m in the corresponding period of the previous year. We have continued to strengthen our financial position, which led us to achieve a BB rating with positive outlook from Fitch. This is the second BB rating we have received after Standard & Poor's BB rating at the beginning of the year.

OUTLOOK

Our strong operating net income combined with long-term reduced financing costs ensures continued strong cash flow. Our profitability on a 12-month rolling basis at the end of the second quarter shows that we for the first time are reducing the financing costs on a 12-month rolling basis. Our financial expenses, on a rolling 12-month basis, totalled SEK 471, compared with SEK 485m at the end of the first quarter, despite the total interest-bearing loans increasing by SEK 1.1bn. Profitability at the end of the second quarter was approximately SEK 640m and we see a strong increase in our earnings capacity on a rolling 12-month basis after the first quarter. Income from property management is the core of our business, but we are also a community builder. At the end of the second quarter, we had almost 50 ongoing development projects in different planning phases, totalling approximately 900,000 square meters of BTA, which when converted into potential for new housing construction gives approximately 10,000-12,000 homes.

At the end of the second quarter, all thought the net loan-to-value ratio was a good 59%, we were still able to create conditions for further reducing the leverage over the next 12 months. SBB aims to continue to strengthen our financial position and lower the financial risk with the objective of achieving the criteria for an Investment Grade rating in 2018. All in all, this gives us the best platform for continuing to build our status as the strongest player in the Nordic region, focusing on community service properties and rent regulated residentials.

Ilija Batljan
Founder and CEO



SBB INCOME STATEMENT

THE GROUPS COMPREHENSIVE INCOME STATEMENT

IN THOUSANDS OF SEK	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2018-04-01 2018-06-30	2017-04-01 2017-06-30	2017-01-01 2017-12-31
Rental income	800 123	584 545	409 755	348 347	1 338 677
Operations	-201 474	-152 435	-87 220	-83 841	-302 518
Maintenance	-38 710	-30 789	-22 210	-15 009	-62 471
Property administration	-39 144	-36 193	-20 366	-19 176	-73 981
Property tax	-16 066	-8 055	-7 953	-3 957	-22 502
Net operating income	504 729	357 073	272 006	226 364	877 205
Central administration	-42 945	-42 094	-21 780	-19 880	-75 838
Profit before financial items	461 784	314 979	250 226	206 484	801 367
Profit from financial items					
Interest income and similar	3 846	13 332	1 375	9 263	12 282
Interest expenses and similar	-283 919	-190 337	-143 008	-112 851	-476 067
Profit from property management	181 711	137 974	108 593	102 896	337 582
Changes in the value of properties	502 021	2 001 953	428 970	1 191 099	2 796 844
Changes in value of derivatives	3 600	-	-1 520	-	-3 748
Profit before tax	687 332	2 193 927	536 043	1 293 995	3 130 678
Tax	-170 354	-453 976	-132 262	-256 381	-701 696
PROFIT FOR THE PERIOD	516 978	1 685 951	403 781	1 037 614	2 428 982
REPORT OVER OTHER COMPREHENSIVE INCOME					
Interim profit	516 978	1 685 951	403 781	1 037 614	2 428 982
Other comprehensive income					
Translation gains/losses for the period	224 763	-37 689	95 577	-30 394	-94 088
COMPREHENSIVE INCOME FOR THE PERIOD	741 741	1 648 262	499 358	1 007 220	2 334 894
Earnings per share	0.67	2.93	0.56	1.40	3.60

INCOME STATEMENT COMMENTS

NET OPERATING INCOME

Total rental income during the first half of the year amounted to SEK 800.1m (584.5) and for the quarter SEK 409.8m (348.3). Of the rental income for the first half of the year, SEK 254.3m came from residential properties, SEK 473.8m from community service properties and SEK 71.9m from the remaining cash flow properties. The occupancy ratio by the end of the year amounted to 96.6 percent (96.8). The average contract duration of community service properties was 7 years (7).

The property costs during the first half of the year amounted to SEK -295.4m (-227.5) and for the quarter SEK -137.7m (-122.0). The costs are mainly attributable to utility costs, maintenance costs, and other operational and management costs. The result for the operating cost items heat, electricity and snow exceeded the normal outcome for the first quarter by approximately SEK 19m. This is partly due to an extra long and cold winter as well as a large amount of snow during the first tertial.

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.

Period 2018-01-01 - 2018-06-30

SEKm	Residential	Community service	Other	Total
Rental income	254,3	473,8	71,9	800,1
Property costs	-136,6	-110,6	-48,2	-295,4
Net operating income	117,8	363,2	23,7	504,7
	46,3%	76,7%	33,0%	63,1%
Value changes	414,5	78,1	9,6	502,2
Investment properties	7 583,2	15 389,8	2 663,6	25 636,6
Value per sq.m. (SEK)	12 144	23 923	11 837	17 174

Period 2018-04-01 - 2018-06-30

SEKm	Residential	Community service	Other	Total
Rental income	130,0	240,5	39,3	409,8
Property costs	-58,8	-51,4	-27,5	-137,7
Net operating income	71,2	189,0	11,8	272,0
	54,8%	78,6%	30,0%	66,4%
Value changes	359,9	84,1	-14,8	429,2
Investment properties	7 583,2	15 389,8	2 663,6	25 636,6
Value per sq.m. (SEK)	12 144	23 923	11 837	17 174

PROFIT AFTER TAX

In total, the costs for central administration during the period amounted to SEK -42.9m (-42.1). The costs for the quarter amounted SEK -21.8m (-19.9). Costs for business development, transactions, real estate development and financial management are included in the central administration. Costs that are of one-time character are also included in the amount, totaling to approximately SEK 6m.

Net financial items for the period amounted to SEK -280.1m (-177.0) and for the quarter SEK -141.6m (-103.6). Net financial items primarily consist of financial expenses but also interest rate for shareholder loans and other financial expenses as installment fees and exchange rate differences. Financial expenses include extraordinary costs in the form of installment fees for borrowing and cost of early repayment of expensive loans with approximately SEK 36m during the period.

