



Samhällsbyggnadsbolaget

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

Q2



PERIOD IN BRIEF

RENTAL INCOME,
SEKm

893

OPERATING PROFIT,
SEKm

254

NET PROFIT FOR THE
PERIOD, SEKm

933

PERIOD IN BRIEF

- Rental income increased to SEK 893m (800).
- The operating surplus increased to SEK 560m (505).
- Cash flow from operating activities before changes of working capital was SEK 244m (156).
- Profit before tax was SEK 1 060m (688), of which:
 - Income from property management is included with SEK 254m (182). The management result includes costs for early redemption of loans and other non-recurring financing costs of SEK -123m.
 - Unrealized changes in the value of properties excluding building rights are included with SEK 1 161m (452).
 - Unrealized changes in value as a result of building rights are included with SEK 40m (54).
 - Realized value changes relating to properties are included with SEK -307m (-4), which is an effect of applied accounting principles.
 - Unrealized changes in value of derivatives are included with SEK -88m (4).
- Profit for the period was SEK 933m (518) after deductions for deferred tax of SEK -90m (-156) and current tax of SEK -37m (-14), corresponding to earnings per ordinary share of class A and B of SEK 1.01 (0.67) before dilution.
- The value of the property portfolio increased by SEK 2bn during the quarter to SEK 30.3bn (25.2).
- Long-term net asset value (EPRA NAV) increased to SEK 9,593 (7,831), corresponding to SEK 12.69 (10.61) per share.
- SBB's average interest rate on a 12-months rolling basis has decreased from 2.93 percent to 1.96 percent.

SEK 30.3bn
Property value

SEK 12.69
Long-term net
asset value
per share

SECOND QUARTER

RENTAL INCOME,
SEKm

464

OPERATING PROFIT,
SEKm

148

NET PROFIT FOR THE
QUARTER, SEKm

717

IMPORTANT EVENTS DURING THE SECOND QUARTER

- The fixed interest term on the borrowing was extended by entering into interest rate derivatives totaling SEK 3.2bn with maturities between four and seven years. The average maturity is 5.4 years. Combined with interest rate derivatives previously entered into, approximately 91 percent of SBBs loans are hedged with an average maturity of approximately four years.
- Through a directed new share issue, SBB issued a total of 27 707 430 ordinary shares of series D shares that provided SBB with gross proceeds of SEK 860m.
- SBB received a BBB- (stable outlook) from Standard & Poor's and Fitch.

- At the end of April, SBB issued a hybrid bond totaling EUR 300m in the European capital market. The hybrid bond is perpetual with a first call option after 5.25 years and carries a fixed interest rate of 4.625 percent.
- In Finland a portfolio of 48 properties amounting to SEK 1.5 bn was acquired, the closing taking place on 29 April. The properties are used as elderly care homes, as well as for pre-schools and for care homes.
- In May DNB Bank's head quarters was sold to DNB Liv for an agreed net property value of SEK 4,897m.
- SBB established a EUR 2.5 billion EMTN Programme (Euro Medium Term Note Programme). Under the new EMTN Programme, SBB issued a EUR 500m senior unsecured bond in the European capital market. The bond matures in 2025 and carries a fixed interest rate of 1.75 percent.
- In Denmark SBB acquired community service properties with a property value of approximately SEK 300m.
- In Norway three group housing portfolios as well as a residential property was acquired with a rental income of approximately SEK 29.2m. The average lease maturity is 7.5 years.
- SBB acquired 14 community service properties in Stockholm and the region Västra Götaland for approximately SEK 1.2 billion. The properties have an average lease maturity of 6.8 years and the rental income is SEK 79.7m
- An exchange offer was given to SBBs preference shareholders to exchange their preference shares for newly issued ordinary shares of Series D where 20 ordinary shares of Series D are offered for each preference share.
- In Linköping 24 properties were acquired for SEK 950m. The average lease maturity is 7.6 years and the rental income is SEK 49.7m. The properties are used as elderly care homes, care homes and for educational purposes.
- In Skåne SBB acquired approximately 48 000 rent regulated residentials and community service properties. The properties are located in attractive and centrally located parts of Malmö-Limhamn, Staffanstorp, Höganäs and Helsingborg. The acquisition also includes 25,000 sq.m. of properties with a potential for future building rights in Höganäs.
- SBB acquired seven elderly care homes in Boden with the municipality as the main tenant. The average lease maturity in the portfolio is over 12 years and the rental income for 2019 amounts to approximately SEK 65m.
- SBB issued a SEK 500m senior unsecured green bond maturing in 2022 with a floating rate interest of Stibor 3m plus 1.20 percent.
- Further community service properties were acquired in the Stockholm, Copenhagen, Oslo and Århus region. The properties comprise of approximately 47 000 sq.m. lettable area and are let mainly to public or publically financed tenants. The properties consist primarily of educational facilities, offices for public authorities, care facilities and senior living housing.
- At the end of June Fredrik Holm was recruited as Head of Property Management. Fredrik Holm will be part of the executive management and starts in the middle of August.

IMPORTANT EVENTS AFTER THE PERIOD

There are no significant events to report.

SBB KEY RATIOS

	2019	2018	2019	2018	2018
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Jan-Dec
Rental income, SEKm	893	800	464	410	1 680
Net operation income, SEKm	560	505	320	272	1 071
Surplus ratio, %	63	63	69	66	64
Interim profit, SEKm	933	518	717	405	1 690
Yield, %	4.7	4.6	4.7	4.6	4.7
Cash flow from current operations, SEKm	244	156	147	116	248
Property value (market value), SEKm	30,331	25,637	30,331	25,637	25,243
Number of properties	790	812	790	812	570
Leasable area, sq.m., thousands	1,797	1,493	1,797	1,493	1,330
Economic letting ratio, %	95.4	96.6	95.4	96.6	96.2
WAULT, social infrastructure properties, yrs	7	7	7	7	7
Shareholder's equity, excl. non-controlling equity interests, SEKm	10,622	6,948	10,622	6,948	9,009
EPRA NAV (long-term net asset value), SEKm	9,593	7,831	9,593	7,831	8,736
EPRA NNNNAV (actual net asset value), SEKm	8,398	6,895	8 398	6,895	7,838
Return on Equity, %	7	6	5	5	18
Loan-to-value ratio, %	43	59	43	59	53
Secured loan-to-value ratio, %	19	48	19	48	38
Equity ratio, %	43	32	43	32	41
Adjusted Equity ratio, %	46	36	46	36	44
Interest coverage ratio, times	2.2	1.7	-	-	1.8
Earnings per ordinary class A and class B shares	1.01	0.67	0.73	0.56	2.07
Earnings per ordinary class D shares	2.00	-	1.00	-	0.50
Average number of ordinary class A and B shares	756,049,031	737,949,031	756,049,031	737,949,031	741,569,031
Average number of ordinary class D shares	55,938,413	-	66,698,620	-	918,854
Average number of preference shares	175,251	333,205	175,251	333,205	324,983
Number of ordinary class A and B shares	756,049,031	737,949,031	756,049,031	737,949,031	756,049,031
Number of ordinary class D shares	73,398,336	-	73,398,336	-	41,626,390
Number of preference shares	175,251	333,205	175,251	333,205	175,251

Explanation of definitions of key ratios on page 35.

INFORMATION ABOUT THE GROUP

SAMHÄLLSBYGGNADSBOLAGET I NORDEN (SBB)

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

REAL ESTATE PORTFOLIO

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

The property portfolio consisted of 790 properties as of 30-06-2019. The properties had a total value of SEK 30.3bn, where residentials comprised SEK 10.2bn, social infrastructure properties SEK 17.9bn, and the remaining properties SEK 2.3bn. The total lettable area was approx. 1,797,000 sq.m. with a rental income, on a 12-months rolling basis, of SEK 1,999m.