Value changes of the properties amounted to SEK 502.0m (2 002.0) where SEK -4.2m (-34.5) was realized value change and SEK 506.2m (1967.5) was unrealized value change. A part of the unrealized value change was value creation regarding building rights of SEK 54m (500). 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 517.0m (1 686.0), which was weighed down by SEK -170.4m (-454.0) in taxes. SEK -13.8m (-26.7) relates to current taxes and SEK -156.6m (-427.3) concerned deferred taxes related to the properties. As a result of the new tax rules applicable as of 2019-01-01 deferred tax has been revalued to 20.6 percent.

BALANCE SHEET

STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK	2018-06-30	2017-06-30	2017-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Goodwill	24 908	-	-
Total intangible fixed assets	24 908	-	-
Tangible fixed-assets			
Investment properties	25 636 723	21 142 723	23 000 726
Equipment, tools and installations	4 946	12 602	10 376
Total tangible fixed assets	25 641 669	21 155 325	23 011 102
Financial assets			
Shares in associated companies /joint ventures	112 646	95 745	110 691
Receivables associated companies /joint ventures	41 910	-	-
Other long-term receivables	16 030	66 026	10 554
Total financial assets	170 586	161 771	121 245
Total non-current assets	23 837 163	21 317 096	23 132 347
Current assets			
Current receivables			
Account receivables	5 755	18 794	26 271
Other receivables	240 813	84 639	277 898
Prepaid expenses and accrued income	74 498	34 805	39 472
Total short-term payables	321 066	138 238	343 641
Cash and cash equivalents	329 140	214 718	92 749
Total current assets	650 206	352 956	436 390
TOTAL ASSETS	26 487 369	21 670 052	23 568 737

STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK

	2018-06-30	2017-06-30	2017-12-31
EQUITY AND LIABILITIES			
Equity	8 554 157	6 370 535	7 636 057
Long-term liabilities			
Liabilities to credit institutions	7 113 831	4 856 404	6 595 568
Bond loans	7 741 083	6 060 402	5 941 057
Derivative	30 354	-	35 247
Long-term loans to shareholders	-	33 600	33 600
Deferred tax liabilities	1 018 730	636 180	863 105
Other long-term liabilities	70 350	23 761	13 750
Total long-term liabilities	15 974 348	11 610 347	13 482 327
Short-term liabilities			
Liabilities to credit institutions	298 329	1 726 631	637 176
Commercial papers	700 000	-	-
Bond loans	123 075	588 000	660 289
Account payables	68 181	123 021	134 826
Short-term liabilities to owners	-	40 000	40 000
Current tax liabilities	39 804	45 174	53 839
Other liabilities	424 852	961 532	653 810
Accrued expenses and prepaid income	304 623	204 812	270 413
Total short-term liabilities	1 958 864	3 689 171	2 450 353
TOTAL EQUITY AND LIABILITIES	26 487 369	21 670 052	23 568 737

GROUPS STATEMENT OF CHANGES IN EQUITY – IN SUMMARY

	Share Capital	Other contributed capital	Balanced result	Hybrid bond	Non- controlling interest	Total Equity
Opening Equity 2017-01-01	723	767 582	998 233	-	-	1 766 538
Share Issue	73 105	2 270 798				2 813 865
Issue hybrid bond				668 387		668 387
Issue warrants		2 099				2 099
Dividend				-12 658	-64 290	-76 948
Acquired minority interests					315 000	315 000
Redeemed minority interests					-187 778	-187 778
Net profit for the period			2 352 034	12 658	64 290	2 428 982
Other comprehensive income			-75 786		-18 302	-94 088
Closing Equity 2017-12-31	73 828	3 040 479	3 274 481	668 387	578 882	7 636 057
Opening Equity 2018-01-01	73 828	3 040 479	3 274 481	668 387	578 882	7 636 057
Issue hybrid bond				315 300		315 300
Issue warrants		450				450
Dividend			-82 104	-30 139	-27 148	-139 391
Net profit for the period			459 691	30 139	27 148	516 978
Other comprehensive income			181 389		43 374	224 763
Closing Equity 2018-06-30	73 828	3 040 929	3 833 457	983 687	622 256	8 554 157