Classification	Rental income, SEKm	Total, %
Residential	629	31
Group Housing	214	11
Government	684	34
Indirect government	283	14
Other	189	9
Total	1 999	100

ORGANISATION

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





CEO ILIJA BATLIJAN

Samhällsbyggnadsbolaget (SBB) owns, develops and manages social infrastructure on a long-term basis in four Nordic countries: Sweden, Norway, Finland and Denmark. The common denominator for all four countries is that they are strong tax-financed welfare states. Social infrastructure consists of elderly care homes, healthcare centres, LSS group housing properties, schools and other properties where tax-financed activities are conducted in the Nordic region and by rent regulated residentials in Sweden. Our unique and scalable model of acquiring and managing low-risk assets that, in addition to a strong earnings capacity from the property management, also delivers profit from three value-creating areas - renovations/investments in our properties, development of building rights and transactions - continues to contribute to a sharp increase in net asset value. The net asset value after the deduction for dividends of SEK 438m increased during the first half year by SEK 857m or SEK 1.14 per ordinary class A- and B shares.

Profit before tax amounted to SEK 1,060m, where the profit from property management contributed with SEK 254m, investments and transactions with SEK 854m and building rights with SEK 40m. Profit after tax was SEK 933m. Adjusted for non-recurring costs relating to refinancing and the repurchase of bonds, earnings per ordinary class A- and B shares for the first half year was SEK 1.40 per share.

A focal point in our business model is a scalable platform manned by some of the Nordic region's most experienced employees at the leading positions. SBB invests in low-risk properties that generate stable net operating income and manage the properties with a long-term perspective. We have a long experience of working with municipalities and we have built the company from scratch. The largest owners of social infrastructure in the Nordics are municipalities and we continue to be a leading partner to the municipalities in the Nordic region. Our strong position combined with demographic trends that lead to great needs for elderly care homes and schools creates the

potential for new collaborations and growth. During the first half of the year, too, we have added new leases to our base of long municipal leases, such as the new 25-year agreement with Nykvarn's municipality in connection with the rebuilding of the municipal house and a number of leases for elderly care homes, schools, preschools and LSS-group housing in Sweden's fifth largest city of Linköping. Those are only a few examples. From the start, we have delivered shareholder value, a good profit and strong positive cash-flow.

Our property portfolio, where approximately 60 percent of the value is in the largest cities in the Nordics and with Stockholm as our largest market (26 percent of the value), combined with an average lease length of seven years (given the newly signed leases, rather an adjusted average lease length of 10 years) means low risk. We can add to this the fact that our total rental income, which for a rolling 12-month period amounts to SEK 1,999m, has 91 percent coming from social infrastructure either from rent regulated rental apartments or directly or indirectly from the state and municipalities through our community service properties. Overall, this is a low-risk exposure that is unique in its kind when the economy turns.

STRONG INCREASED PROFIT FROM PROPERTY MANAGEMENT AND EARNINGS CAPACITY

SBB's estimated earnings capacity using rolling 12 months at the end of the first half year was SEK 1,006m, corresponding to an increase of 57 percent from SEK 640m at the end of the first half year of 2018. Profit from property management adjusted for extraordinary costs amounts to SEK 377m (243m), an increase of 55 percent from the first half year of 2018.

PROFIT FROM INVESTMENTS AND TRANSACTIONS

Our pace of renovation is now at the targeted levels and will continue to deliver strong results and growth in net asset value. During the first half year of 2019, we have commenced the refurbishment of 248 apartments, of which 98 are completed. For another 147 apartments, leases were terminated and those are in the planning stages for renovation, to commence during the second half of the year.

During the first half year we closed transactions for SEK 14.5 billion. The transactions contributed with SEK 663m to the net profit for the period. This year, we could see how the transactions contribute to the cash flow, where the sale of DNB delivers nearly SEK 1.8 billion in free cash flow that we could use for new investments in social infrastructure with higher yields that both increased earnings capacity and created added value.

PROFIT FROM PROPERTY DEVELOPMENT

Property development also continues to deliver strongly. As at 30 June 2019, SBB had ongoing development projects in various stages of the planning process with a total volume of approximately 1,000,000 sq.m. GFA (gross floor area). During the first half year, the zoning plans of 50,500 sq.m. building rights were approved in Nykvarn Kaffebryggaren 1, Oskarshamn Hälsan 22 and Ulricehamn Krämmaren 4. We have also built and leased out two 15-years leases for LSS-special housing buildings using our building rights in Malmö-Burlöv. We have signed long leases for an additional four LSS group housing properties under development. Sold and zoned (approved) building rights have delivered approximately SEK 157m in cash flow.

BBB RATING FOCUS DURING NEXT 12 MONTHS

The work of consolidating the balance sheet with the aim to improve our financial position culminated in the first four months of 2019. In April we received an investment grade rating BBB- from both S&P and Fitch. We have also, in our communication during the spring, clarified that in the short term (ie. within next 12 months), we will focus on a BBB rating, which is a notch better and leads to long-term lower financing costs. Almost half of our planned growth from SEK 25 billion to SEK 40 billion between 2018 and 2023 will be delivered organically through property development, renovations, renegotiations and thus higher rental income (i.e. without acquisitions). We want to be clear that we prioritise a strong financial position and look forward to combining it with strong growth.

We continue to strengthen equity during the first half year by SEK 4 444m. At the same time, we have repaid the majority of expensive loans, reduced the proportion of secured debt and increased the proportion of unsecured debt. Our interest coverage ratio has increased strongly to 2.2 times and our average interest

rate on a 12-months rolling basis has decreased from 2.93 percent to 1.96 percent. We have also increased the maturity of fixed interest rate. Approximately 91 percent of SBB's loans are with a fixed interest rate with an average maturity of four years. At the end of the first half year, our net loan-to-value ratio was 43 percent.

SUSTAINABILITY IS CORE IN OUR BUSINESS MODEL

We see a great potential in continuing to develop our property management through an increased focus on energy efficiency. Sustainability is a central part of our business model and we have initiated major investments in reducing carbon dioxide emissions by at least 400 tonnes per year over the next five years. Energy projects are underway in the properties Stensiken 1 in Tidaholm and Yggdrasil 1 & 2 in Skara, and these are expected to be completed during the summer of 2019. During the first half year, agreements were also signed regarding an energy project on the Tellus 1 property in Motala, where the goal is to reduce the amount of purchased energy by 50 percent. This will be done by recycling extract air and heat from waste water. In early February, SBB issued its first green bond of SEK 500m with a maturity of five years. At the end of June, we issued a further green bond of SEK 500m with a maturity of three years under our EMTN Programme.

OUTLOOK

SBB's stable cash flows are only marginally affected by the business cycle and external factors. We deliver a strong earnings capacity from the property management and continue to see great opportunities to deliver profit from three value-creating areas - renovations/investments in our properties, development of building rights and transactions. We count on delivering the strongest yearly increase in NAV among Swedish listed property companies for the years 2019-2021.

As previously communicated, we are continuing work to prepare SBB for a listing on Nasdaq Stockholm's Main List. SBB is on a strong growth path, having announced 10 acquisitions with a total value of SEK 8.9bn in 2019. As we continue to see opportunities to grow, we may also evaluate the possibility of raising capital in connection with the listing on the Main List in order to further strengthen our capacity to fund growth in compliance with our recently achieved investment grade credit rating.

I am very proud over the company development so far during 2019. All in all, this gives us the best conditions for continuing to build the Nordic region's strongest player with a focus on social infrastructure (community service properties in the Nordics and rent regulated residential in Sweden).

Ilija Batljan
 Founder and CEO

CONSOLIDATED INCOME STATEMENT

Amount in SEK, millions	01-01-2019 30-06-2019	01-01-2018 30-06-2018	01-04-2019 30-06-2019	01-04-2018 30-06-2018	01-01-2018 31-12-2018
Rental income	893	800	464	410	1 680
Operating costs	-223	-201	-89	-87	-386
Maintenance	-51	-39	-25	-23	-100
Management administration	-44	-39	-23	-20	-92
Property tax	-15	-16	-7	-8	-31
Net operating income	560	505	320	272	1 071
Central administration	-51	-43	-24	-22	-102
Results from associated companies/joint ventures	49	-	37	-	13
Profit before financial items	558	462	333	250	982
Financial items					
Interest income and similar items	46	4	33	2	4
Interest expenses and similar items	-217	-248	-110	-127	-538
Expenses for redeemed loans in advance	-123	-36	-98	-16	-127
Translation gains/losses	-9	-	-9	-	-
Land lease expenses	-1	-	-1	-	-
Profit from property management	254	182	148	109	321
Changes in value, property	894	502	642	429	1 575
Changes in value, derivatives	-88	4	-79	-1	8
Profit before tax	1 060	688	711	537	1 904
Tax	-127	-170	6	-132	-214
NET PROFIT FOR THE PERIOD	933	518	717	405	1 690

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amount in SEK, millions	01-01-2019 30-06-2019	01-01-2018 30-06-2019	01-04-2019 30-06-2019	01-04-2018 30-06-2018	01-01-2018 31-12-2018
Net profit for the period	933	518	717	405	1 690
Translation gains/losses	206	225	64	96	-4
COMPREHENSIVE INCOME FOR THE PERIOD	1 139	743	781	501	1 686
Earnings per ordinary share A and B before dilution	1,01	0,67	0,73	0,56	2,07
Earnings per ordinary share A and B after dilution	1,00	0,67	0,72	0,56	2,07
Earnings per ordinary share D (not subject for dilution)	2,00	-	1,00	-	0,50

INCOME STATEMENT COMMENTS

NET OPERATING INCOME

Rental income during the period amounted to SEK 893m (800). Of the rental income, SEK 339m related to rent regulated residentials, SEK 498m to social infrastructure properties and SEK 56m to other properties. The economic occupancy rate at the end of the period was 95.4 percent (96.2). The average lease length for social infrastructure properties was 7 years (7).

Property costs during the period amounted to SEK -333m (-295) and SEK-144m (-138m) for the quarter. The costs are mainly attributable to utility costs, maintenance costs, and other operational and management costs. Property costs have been affected by seasonal variations that have contributed to higher costs for heating, electricity and snow removal.

SEGMENT REPORTING

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

SEGMENT REPORTING FOR THE PERIOD 01-01-2019 - 30-06-2019

SEKm	Residential	Social infrastructure	Other	Total
Rental income	339	498	56	893
Property costs	-174	-128	-30	-333
Net operating income	165	370	26	560
<i>Surplus ratio</i>	49%	74%	46%	63%
Central administration				-51
Profit from associated companies/JV				49
Net financials				-304
Operating profit				254
Changes in value, property	517	331	46	894
Changes in value, derivatives				-88
Tax				-127
Profit for the period				933
Investment properties	10,182	17,854	2,295	30,331
Value per sq.m. (SEK)	14,151	20,654	10,753	16,875

SEGMENT REPORTING FOR THE PERIOD 01-01-2018 - 30-06-2018

SEKm	Residential	Social infrastructure	Other	Total
Rental income	254	474	72	800
Property costs	-136	-111	-48	-295
Net operating income	118	363	24	505
<i>Surplus ratio</i>	46%	77%	33%	63%
Central administration				-43
Profit from associated companies/JV				-
Net financials				-280
Operating profit				182
Changes in value, property	414	78	10	502
Changes in value, derivatives				4
Tax				-170
Profit for the period				518
Investment properties	7,583	15,390	2,664	25,637
Value per sq.m. (SEK)	12,144	23,923	11,837	17,174

SEGMENT REPORTING FOR THE PERIOD 01-04-2019 - 30-06-2019

SEKm	Residential	Social infrastructure	Other	Total
Rental income	187	248	29	464
Property costs	-77	-53	-13	-144
Net operating income	110	195	16	320
<i>Surplus ratio</i>	59%	78%	56%	69%
Central administration				-24
Profit from associated companies/JV				37
Net financials				-185
Operating profit				148
Changes in value, property	314	270	58	642
Changes in value, derivatives				-79
Tax				6
Profit for the period				717
Investment properties	10,182	17,854	2,295	30,331
Value per sq.m. (SEK)	14,151	20,654	10,753	16,875

SEGMENT REPORTING FOR THE PERIOD 01-04-2018 - 30-06-2018

SEKm	Residential	Social infrastructure	Other	Total
Rental income	130	241	39	410
Property costs	-59	-52	-27	-138
Net operating income	71	189	12	272
<i>Surplus ratio</i>	55%	79%	30%	66%
Central administration				-22
Profit from associated companies/JV				-
Net financials				-141
Operating profit				109
Changes in value, property	360	84	-15	429
Changes in value, derivatives				-1
Tax				-132
Profit for the period				405
Investment properties	7,583	15,390	2,664	25,637
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 -51m (-43). Costs for the quarter amounted to SEK -24m (-22). Costs for business development, transactions, real estate development and financial management are included in the central administration. Income from associated companies and joint ventures was SEK 49m (-) for the period and SEK 37m (-) for the quarter.

Net financial items for the period amounted to SEK -304m (-280) and SEK -185m (-141) for the quarter. Net financial items primarily consist of interest expenses but also other financial expenses such as arrangement fees. Financial expenses include one-off costs in the form of arrangement fees for borrowing and cost of early repayment of expensive loans with approximately SEK -123m (-36) during the period and SEK -98m (-16) during the quarter.

Value changes of the properties amounted to SEK 894m (502), where SEK -307m (-4) were realized value changes and SEK 1,201m (506) were unrealized value changes. A part of the unrealized value change was value creation regarding building rights of SEK 40m (54). 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 divestment of DNB's headquarters in Oslo is included in the realized value changes with SEK -272m. The divestment was made with the agreed property value on a level with the last valuation with a deduction for deferred tax which leads to a negative value change in the accounts as the previous accounted deferred tax is reported as a deferred tax income. Also, the property was currently financed with a long-

term bond loan of NOK 2,795m which would have been expensive to redeem in advance. In conjunction with the divestment the parties agreed to lower the agreed property value with approximately SEK 67m, which also has an effect on the realized value change. The accounting of the divestment does not indicate that the net property value at the divestment exceeds the net property value at SBB's acquisition with approximately SEK 0,5bn.

The after-tax profit amounted to SEK 933m (518), which was weighed down by SEK -127m (-170) in taxes. SEK -37m (-14) relate to current taxes and SEK -90m (-156) concerned deferred taxes related to the properties and loss carry-forwards. The deferred tax has been affected by adjustments for previous period, mainly attributable to loss carry-forwards calculations of SEK 44m. In addition SEK 184m in deferred tax income is reported as a result of the divestment of DNB's headquarters. As a result of the new tax rules applicable as of 2019-01-01 deferred tax was revalued to 20.6 percent already in 2018. The government has decided to lower the tax rate in two steps, first to 21.4 percent in 2019 and then to 20.6 percent in 2021. SBB has decided to calculate deferred tax liabilities at 20.6 percent since they are not expected to be reversed to any significant extent in 2019 and 2020.