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

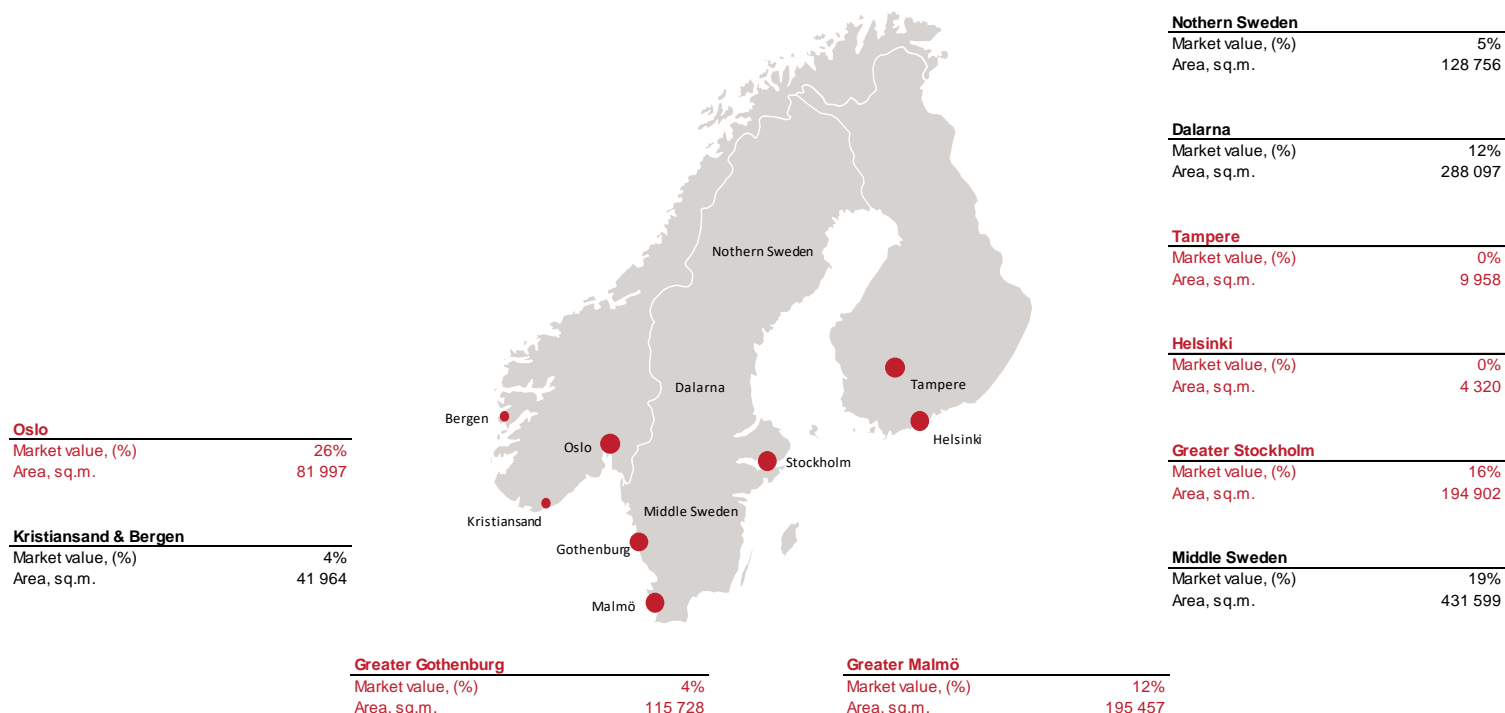
PROPERTIES

REAL ESTATE PORTFOLIO

The property value amounted to SEK 25.6bn as of 30-03-2018. 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 administration costs as well as the need for future investments. The yield requirements in the valuation are in the range of 2.55 percent to 9.0 percent. The valuation of the real estate also includes approximately SEKm 1,232 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.

PROPERTY VALUE PER REGION: 60 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 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 30 percent of the company's real estate value and 1 percent in Finland. About 59 percent of the real estate value consisted of residential and community service properties in Sweden. The remaining 10 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 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 center in Järfälla Municipality, or the city centres 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 residential properties are located in the Stockholm region, Sundsvall, Oskarshamn, Karlstad, Borlänge and Motala.

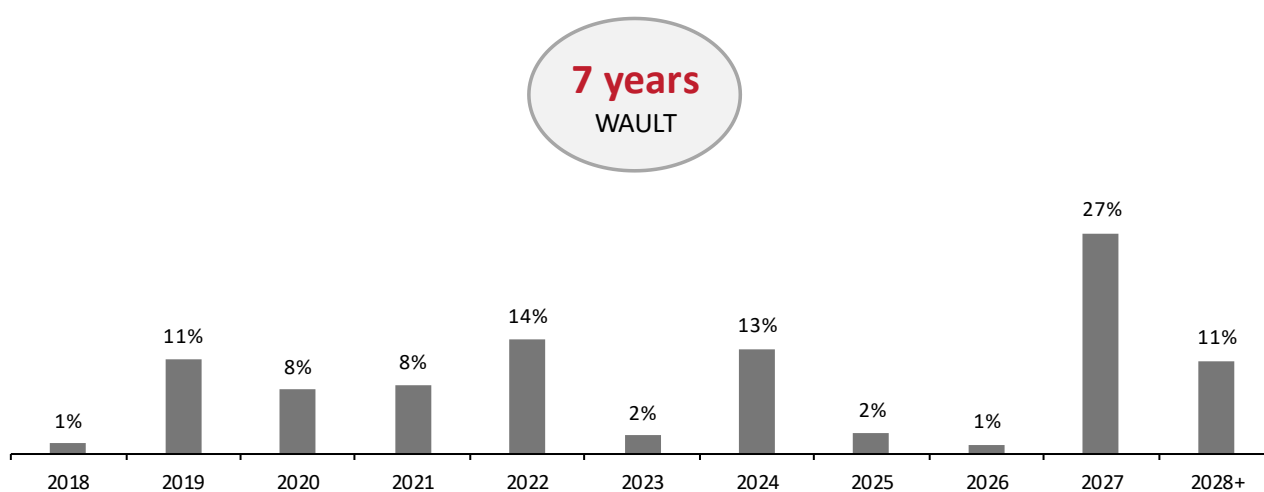
The community service properties include properties used by tenants who are directly or indirectly tax funded. Tenants are engaged in activities such as education, elderly care, people with special needs and other care activities, municipal and state administration. Examples of tenants

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 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 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 in the market, about 7 years.

LEASE MATURITY STRUCTURE COMMUNITY SERVICE PROPERTIES



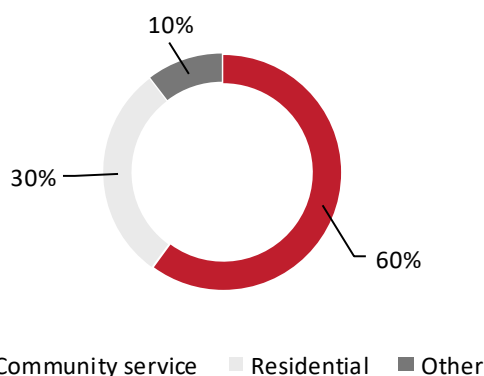
Community service properties have a long weighted average lease expiry.

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 1 038/-1 038
Discount rate	+/- 0.25 %	SEKm -288/237
Yield	+/- 0.25 %	SEKm -738/830

PROPERTY VALUE PER SEGMENT



RENOVATIONS

During the second quarter, renovations of 60 apartments began. The plan for the total number of renovated apartments for 2018 is unchanged. The administration has also begun refinement projects to convert existing empty

spaces into apartments. In total, 27 new apartments will be created in this way until the end of the year in Karlskrona, Oskarshamn and Smedjebacken.

ACQUISITIONS

- During the period, two transactions with municipal counterparties were completed regarding one residential portfolio in Falun and a combination of residential and community properties in Karlskrona. The portfolio in Falun was acquired from the public housing company Koppastaden AB containing eight residential properties with approximately 9,800 sq.m. of rentable space and an annual rental income of approximately SEK 9.2m. The Karlskrona portfolio was acquired from the municipal real estate company AB Karlskronahem, comprising two community service properties, with Karlskrona municipality as tenant, of 13,500 sqm leaseable area with an annual rental value of SEK 17.5m and two residential properties of 12,728 sqm leaseable area with an annual rental value of SEK 12.8m.