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

CONSOLIDATED BALANCE SHEET

Amount in SEK, millions	30-06-2019	30-06-2018	31-12-2018
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	24	25	24
Total intangible assets	24	25	24
Tangible assets			
Investment properties	30 331	25 637	25 243
Land lease agreements	134	-	-
Equipment, machinery and installations	4	5	5
Total tangible fixed assets	30 469	25 642	25 248
Financial fixed assets			
Shares in associated companies/joint ventures	514	112	213
Receivables from associated companies/joint ventures	1 293	42	583
Financial fixed assets at fair value	233	-	62
Other long-term receivables	12	16	11
Total financial fixed assets	2 052	170	869
Total fixed assets	32 545	25 837	26 141
Current assets			
Current receivables			
Accounts receivable	25	6	30
Receivables from associated companies/joint ventures	-	-	991
Current assets at cost	465	-	-
Other receivables	706	241	290
Prepaid expenses and accrues income	112	74	32
Total current receivables	1 308	321	1 343
Cash and cash equivalents	2 691	329	157
Total current assets	3 999	650	1 500
TOTAL ASSETS	36 544	26 487	27 641

Amount in SEK, millions	30-06-2019	30-06-2018	31-12-2018
EQUITY AND LIABILITIES			
Equity	15 641	8 554	11 197
Long-term liabilities			
Liabilities to credit institutions	5 532	7 114	5 898
Bond loans	9 848	7 741	6 598
Derivatives	99	30	12
Deferred tax liabilities	1 175	1 019	1 047
Liabilities leasing	134	-	-
Other long-term liabilities	64	70	25
Total long-term liabilities	16 852	15 974	13 580
Current liabilities			
Liabilities to credit institutions	131	298	12
Commercial papers	2 718	700	1 840
Bond loans	87	123	327
Accounts payable	35	68	88
Current tax liabilities	11	40	19
Other liabilities	601	425	279
Accrued expenses and prepaid income	468	305	299
Total current liabilities	4 051	1 959	2 864
TOTAL EQUITY AND LIABILITIES	36 544	26 487	27 641

BALANCE SHEET COMMENTS

INVESTMENT PROPERTIES

The property value amounted to SEK 30.3bn as of June 30, 2019. The value of the property portfolio is assessed through external valuations made by Newsec, JLL, Savills and Colliers Denmark. The valuations are based on an analysis of future cash flow for every property, while considering each lease contract, the market, the rent levels, operational, maintenance and property administration costs as well as the need for future investments. The yield requirements in the valuation are in the range of 2.30 percent to 14.0 percent. The valuation of the real estate also includes approximately SEK 1,317m building rights which have been valued through sales comparable. This means that the valuation is based on a comparison of prices for similar building rights, the value has thus been assessed in accordance with IFRS 13 level 3. Please also refer to investment properties on page 17.

ASSOCIATED COMPANIES AND JOINT VENTURES

SBB's involvement in associated companies and joint ventures consists partly of an ownership interest and, in some cases, financing of the companies. As of 30-06-2019 participations in associated companies and joint ventures amounted to SEK 514m (213) and receivables from associated companies and joint ventures amounted to SEK 1,293m (1 574). Some of the companies manage property development projects, which are described in more detail on page 20, while other companies own investment properties.

GOODWILL

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

EQUITY

Shareholders' equity amounted to SEK 15,641m (11,197) on 30-06-2019. Equity include issued hybrid bonds with a book value of SEK 4,978m and preference shares in the Norwegian subsidiary Nye Barcode 121 Bidco AS and Karlbergsvägen 77 Fastighets AB (publ) of SEK 41m. The equity ratio was 43 percent (41), the adjusted equity ratio was 46 percent (44) and the loan-to-value ratio was 43 percent (53).

DEFERRED TAX

Deferred tax is calculated as of June 30, 2018 with a nominal tax of 20.6 percent on differences between reported value for investment properties and tax residual value of assets and liabilities. The deferred tax liability amounted to SEK 1,175m (1,047) on June 30, 2019 and is mainly attributable to investment properties and loss carry-forwards. The loss carry-forwards amount to approximately SEK 386m as per 30-06-2019.

LIABILITIES AND CASH EQUIVALENTS

At the end of the period, interest-bearing liabilities in the Group amounted to SEK 18,316m (14,675), of which SEK 5,663m (5,910) related to liabilities to credit institutions, SEK 9,935m (6,925) related to bond loans and SEK 2,718m (1,840) to commercial paper. See also the section Financing on page 22. Cash and cash equivalents amounted to SEK 2,691m (157).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount in SEK, millions							
	Share capital	Unregistered share capital	Other contributed capital	Retained earnings	Hybrid bonds	Non-controlling interest	Total equity
Total equity 01-01-2018	74	-	3 041	3 274	668	579	7 636
Issue hybrid bonds					316		316
Issue warrants			0				0
Dividends				-82	-30	-27	-139
Net profit for the period				460	30	27	517
Other comprehensive income				181		43	224
Total equity 30-06-2018	74	-	3 041	3 833	984	622	8 554
Share issue	6	-	1 374				1 380
Issue hybrid bonds					1 189		1 189
Issue warrants			9				9
Dividends				-18	-57	-11	-86
Redeemed preference shares			-79	-19			-98
Repurchased hybrid bonds				-16	-300		-316
Repurchased warrants				-93			-93
Acquired minority interests						13	13
Redeemed minority interests				-11		-288	-299
Net profit for the period				1 105	57	11	1 173
Other comprehensive income				-196		-33	-229
Total equity 31-12-2018	80	-	4 345	4 585	1 873	314	11 197
Total equity 01-01-2019	80	-	4 345	4 585	1 873	314	11 197
Share issue	3	0	971				974
Issue hybrid bonds					3 115		3 115
Redeemed preference shares				-54		-292	-346
Dividends				-344	-93	-1	-438
Net profit for the period				839	93	1	933
Other comprehensive income				197	-10	19	206
Total equity 30-06-2019	83	0	5 316	5 223	4 978	41	15 641