- During April, a residential portfolio in Stockholm was acquired containing six residential properties with a total leaseable area of 6,718 sq.m. and an annual rental income of SEK 12.1m.

- During the period, two community service properties were acquired, one of which is a retirement home located in Helsinki with Mehiläinen Oy as tenant with a ten-year lease contract. The leaseable area of the property amounts to 4 320 sq.m. and has an annual rental income of 555 000 euros. The second community service property is an LSS residence located in Höganäs with a leaseable area of 1,542 sq.m. and an annual rental value of SEK 3.7m.

- In June, the acquisition of a residential portfolio in Karlskrona was completed with six residential properties covering a total leaseable area of 8,000 sq.m. and an annual rental income amounting to SEK 8.4m.

- During the quarter a portfolio was also acquired containing 35 residential properties in Oskarshamn and Avesta and a community service property in Vimmerby. The rentable area of the residential properties is 63 700 sq.m. with an annual rental income of SEK 57.5m. The leaseable area of the community service property amounts to 6,120 sq.m. with the municipality of Vimmerby as the largest tenant and an annual rental income of SEK 5.5m.

DIVESTMENTS

- In April, a school property in Kristiansand was sold at an agreed property value of NOK 415.5m. The property has generated a cash-on-cash return of NOK 83m since it was acquired by SBB in May 2017.

- During the quarter, two properties (one in Uppsala and one in Västerås) were also sold to JV (jointly owned companies) with K2A at an agreed property value of SEK 150m.

- In June, two properties in the Klippan were sold at an agreed property value of SEK 50m.

CHANGES IN THE PROPERTY STOCK

	SEKm
Initial fair value 2018-01-01	23 001
Acquisitions	1 799
Investments	148
Divestments	-537
Reclassification	-5
Translation gains/losses	725
Unrealised value changes	506
Fair value at the end of the period	25 637

(phase 2), Formal planning process initiated (phase 3),
Planning permission granted (phase 4).

PROPERTY DEVELOPMENT

SBB works actively with property development. Strategically the company aims to have 10-20% of the property portfolio consist of the property segment "Other"; cash flow properties with 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, up until the development begins, generate a positive cash flow. 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's Property Development Organisation

Samhällsbyggnadsbolaget (SBB) has a business orientated project organization with substantial experience within property development and transactions. The organization is led by the Deputy Managing Director/Vice president Krister Karlsson and handles approximately 900 000 sq.m. GFA (gross floor area) in various stages in the planning process. SBB works actively in creating flexible and rational building rights in various segments (e.g. co-operatively owned housing, rental housing and community buildings) and create building rights that are attractive to many investors, such as HSB, Riksbyggen, PEAB, Botrygg, Sveafastigheter, Magnolia as well as the public housing company Koppastaden. SBB has extensive experience of initiating and executing sales of building rights in an early stage of the planning process, and during the quarter approximately 150 000 sq.m. GFA building rights were sold, with the final closing to be made when the detailed development plan has taken legal force. Since 2016, SBB has sold almost 450 000 sq.m. GFA totaling to an agreed property value of SEK 1,600 million, of which SEK 226 million has already been closed.

SBB believes that the most crucial factor for sustainable community- and urban development is location, and, most importantly, locations with easy accessible communications. SBB firmly believes that in modern day urban living it should be possible to live without owning a car, and to do so communications, services, health care, schools and care services must be located in the immediate vicinity. With this in mind, SBB has made several property acquisitions in close proximity to railway stations. Several of SBBs development areas are located in prioritized areas of communications, such as the new high-speed railway Ostlänken, the Stockholm commuter train services and Flytoget (Oslo).

Building Rights

SBB had per 30-06-2018 just under 50 ongoing development projects in various stages of the planning process, with a total of approximately 900 000 sq.m. GFA (gross floor area). The planning process in Sweden consists of four phases, and SBB categorizes them as follows; Project ideas (phase 1), Pending formal planning decision

Municipality	Property	Sq.m. GFA building rights
Development projects with formal planning process initiated		
Nyköping	Raspen 1,2,3	156 000
Nykvarn	Kaffebryggaren 1	33 500
Falun	Falun 9:22	100 000
Ulricehamn	Krämarens 4	7 000
Norrköping	Järven 4	21 800
Haninge	Kalvsvik 11:9, 1:4	85 000
Haninge	Åby 1:67 m.fl.	110 000
Nykvarn	Grytan 6 m.fl.	1 000
Oskarshamn	Hälsan 22	10 000
Karlshamn	Lasarettet 8	6 500
Karlstad	Letten 1	20 000
Total sq.m. initiated plans (phase 3)		550 800
Project ideas (sq.m. GFA) (phase 1)		169 080
Pending formal planning decision (GFA) (phase 2)		139 470
Planning permission granted excl. closed building rights (GFA) (phase 4)		70 340
Total building rights portfolio (GFA) (All phases)		875 690
<i>Of which is land allocations (GFA)</i>		<i>241 900</i>
<i>Of which is sold but not yet closed (GFA)</i>		<i>390 680</i>
<i>Total value of building rights sold but not yet closed (SEK)</i>		<i>1 374 000 000</i>

The above sold but not yet closed building rights of SEK 1.374bn have not yet been reported as per 2018-06-30, as they are conditioned upon the detailed plan taking legal force. They have however been considered in connection to the valuation of the properties and thus affected the unrealized changes in value of the total property portfolio.

SBB estimates that the value of the building rights portfolio upon being granted planning permission (phase 4) may exceed the book value by SEK 500 – 900 million.

During the quarter, SBB has sold two properties with development potential in Västerås and Uppsala to a Joint Venture together with K2A. The sales show that SBBs development properties are liquid and attractive in various phases of the planning process.

Property Development in Joint Ventures

In some of the sales SBB has entered into, a Joint Venture collaboration with the buyer. The total volume of the building rights within these JV-collaborations including already closed building rights and building rights which has been developed within JV-collaborations per 2018-06-30 amounted to approximately 340 000 sq. m. GFA, with a potential profit for SBB of approximately SEK 600 – 800 million after deduction of SBB's own investments made in the building rights. This potential profit is to be added in

addition to earlier mentioned surplus values. Through these JV-collaborations, SBB takes a very limited risk concerning the implementation of the building rights as the other JV-party (for example HSB, Magnolia, Botrygg) takes the responsibility for the design, sales, production and project management. The potential profit of approximately SEK 600 – 800 million relates to a five-year period and has not been taken into account in any part of the financial statements.

FINANCING

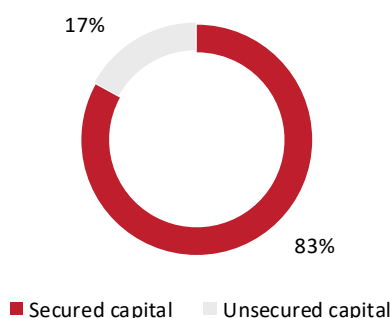
On 30 June 2018, interest-bearing liabilities in the Group amounted to SEK 15,976m, of which SEK 7,412m related to liabilities to credit institutions, SEK 7,864m to bond loans and SEK 700m related to commercial paper program. Thirty four percent of the bond loans were unsecured. The net loan ratio was 59 percent. The fair value of the liabilities at 30 June 2018 is deemed to be in accordance with the carrying amount. The average interest rate for external financing amounted to 2.93 percent, which was 0.37 percent lower than at end of Q1. The average period of fixed interest was 3.1 years. The maturity structure of the external financing is shown in the table to the right.

In May, Fitch Ratings assigned SBB a BB rating with positive outlook. This is SBB's second public BB rating from a leading rating agency, the first was the BB rating with stable outlook from Standard & Poor's Global Ratings. The rating highlights SBB's high-quality low-risk portfolio with Swedish rent regulated residentials and Nordic community service properties with strong cash flows where municipalities and state guarantee the tenants. The positive outlook reflects that SBB is moving towards an Investment Grade rating and the rating obtained is part of SBB's goal of lowering financial costs.

In May, SBB established a commercial paper program with a framework amount of SEK 2bn. Organizer of the program is Swedbank and the issuers of the program are Swedbank, Nordea, DNB and Danske Bank. To manage the refinancing risk, the program has secured backup facilities. During the period, SBB issued two commercial papers totalling SEK 700 million with maturities of 3 months and 12 months, respectively, with an interest rate of 0.3 percent and 0.5 percent, respectively. Liquidity has been used to repay high interest loans and is part of the company's goal of lowering financial costs. After the end of the quarter, a EUR commercial paper program with a framework amount of EUR 200m was established. The organizer of the program is Swedbank AB, Finnish Branch, which also serves as an issuer together with Danske Bank A/S, Finnish Branch.

In June, one of the unsecured bonds was repaid with a nominal amount of SEK 600 million, issued by the

FINANCING STRUCTURE



CREDIT MATURITY STRUCTURE

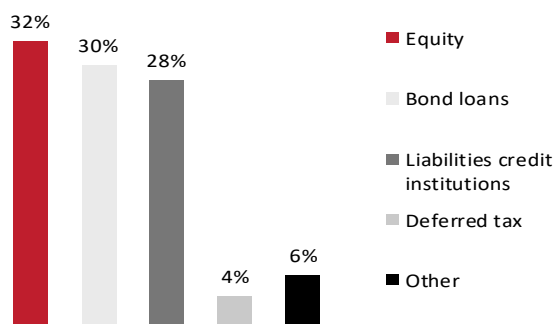
Maturity year	Utilized credit, SEKm	Proportion
< 1 year	1 124	7%
< 2 years	2 772	18%
< 3 years	3 819	24%
< 4 years	2 902	16%
< 5 years	510	3%
> 5 years	4 956	32%
Total	16 083	100%

subsidiary SBB i Norden AB. Subsequently, an issue change was initiated for the subsidiary SBB i Norden AB's outstanding bond with a nominal amount of SEK 1.5 billion (including the SBB repurchased volume), which means that the parent company entered as issuer of the bond. Issue change was effective on 11 July 2018.

During the quarter, SBB established a green framework for issuing green bonds in the future. SBB's green framework is in line with the so-called Green Bond Principles, which have been developed by the International Capital Market Association (ICMA) organization. SBB has ordered and received an independent evaluation by the CICERO (Center for International Climate Research, Oslo) of the Green Framework and associated control documents and procedures for assessing the environmental impact of the projects. In view of their assessment of project types, control documents, goals and reporting standards, SBB's green framework has received a "Medium Green" assessment of CICERO. Liquidity from the green bonds will be used for sustainable investments with the goal of reducing carbon dioxide emissions by investing in energy efficient buildings.

At the end of the period, SBB also held SEK 2,771m in unused credit lines, check credits and liquidity.

CAPITAL STRUCTURE





Samhällsbyggnadsbolaget

A MUNICIPAL TRANSACTION IN KARLSKRONA



THE SHARE

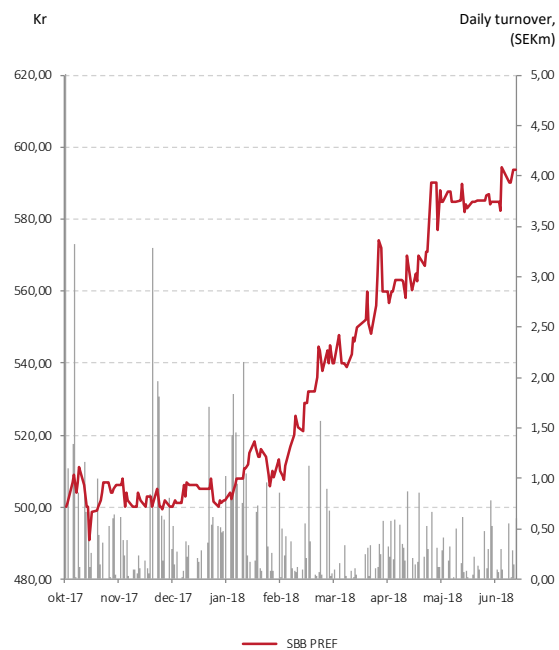
SBB's Class B share is listed on Nasdaq First North. As of 30-06-2018 the number of class B shares amounted to 520,352,056. In addition, the company has class A shares totaling 217,596,975 and 333,205 preference shares.

The price of the class B share was per 30-06-2018 SEK 8.95 and for preference share SEK 594 per 30-06-2018. The market value of Class B shares (including the value of Unlisted ordinary shares of Class A at the same price) was SEK 6,605m and for the preference share SEK 198m.