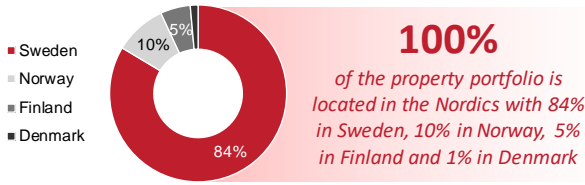
CONSOLIDATED CASH FLOW STATEMENT

Amount in SEK, millions	01-01-2019 30-06-2019	01-01-2018 30-06-2018	01-04-2019 30-06-2019	01-04-2018 30-06-2018	01-01-2018 31-12-2018
Operations					
Profit from property management	254	182	148	109	321
<i>Adjustments for non-cash flow items</i>					
Depreciations	0	1	0	0	2
Net financial items	304	280	185	141	661
Interest paid	-321	-297	-197	-131	-739
Interest received	44	4	31	1	4
Income tax paid	-37	-14	-20	-5	-1
Cash flow from operations before changes in working capital	244	156	147	116	248
Cash flow from changes in working capital					
Changes in current receivables	-488	27	-428	-20	-6
Changes in current liabilities	268	-318	91	113	-402
Cash flow from operations	24	-136	-190	209	-160
Investment activities					
Investments in properties ¹⁾	-9 091	-1 943	-7 430	-1 653	-3 908
Divestments in properties	5 370	533	5 043	532	3 417
Investments/divestments in equipment, machinery and installations	1	5	-	6	5
Investments in associated companies/joint ventures	-300	-1	-288	-10	-102
Investments in intangible fixed assets	-	-25	-	-	-24
Changes in receivables from associated companies/joint ventures	281	-42	308	-42	-1 574
Changes in financial assets	-636	-	-636	-	-
Changes in other long-term receivables	-1	-2	-1	2	-63
Cash flow from investment activities	-4 376	-1 475	-3 004	-1 165	-2 249
Financing activities					
Share issue ¹⁾	974	-	716	-	1 380
Issue hybrid bonds	3 115	316	3 115	-	1 504
Redeemed preference shares	-	-	-	-	-98
Repurchased hybrid bonds	-	-	-	-	-316
Redeemed warrants	-	-	-	-	-93
Issue warrants	-	-	-	-	9
Dividends paid	-277	-101	-256	-74	-186
Acquired minority shares	-	-	-	-	13
Redeemed minority shares ¹⁾	-346	-	-346	-	-299
New loans	13 660	3 999	10 478	2 370	7 516
Amortization of loans	-10 280	-2 352	-8 153	-1 316	-6 895
Amortization of loans from shareholders	-	-74	-	-40	-74
Changes in other long-term liabilities	39	57	-67	55	12
Cash flow from financing activities	6 885	1 845	5 487	995	2 473
Cash flow for the period	2 533	234	2 293	39	64
Cash and cash equivalents at the beginning of the period	157	93	398	292	93
Translation difference of cash and cash equivalents	1	2	0	-2	-
Cash and cash equivalents at the end of the period	2 691	329	2 691	329	157

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

PROPERTIES

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



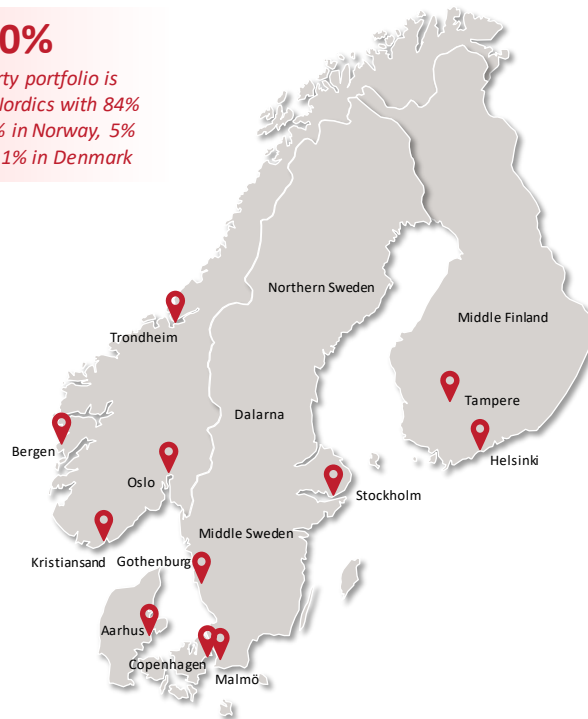
Bergen & Trondheim	
Market value, (%)	0
Area, sqm	3 978

Oslo	
Market value, (%)	7
Area, sqm	48 853

Kristiansand	
Market value, (%)	2
Area, sqm	29 476

Greater Gothenburg	
Market value, (%)	5
Area, sqm	141 575

Aarhus	
Market value, (%)	0
Area, sqm	5 941



Copenhagen	
Market value, (%)	1
Area, sqm	17 675

Greater Malmö	
Market value, (%)	14
Area, sqm	258 511

Middle Finland	
Market value, (%)	1
Area, sqm	13 412

West Finland	
Market value, (%)	2
Area, sqm	16 606

Helsinki & Tampere	
Market value, (%)	2
Area, sqm	35 156

Northern Sweden	
Market value, (%)	6
Area, sqm	130 334

Dalarna	
Market value, (%)	10
Area, sqm	254 818

Greater Stockholm	
Market value, (%)	26
Area, sqm	327 323

Middle Sweden	
Market value, (%)	23
Area, sqm	513 779

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

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

SBB's strategy is to own, manage and develop rent regulated residential properties in Sweden and social infrastructure properties in the Nordic region on a long-term basis. At the end of the period, social infrastructure properties in Norway accounted for 10 percent of the company's real estate value, 5 percent in Finland and 1 percent in Denmark. About 76 percent of the real estate value consisted of residential and social infrastructure properties in Sweden. The remaining 8 percent are properties in Sweden, where the company actively conducts property development work where the properties are converted into building rights for housing - an important part of the community building concept; acting as a real community builder in these times of housing shortage.

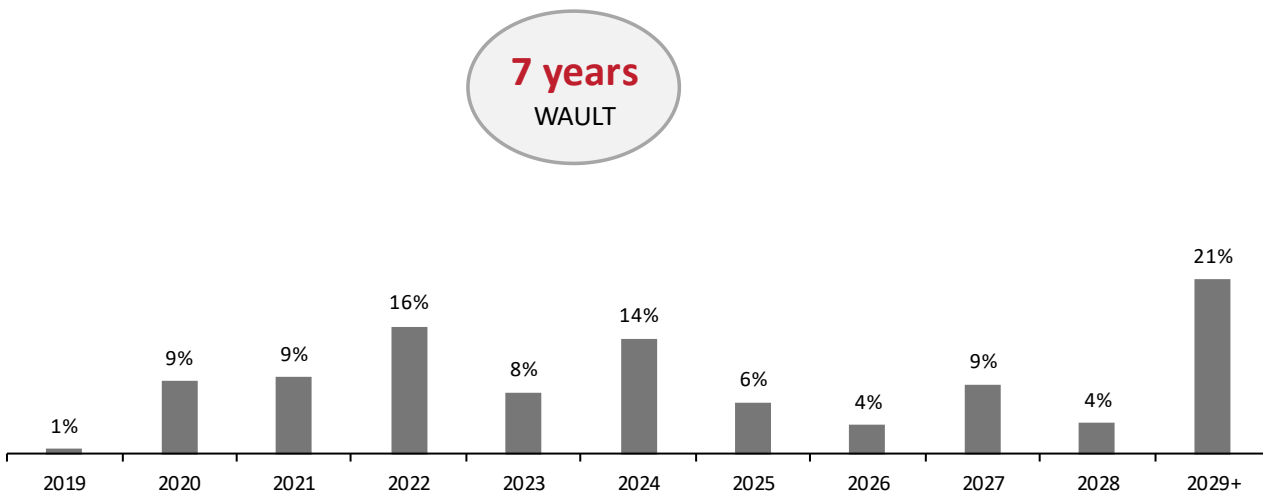
SBB manages and develops rent regulated residential properties in Swedish growth municipalities. The properties are generally located close to the city centre and with access to good transportation links, whether it is apartments in Kallhäll centre in Järfälla municipality, or the city centres of for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

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

Norwegian Ministry of Justice and Emergency Affairs, several accommodations for elderly people and about 250 properties that accommodate people with special needs (group housing). SBB is one of the Nordic region's largest players in the field of housing and long-term care facilities for the elderly and people with disabilities. Our aim is to offer modern care properties in close cooperation with the main providers of care services - often municipalities and county councils, but also private care companies. We offer properties and accommodation that meet our customers' needs and requirements and provide everything that is essential to make the home suitable.

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

LEASE MATURITY STRUCTURE SOCIAL INFRASTRUCTURE PROPERTIES



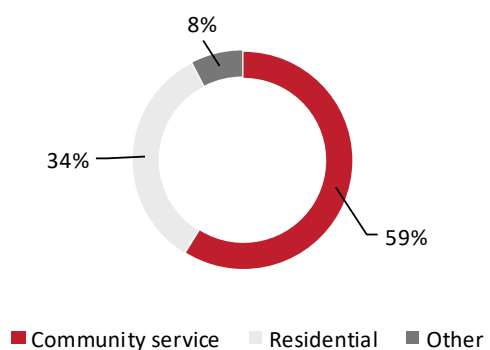
Social infrastructure properties have a long weighted average lease expiry.