ORDINARY SHARES OF CLASS B



PREFERENCE SHARE



	2018-06-30	2017-06-30	2017-12-31
EPRA Earnings, SEKm	168	111	298
EPRA Earnings (EPS), SEK/share	0.23	0.27	0,46
EPRA NAV, SEKm	7 831	6 180	7 120
EPRA NAV, SEK/share ²⁾	10.61	6.75	9,65
EPRA NNNNAV, SEKm ¹⁾	6 895	5 452	6 282
EPRA NNNNAV, SEK/share ²⁾	9.34	7.41	8,51
EPRA Vacancy Rate	3.4	3.1	3,2

- 1) Real value of deferred tax has been estimated to be 5,5 %.
- 2) EPRA NAV/NNNAV SEK/share is calculated for the comparative period based on the number of shares decided.



SHAREHOLDERS

The share capital amounted to SEK 73,828,224 per 30-06-2018 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 14.9 percent of the capital and 40.5 percent of the votes.

Shareholders	Amount Class A	Amount Class B	Amount Pref. shares	Share of capital, %	Voting Share, %
Ilija Batljan Invest AB	63 495 701			8.6	23.5
Ilija Batljan (private and through companies)	45 558 167	1 137 606		6.3	16.9
AB Arvid Svensson	26 000 000	26 666 667		7.1	10.6
Compactor Fastigheter AB	21 997 977	25 405 525		6.4	9.1
Backahill AB	13 919 159	14 605 317		3.9	5.7
Dragfast AB	7 322 229	27 000 000		4.6	3.7
Michael Cocozza	7 619 484	13 937 211		2.9	3.3
Meteva AS		84 929 772		11.5	3.1
Investmentaktiebolaget Cyclops	6 349 570	2 666 666		1.2	2.5
Assindia AB	4 762 186	3 850 000		1.2	1.9
AktFast Förvaltnings AB	4 762 186	3 691 546		1.1	1.9
Stiftelsen för Strategisk Forskning		42 651 810		5.8	1.6
HighHill Intressenter AB		40 701 897		5.5	1.5
Postens Pensionsstiftelse		40 551 810		5.5	1.5
Lennart Schuss (private and through companies)	2 634 957	15 424 060		2.4	1.5
Oscar Lekander	3 174 785	277 700		0.5	1.2
Krister Karlsson	3 174 785			0.4	1.2
Other	6 825 789	176 854 469	333 205	24.9	9.1
Total	217 596 975	520 352 056	333 205	100.0	100.0



Frostfjärilen 44, Huddinge

CASH-FLOW ANALYSIS

STATEMENT OF GROUP'S CASHFLOW

IN THOUSANDS OF SEK	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2018-04-01 2018-06-30	2017-04-01 2017-06-30	2017-01-01 2017-12-31
Cash flow from operations					
Net profit - property management	181 711	137 974	108 593	102 896	337 582
<i>Adjustments for non-cash items</i>					
Depreciation	550	684	133	167	2 144
Net interest	280 073	177 005	141 633	103 588	463 785
Interest paid	-296 911	-170 153	-130 899	-97 157	-415 585
Interest received	3 846	13 332	1 375	9 263	12 282
Income tax paid	-13 814	-26 709	-4 589	-18 314	-39 725
Cash flow from operations before changes in working capital	155 455	132 133	116 246	100 443	360 483
Cash flow from changes in working capital					
Increase (-)/decrease (+) of receivables	27 366	26 344	-20 056	43 570	-180 535
Increase (-)/decrease (+) of liabilities	-318 601	562 810	113 207	321 653	330 126
Cash flow from operations	-135 810	721 287	209 397	465 666	510 074
Cash flow from investing activities					
Investments in properties ¹⁾	-1 942 715	-11 884 683	-1 652 091	-3 266 867	-13 679 013
Disposals of properties	533 086	316 333	532 100	228 200	737 071
Investments in equipment	4 880	-6 918	5 611	-3 176	-6 152
Investments in associated companies/joint ventures	-23 263	-12 529	-10 172	383	-27 963
Investments in goodwill	-24 908	-	-349	-	-
Change in receivables associated companies/jv	-41 910	-	-41 910	-	-
Change in other long-term receivables	-2 227	-50 926	2 202	-65 677	3 131
Cash flow from investing activities	-1 474 546	-11 638 723	-1 164 609	-3 107 137	-12 972 926
Cash flow from financing activities					
Share Issue ¹⁾	-	2 675 538	-	139 409	2 832 167
Issue hybrid bond	315 300	-	-	-	668 387
Issue warrants	450	-	-	-	2 099
Paid dividend	-100 581	-19 931	-73 322	-5 625	-70 845
Acquired minority interests	-	315 000	-	-	315 000

Redeemed minority interests ¹⁾	-	-	-	-	-187 778
New loans	3 998 800	9 353 545	2 369 333	3 336 586	11 101 893
Amortization of loans	2 351 769	-943 038	-1 316 180	-871 652	-1 846 342
Occupied debts to owners	-	73 600	-	73 600	73 600
Amortization of debts to owners	-73 600	-793 954	-40 000	-33 600	-793 954
Change in other long-term liabilities	56 600	-35 003	54 460	-35 159	-45 014
Cash flow from financing activities	1 845 200	10 625 757	994 291	2 603 559	12 049 213
Cash flow for the period	-404 923	-291 679	39 079	-37 912	-413 639
Cash and cash equivalents at beginning of period	92 749	506 397	291 906	252 630	506 397
Exchange differences in cash and cash equivalents	1 547	-	-1 845	-	-9
Cash and cash equivalents at end of period	329 140	214 718	329 140	214 718	92 749

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

IN THOUSANDS OF SEK	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2018-04-01 2018-06-30	2017-04-01 2017-06-30	2017-01-01 2017-12-31
Revenue	-	-	-	-	-
Personnel costs	-10 444	-4 771	-6 021	-3 462	-13 486
Other operating expenses	-18 112	-9 257	-7 688	-8 424	-29 192
Operating profit/loss	-28 556	-14 028	-13 709	-11 886	-42 678
Profit/loss from financial items					
Profit from shares in group companies	6 706	-	3 353	-	3 062
Interest earnings and similar items	86 796	16 832	52 043	16 832	64 146
Interest payments and similar items	-28 467	-3 911	-18 500	-23	-4 908
Profit/loss after financial items	36 479	-1 107	23 187	4 923	19 622
Group contributions	-	-	-	-	-2 090
Profit/loss before tax	36 479	-1 107	23 187	4 923	17 532
Tax	-	-	-	-	-3 340
PROFIT FOR THE PERIOD	36 479	-1 107	23 187	4 923	14 192

STATEMENT OF OTHER COMPREHENSIVE INCOME

IN THOUSANDS OF SEK	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2018-04-01 2018-06-30	2017-04-01 2017-06-30	2017-01-01 2017-12-31
Profit or loss for the period	36 479	-1 107	23 187	4 923	14 192
Other comprehensive income	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	36 479	-1 107	23 187	4 923	14 192

BALANCE SHEET OF PARENT COMPANY

BALANCE SHEET OF PARENT COMPANY IN BRIEF

IN THOUSANDS OF SEK	2018-06-30	2017-06-30	2017-12-31
ASSETS			
Fixed assets			
Financial assets			
Shares in group companies	3 442 471	3 098 330	3 441 984
Receivables from group companies	3 774 419	1 137 754	1 600 341
Total financial assets	7 216 890	4 236 084	5 042 325
Total fixed assets	7 216 890	4 236 084	5 042 325
Current assets			
Short-term receivables			
Accounts receivable	23	-	183
Other receivables	44 319	13 367	5 000
Accruals and prepaid expenses	22 396	6 672	10 357
Total short-term receivables	66 738	20 039	15 540
Cash and cash equivalents	2 080	2 666	3 372
Total current assets	68 818	22 705	18 912
TOTAL ASSETS	7 285 708	4 258 789	5 061 237
EQUITY AND LIABILITIES			
Equity	5 269 198	4 237 780	5 033 754
Tax allocation reserves	2 090	-	2 099
Long-term liabilities			
Bond loans	1 281 774	-	-
Total long-term liabilities	1 281 774	-	-
Short-term liabilities			
Commercial papers	700 000	-	-
Accounts Payable	2 093	16 166	9 799
Current tax liabilities	1 381	-	1 381
Other liabilities	16 133	4 125	10 301
Accruals and Deferred Income	12 941	718	3 912
Total short-term liabilities	732 548	21 009	25 393
TOTAL EQUITY AND LIABILITIES	7 285 708	4 258 789	5 061 237

CHANGES IN EQUITY

PARENT COMPANY'S REPORT OVER CHANGES IN EQUITY

IN THOUSANDS OF SEK

	Share Capital	Share Premium	Balanced result	Total Equity
Opening Equity 2017-01-01	723	21 877	3 514	26 114
Share issue	73 105	4 270 799		4 343 904
Issue hybrid bond		668 387		668 387
Issue warrants			5 000	5 000
Dividend		-23 843		-23 843
Net result for the year			14 192	14 192
Other comprehensive income for the year			-	-
Closing Equity 2017-12-31	73 828	4 937 220	22 706	5 033 754
Opening Equity 2018-01-01	73 828	4 937 220	22 706	5 033 754
Issue hybrid bond		314 561		314 561
Dividend		-115 596		-115 596
Net result for the year			36 479	36 479
Other comprehensive income for the year			-	-
CLOSING EQUITY 2018-06-30	73 828	5 136 185	59 185	5 269 198

COMMENTS GROUP COMPANY INCOME STATEMENT AND BALANCE SHEET

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 -28.6 (-14.0).

During the period, SBB issued a commercial paper program within the framework of SEK2bn. The number of shares amounted to 738,282,236 shares and share capital to 73,828,224.

CASH FLOW STATEMENT OF PARENT COMPANY

CASH FLOW STATEMENT OF PARENT COMPANY

IN THOUSANDS OF SEK	2018-01-01	2017-01-01	2018-04-01	2017-04-01	2017-01-01
	2018-06-30	2017-06-30	2018-06-30	2017-06-30	2017-12-31
Operating activities					
Profit after net financials	36 479	-1 107	23 187	4 923	19 622
Net interest	-58 329	-12 921	-30 190	-16 809	-59 238
Interest paid	-18 567	-3 911	-15 538	-23	-4 908
Interest received	86 796	16 832	48 690	16 832	64 146
Tax paid		-		-	-3 340
Cash flow from operating activities before changes in working capital	46 379	-1 107	26 149	4 923	16 282
Cash flow from changes in working capital					
Increase (-)/decrease (+) of receivables	-51 198	-16 624	-6 225	-16 519	-12 125
Increase (-)/decrease (+) of liabilities	-14 407	17 048	-1 717	15 599	18 951
Cash flow from operating activities	-19 226	-683	18 207	4 003	23 108
Investment activities					
Investment in subsidiaries ¹⁾	-487	-3 096 597	-	-10 722	-3 440 251
Loans to affiliated undertakings	-2 174 078	-1 118 406	-647 014	-157 502	-1 580 993
Cash flow from investment activities	-2 174 565	-4 215 003	-647 014	-168 224	-5 021 244
Financing Activities					
Share Issue ¹⁾	-	4 218 128	-	164 208	4 346 708
Issue hybridbond	314 561	-	-739	-	668 387
Issue warrants	-	-	-	-	2 099
Paid dividend	-103 934	-1 733	-91 684	-	-17 643
Issue new loans	1 981 872	-	700 098	-	-
Cash flow from financing activities	2 192 499	4 216 395	607 675	164 208	4 999 551
Cash flow for the period	-1 292	709	-21 132	-13	1 415
Liquidity at beginning of period	3 372	1 957	23 212	2 679	1 957
Liquidity at end of period	2 080	2 666	2 080	2 666	3 372

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. The company has been renamed from Effnetplattformen (publ).

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 2017, pages 55-140, with the following exceptions:

Goodwill

Goodwill arising from the preparation of consolidated accounts is the difference between the acquisition value and the Group's share of the fair value of the acquired subsidiaries' identifiable net assets on the acquisition date. During the period, 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. At the acquisition date, goodwill is reported at cost. Thereafter, it is reported at cost less any impairment losses. Goodwill is tested annually or more often if there is an indication that the reported value may not be recoverable.