SENSITIVITY ANALYSIS

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

	Change	Value change
Rent value	+/- 5 %	1,594/-1,614m
Discount rate	+/- 0.25 %	-525/546m
Exit yield	+/- 0.25 %	-781/864m

PROPERTY VALUE PER SEGMENT



INVESTMENTS / SUCCESSION RESTORATION

During the first half of 2019, the refurbishment of 248 apartments commenced of which 98 are finished. Another 147 apartments with terminated leases are planned to start being renovated after the summer. Four new project managers have been hired, which means that SBB will have six project managers that solely focus on housing renovations. During the year, technical examinations have been performed of the properties Monsunen 1 in Karlskrona and Länsmansängen 1 in Oskarshamn with a total of 300 apartments. Two viewing apartments have been built, one in each building. Documentation has been prepared for the upcoming approval process, that is planned to take place during the autumn. The goal is to renovate all apartments in the buildings during 2020. Apart from the above, another project regarding the installation of security doors that covers 155 apartments has commenced in Hosjö and Korsnäs in Falun.

SBB has signed a framework agreement with the Swedish Union of Tenants (Hyresgästföreningen) regarding rent levels after refurbishments in the region of Dalarna. The agreement covers all apartments that SBB owns and will own in Dalarna, currently approximately 1,800 apartments. In total, 70 of the apartments have been renovated and the remaining apartments have potential. Negotiations have been completed in Tidaholm and Skara where SBB owns approximately 640 apartments of which 112 have been renovated to a new standard and a new rent level in accordance with SBB's refurbishment concept. In Motala, SBB has 476 apartments where negotiations of new rent levels have been completed, of which approximately 80 apartments have been renovated. In the South region there is a total of approximately 2,700 apartments, mainly in Karlskrona, Höganäs, Västervik and Oskarshamn. There are currently agreements in place that cover approximately 600 apartments in the region, of which approximately 120 have already been renovated. There are ongoing negotiations for all other properties in the South region. During the autumn, negotiations will start in Tranås, Vaggeryd, Södertälje, Tensta and Rinkeby covering approximately 1,500 apartments with a good refurbishment potential. All apartments except for three have been renovated in the property Kaffebryggaren in Nykvarn. In the property Tillbringaren in Nykvarn, approximately 30 apartments have been renovated.

ACQUISITIONS

- SBB acquired a portfolio of 48 properties in Finland with a value of SEK 1.5bn, where completion took place on 29 April.
- During the second quarter DNB Bank's headquarters was sold to DNB Liv at an agreed net property value of SEK 4,897m.
- SBB acquired Group Housings in Denmark for a property value of about SEK 300m.
- Three Group Housing portfolios in Norway and a residential building in Gothenburg were acquired. The total rental value is approximately SEK 29.2m and the weighted average unexpired lease term of the Group Housing is 7.5 years.
- 14 Group Housings located in Stockholm and Västra Götaland were acquired for a purchase price of approximately SEK 1.2bn. The properties have a weighted average unexpired lease term of 6.8 years and the rental income is SEK 79.7m.
- SBB acquired 24 properties in Linköping for SEK 950m. The weighted average unexpired lease term of the portfolio is approximately 7.6 years and the rental income is SEK 49,7m. The properties' functions are retirement homes, healthcare and education.
- SBB acquired approximately 48.000 sq.m. of residential and community service properties in Skåne. The properties are located in attractive and central parts of Malmö-Limhamn, Staffanstorp, Höganäs and Helsingborg. The acquisition also includes 25,000 sq.m. of properties with potential for future building rights in Höganäs.
- SBB acquired seven retirement homes in Boden with the municipality as the main tenant. The weighted average unexpired lease term of the portfolio is just over 12 years and the rental income for 2019 amounts to about SEK 65m.
- Group Housings were acquired in the regions Stockholm, Copenhagen, Oslo and Århus. The properties contain approximately 47,000 sq.m. lettable area and the commercial lettable areas are mainly rented to public or publicly financed tenants. The properties are mainly used for education, offices for authorities, medical facilities and care housing for senior residents.

CHANGES IN THE PROPERTY PORTFOLIO

	SEKm
Initial fair value 01-01-2019	25,243
Acquisitions	8,864
Investments	226
Divestments	-5,681
Translation gains/losses	478
Unrealised value changes	1,201
Fair value at the end of the period	30,331

PROPERTY DEVELOPMENT

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

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

SBB's Property Development Organization

Samhällsbyggnadsbolaget (SBB) has a business-orientated project organization with extensive experience in property development and transactions and is headed by Deputy CEO Krister Karlsson. The team is currently developing approximately 1 000 000 sq.m. GFA (gross floor area) in various planning stages. SBB works actively to create flexible building rights in various segments (e.g. co-operatively owned housing, rental housing and social infrastructure properties) and has developed building rights to suit a wide range of investors, both cooperative companies, listed companies and public housing companies. SBB has also extensive experience of initiating and conducting sales early in the planning process. SBB's property development organization is also responsible for project development that takes place within SBB's property portfolio.

Building Rights

SBB had per 2019-06-30 ongoing development projects in various stages of the planning process with a total volume of approximately 1 000 000 sq.m. GFA (gross floor area). The planning process consists of various phases and SBB categorizes them as follows; Project ideas (phase 1), Pending formal planning decision (phase 2), Formal planning process initiated (phase 3), and Zoning plan granted (phase 4). The table below illustrates SBB's various projects.

Municipality	Property	Sqm GFA building rights
Development projects with formal planning process initiated		
Nyköping	Raspen 1,2,3	156 000
Haninge	Kalvsvik 11:9, 1:4	135 000
Haninge	Åby 1:67	110 000
Falun	Falun 9:22	100 000
Falun	Högbo 1:22	28 020
Norrköping	Järven 4	21 800
Motala	Tellus 1	20 000
Bollnäs	Bro 4:4 m.fl.	15 000
Karlstad	Letten 1	12 000
Borlänge	Klövervallen 1	12 100
Sundsvall	Härsta 9:3 m.fl.	10 000
Stockholm	Kadetten 29	10 000
Karlshamn	Lasarettet 8	6 500
Lund	Landsdomaren 7	5 500
Falköping	Trollet 14	4 250
Täby	Jollen 4	4 000
Karlskrona	Gullbernahult 1	5 000
Total sq.m. with formal planning decision (phase 3)		658 670
Project ideas (GFA) (phase 1)		90 080
Pending formal planning decision (GFA) (phase 2)		91 000
Zoning plan granted (GFA) (phase 4)		163 040
Total building rights portfolio (GFA) (all phases)		1 002 790
<i>Of which is municipal land allocation (GFA)</i>		<i>244,900</i>
<i>Of which is sold but not yet closed (GFA)</i>		<i>419 250</i>
<i>Total value of building rights sold but not yet closed (SEK)</i>		<i>1 463</i>
<i>Average price of building rights sold but not yet closed (SEK/sqm)</i>		<i>3 489</i>

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

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

Key events in the second quarter 2019:

- Acquisition of a development property in Västerås, Allmogekulturen 5, where SBB plans to develop building rights on the existing parking lots.
- Initiated development plans on several properties that were included in portfolio acquisitions during 2019, eg. In Sollentuna, Södertälje and Höganäs.
- Acquisition of a social infrastructure property with development potential in Täby, Stockholm in close proximity to the overground rail Roslagsbanan.
- Sale of approximately 8 000 sq.m. GFA building rights in Täby, Stockholm to a Joint Venture together with Centria.

PROPERTY DEVELOPMENT IN JV

To contribute to urban development and to ensure production resources, SBB has in several cases set up a Joint Venture collaboration with the buyer of the building rights regarding the exploitation of them and in some cases also regarding the development of the building rights. SBB estimates the potential profit of these collaborations to approx. bnSEK 1 – 1,5 after the deduction of SBB's own investments in the building rights. This potential gain is to be added in addition to previously described surplus values. In these JV collaborations, SBB takes a very limited risk concerning the implementation of the building rights as the responsibility for the design, sales, production and project management lies on the other JV-party. The potential profit of approx. bnSEK 1 – 1,5 relates to a business cycle and has not been considered in any part of the financial statements.

The pictures below are illustrations of SBB's ongoing development project in Falun.



FINANCING

INTEREST BEARING LIABILITIES

As at 30 June 2019, the Group's interest-bearing liabilities amounted to SEK 18,316m (SEK 14,675m), of which SEK 5,663m (SEK 5,910m) related to liabilities to credit institutions, SEK 9,935m (SEK 6,925m) to bond loans and SEK 2,718m (SEK 1,840m) to commercial paper. The net loan ratio was 43 percent (53). The fair value of the liabilities as at 30 June 2019 is deemed to be in accordance with the carrying amount. The average interest rate for the outstanding loans amounted to 1.96 percent (2.44), which is a decrease of 0.48 percent since the beginning of the year. The average period of fixed interest for all outstanding loans was 4.00 years (2.59) and the average debt maturity was 4.74 years (4.59). The debt maturity structure for all external financing is shown in the tables on the right-hand side. Excluding commercial paper, SEK 239m matures within one year. To handle the refinancing risk, the commercial paper has been secured with back-up facilities that at any given point in time covers all outstanding commercial paper.

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

As at 30 June 2019, capital markets financing amounted to 69 percent of total interest-bearing liabilities. Bank loans, mainly in SEK but also in NOK, amounted to 31 percent. In addition, SBB has issued hybrid capital which is classified as equity.

SBB has continued to develop positively on the financing side during Q2 2019. SBB continues to work on lowering the average interest rate for existing loans and credit facilities. During the first six months of 2019, the average interest rate in the debt portfolio has decreased by 0.48 percent. This is due to the repayment of bank debt as well as buying back bonds carrying a high interest rate. SBB has entered into interest rate derivatives in order to further hedge interest rate risk. As at 30 June 2019, SBB had entered into interest rate derivatives with a nominal amount of approximately SEK 5 billion between five and seven years maturity. During June 2019, SBB has entered into EUR SEK FX Forwards amounting to EUR 100m in order to hedge currency risk. As at 30 June 2019, the interest rate derivatives and the FX Forwards had a negative surplus value of SEK 99m. At 30 June 2019, floating rate interest-bearing liabilities amounted to 8.6 percent and fixed rate interest-bearing liabilities amounted to 91.4 percent.

RATING

At the beginning of Q2 2019, SBB issued a EUR 300m hybrid bond. In conjunction with this bond issue, both Fitch and Standard & Poor's upgraded SBB to BBB- (stable outlook).

DEBT MATURITY STRUCTURE (EXCLUDING COMMERCIAL PAPER)

Maturity year	Nominal amount, SEKm	Share
< 1 year	239	1%
< 2 year	1 106	7%
< 3 year	3 140	20%
< 4 year	793	5%
< 5 year	3 297	21%
> 5 year	7 097	45%
Total	15 672	100%

DEBT MATURITY STRUCTURE (INCLUDING COMMERCIAL PAPER)

Maturity year	Nominal amount, SEKm	Share
< 1 year	2 957	16%
< 2 year	1 106	6%
< 3 year	3 140	17%
< 4 year	793	4%
< 5 year	3 298	18%
> 5 year	7 097	39%
Total	18 390	100%

EVENTS DURING THE SECOND QUARTER

At the beginning of Q2 2019, SBB issued a EUR 300m hybrid bond. The bond carries a fixed interest rate of 4.625 percent annually.

At the end of April 2019, SEB set up a EUR 2,500m Medium Term Note Programme (the "EMTN Programme"). During Q2, SBB has issued four bonds under the EMTN Programme. Firstly, SBB issued a six year EUR 500m bond carrying a fixed interest rate of 1.750 percent annually maturing in January 2025. Secondly, SBB issued a six year SEK 600m bond carrying a floating rate interest of Stibor 3m plus 1.90 percent maturing in January 2025. Thirdly, SBB issued a four year SEK 200m bond carrying a floating rate interest of Stibor 3m plus 1.40 percent maturing in May 2023. Lastly, the EUR 500m bond was tapped and a further EUR 30m was issued carrying a fixed interest rate of 1.58 percent annually.

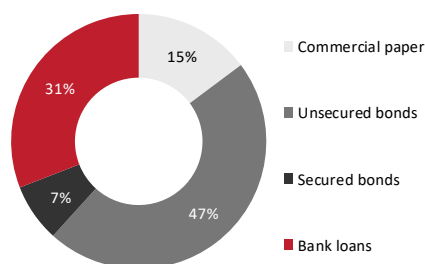
SBB has ongoing discussions with its main lenders regarding interest rates and maturities for the shorter end of its debt portfolio and assesses the prospects to refinance these bank loans at market rates to be good. During Q2 2019, SBB

has restructured parts of the debt portfolio and has replaced several smaller loans with fewer and larger credit facilities. This restructuring has been done in conjunction with several of the larger Nordic banks as well new Nordic bank counterparts.

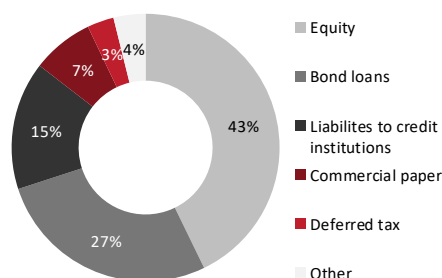
AVAILABLE LIQUIDITY

SBB's available liquidity as at 30 June 2019 amounted to SEK 5,891m, of which SEK 2,691m was cash and cash equivalents and SEK 3,200m comprised of unutilized back-up facilities. No additional collateral needs to be provided for the use of the loan commitments.