Hedge accounting

As of January 1, 2018, the Group applies hedge accounting for foreign currency hedging of net investments in foreign operations. The Group thus applies hedge accounting in accordance with IFRS 9.

When a transaction is concluded, the Group documents the relationship between the hedging instrument and the hedged item. The Group also continuously monitors whether hedging is effective in counteracting changes in values or cash flows attributable to hedged items. The effective share of exchange rate fluctuations relating to the hedging instrument that meets the terms of hedge accounting is reported in other comprehensive income. Exchange rate fluctuations arising from part of the hedge that are not effective are reported in the profit for the period. Upon disposal of foreign operations, the gain or loss accumulated in the currency translation reserve is reclassified to the profit for the year.

INFORMATION ABOUT NEW STANDARDS

IFRS 9, Financial Instruments

Since 1 January 2018, the Group has applied IFRS 9 Financial Instruments. The new standard replaces IAS 39 Financial Instruments: Accounting and Valuation. The new standard contains rules for the classification and valuation of financial assets and liabilities, impairment of financial instruments and hedge accounting. SBB has identified an effect on the transition to IFRS 9 which is linked to hedge accounting. SBB has identified the possibility of hedge accounting for foreign currency loans in NOK against net investments in Norway. The principles contained in the standard for loan loss provisions do not have any significant effect as account receivables are limited.

IFRS 15, Revenues

Since 1 January 2018, the Group has applied IFRS 15, replacing all previously published standards and interpretations for revenues from customer contracts. IFRS thus provides a complete model for all revenue reporting. Based on Group's leases and their terms, SBB has found that the service provided by the Group is subordinate to the lease agreement and that all compensation is deemed to be rent. Since the Group's revenues consist essentially of rental income that falls outside this standard, the transition will have a limited impact on SBB's accounts. SBB has chosen to apply cumulative, ie. forward-looking method of transition to IFRS 15, meaning a recalculation of prior periods is not necessary.

INFORMATION ON FUTURE STANDARDS

If a new standard has been introduced and its application is mandatory only in the coming fiscal year, then it has not been applied in the preparation of this financial report. The standard expected to affect or may affect the Group's financial

statements is described below:

IFRS 16, Leases

This Standard enters into force on 1 January 2019, replacing IAS 17 Lease Agreement and associated interpretations. It requires that the lessee reports 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. There is currently a discussion about how lease agreements should be reported. The discussion mainly relates to the calculation of the lease liability taking into account future index and interest rate adjustments as well as accounting for the fair value of use at fair value after initial recognition. Since the company has a limited number of contracts of lesser value linked to land lease payments and leasing has limited impact on SBB's accounts, the assessment is nevertheless that the transition to the new standard will have a limited effect on SBB's accounts.

PLEDGED ASSETS AND CONTINGENT LIABILITIES

Koncern	2018-06-30	2017-06-30	2017-12-31
Pledged assets			
Mortgages	12 344 855	8 278 006	12 170 445
Floating charges	1 528 484	1 472 949	2 056 399
Total	13 873 339	9 750 955	14 226 844
Contingent liabilities			
Guarantees	-	-	-
Total	-	-	-
Parent company			
Pledged assets			
Floating charges	-	-	-
Total	-	-	-
Contingent liabilities			
Guarantees	5 256 376	3 232 092	3 065 546
Total	5 256 376	3 232 092	3 065 546

HEDGE ACCOUNTING

Since 1 January 2018, the Group has applied hedge accounting for a currency loan in NOK of NOK 86 million, which is used as hedge against net assets in Norway. The effect of the hedge accounting is that the unrealized exchange rate difference of SEK 5 million when converting the loan at the balance sheet date has been reported in other comprehensive income.

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. All shareholders loans are repaid. SBB bought services from Hestia Sambygg AB during the quarter who as of 2018-03-26, when SBB acquired the company, was 49 percent owned by the principal owner Ilija Batljan Invest AB. The services include consultancy services relating to financial and technical management. Pricing for the services is based on a fair market price per square meter.

Extraordinary General Meeting held on November 7th, 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 B shares in the company. The subscription price for new subscription of B shares corresponds to 130 percent of the average of the company's B shares volume weighted average price during the 10 trading days from 24th October 2017 through 6th November 2017. Subscription of B shares by using the warrants may take place in the period from October 1st, 2020 until October 31st, 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, 16 July 2018

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 (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 16 July 2018, 08.00 a.m. CET.

Ilija Batljan, CEO, ilija@sbbnorden.se
Rosel Ragnarsson, IR, 070-674 44 42, lotta@sbbnorden.se
Certified Advisor is Erik Penser Bank AB (www.penser.com).

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

Calendar

Interim Report Jan-Sept 2018	2018-10-31
Year-end report 2018	2019-02-20
Annual General Meeting 2018	2019-04-29
Interim Report Jan-Mars 2019	2019-04-29

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 NNAV (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.

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.

Loan to value ratio, %

Net interest-bearing liabilities as a percentage of total assets 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.

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 community service properties, years

Remaining contract value in relation to annual rental income for community service 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 30-06-2018. 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	1 732
Operating costs	-345
Maintenance	-124
Property administration	-65
Property tax	-31
Net operating income	1 167
Central administration	-60
Profit from Joint Ventures	4
Net financials	-471
Operating profit	640

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 30-06-2018.
- Operating and maintenance costs consist of budget of 2018 year's operating costs and maintenance measures.
- Property tax has been calculated based on the property's current tax assessment value per 30-06-2018.
- 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 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	640	640	640	640	640	640
Profit from creation of building rights	250	250	250	400	400	400
Change in property value (10-years average CPI)	305	49	561	305	49	561
D:o %	1,2%	0,2%	2,2%	1,2%	0,2%	2,2%
Current tax, 10%	-64	-64	-64	-64	-64	-64
Profit after tax	1 131	875	1 387	1 281	1 025	1 537
Profit SEK/share	1,53	1,19	1,88	1,74	1,39	2,08
Return on actual long-term net asset value	14,4%	11,2%	17,7%	16,4%	13,1%	19,6%
Profit / share price per 30-06-2018	17,1%	13,2%	21,0%	19,4%	15,5%	23,3%
P/E	6	8	5	5	6	4



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