SOURCES OF DEBT FINANCING



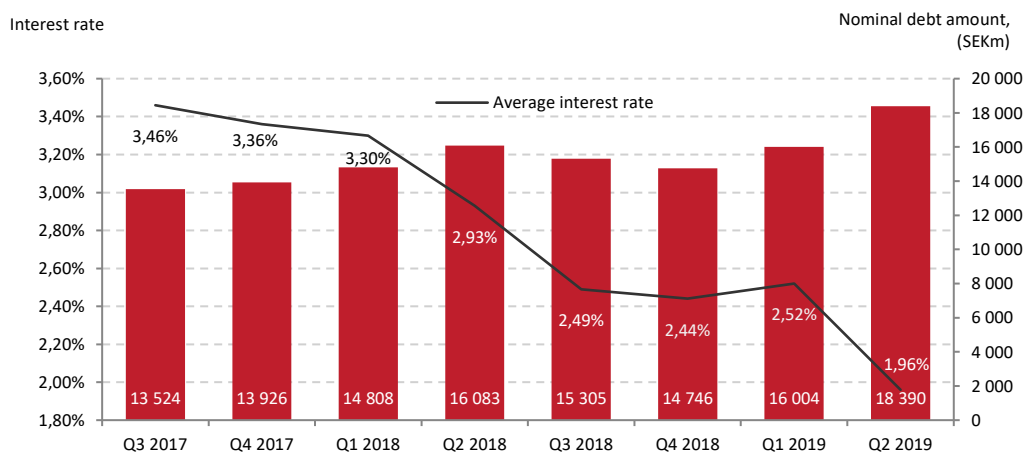
CAPITAL STRUCTURE



OUTSTANDING SECURED/UNSECURED BONDS (INCLUDING HYBRID BONDS) AS AT 30 JUNE 2019

ISIN-code	Currency	Nominal Amount, SEKm	Of which bought back by SBB, SEKm	Maturity	Interest Rate, %
SE0010869123	SEK	300	277	Dec/2019	FXD 2.90
SE0009805468	SEK	1 500	1 423	Apr/2020	FRN 6.00
SE0010414581	SEK	750	163	Jan/2021	FRN 3.90
SE0010985713	SEK	474	116	May/2021	FRN 3.65
SE0011725514	SEK	1 000	546	Oct/2022	No floor FRN 3.60
SE0012256741	SEK	500	-	Feb/2024	No floor FRN 3.30
SE0012313245	SEK	200	-	Feb/2024	No floor FRN 3.25
SE0011642776	SEK	1 200	-	Hybrid	No floor FRN 6.35
SE0010414599	SEK	1 000	300	Hybrid	FRN 7.00
XS1974894138	EUR	300	-	Hybrid	FXD 4.625
XS1993969515	EUR	500	3	Jan/2025	FXD 1.75
XS1997252975	SEK	600	-	Jan/2025	No floor FRN 1.90
XS2000538699	SEK	200	-	May/2023	No floor FRN 1.40
XS1993969515	EUR	30	-	Jan/2025	FXD 1.58
NO963342624 (secured)	SEK	683	-	Dec/2021	FRN 1.85
NO0010777683 (secured)	NOK	620	-	Nov/2023	FXD 3.00

THE GROUP'S AVERAGE INTEREST RATE





Samhällsbyggnadsbolaget

TODAY'S COMMUNITY BUILDER FOR THE FUTURE NEEDS



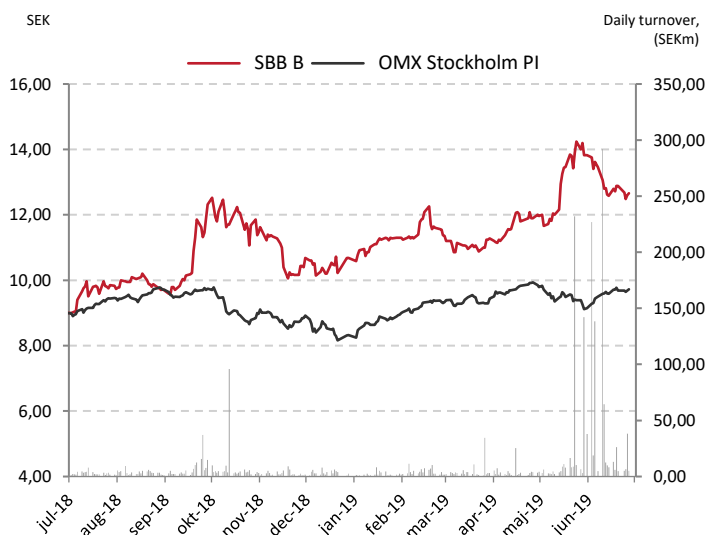
A high population growth and an increased number of elderly people in Sweden lead to great needs for modern social infrastructure properties. Schools and retirement homes must be given priority in new construction, while many of the existing social infrastructure properties that were built in the 1970s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

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

THE SHARE

SBB's ordinary shares of class B, class D and preference shares are listed on Nasdaq First North Premier. As of 30-06-2019, the number of ordinary class B shares was 546,071,540 and the number of ordinary class D shares was 73,398,336. The preference shares totaled 175,251 and in addition, the company has 209,977,491 ordinary shares of class A which are not publicly traded. The price of the ordinary share of class B was SEK 12.66, class D was SEK 32.70 and for the preference share the price was SEK 660.00 per 30-06-2019. The market capitalization of the ordinary class B share (including the value of the unlisted ordinary class A shares at the same price) was SEK 9,572m, class D was SEK 2,400m and for the preference share SEK 116m.

PRICE TREND OF CLASS B SHARES PAST 12 MONTHS



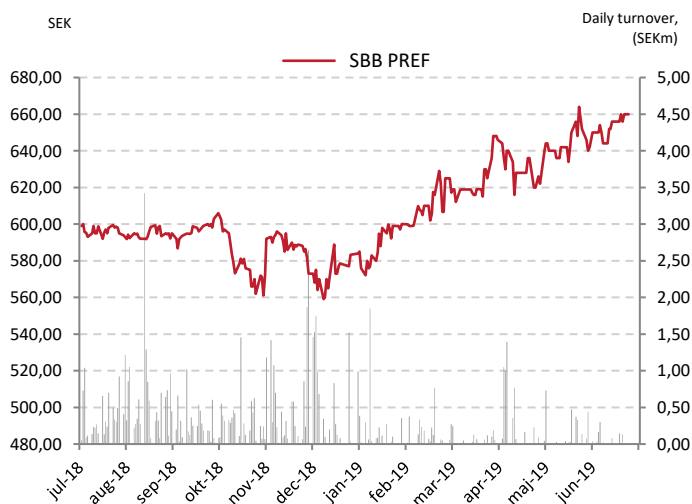
TRADE IN THE SHARES ON THE NASDAQ FIRST NORTH

	Price paid, SEK	
	30 Jun 2019	30 Jun 2018
Class B shares	12.66	9.00
Class D shares ¹⁾	32.70	-
Preference shares	660.00	599.00

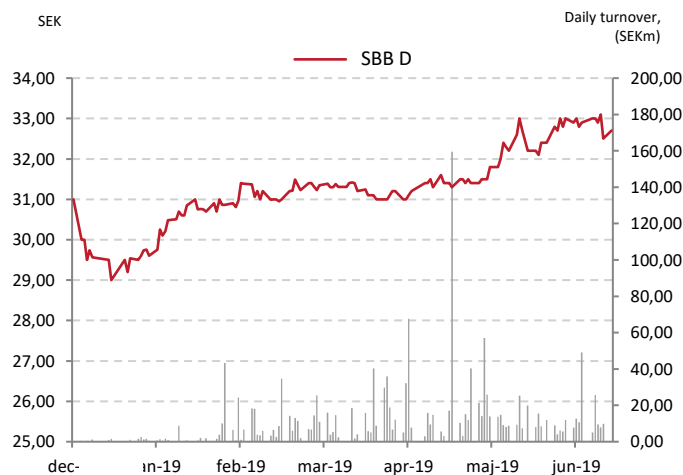
	Average trading volume per trading day, SEKm	
	Jan-Jun 2019	Jan-Jun 2018
Class B shares	14.2	2.0
Class D shares ¹⁾	12.1	-
Preference shares	0.2	0.4

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

PRICE TREND OF PREFERENCE SHARES PAST 12 MONTHS



PRICE TREND OF CLASS D SHARES SINCE LISTING



	30-06-2019	30-06-2018	31-12-2018
EPRA Earnings, SEKm	217	168	320
EPRA Earnings (EPS), SEK/share	0,29	0,23	0,43
EPRA NAV, SEKm	9 593	7 831	8 736
EPRA NAV, SEK/share	12,69	10,61	11,55
EPRA NNNNAV, SEKm ¹⁾	8 398	6 895	7 838
EPRA NNNNAV, SEK/share	11,11	9,34	10,37
EPRA Vacancy Rate, %	4,6	3,4	3,4

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

SHAREHOLDERS

As of 30-06-2019, the share capital amounted to SEK 82,962,262 with a quota value of SEK 0.1. Being a shareholder entitles the right to vote at the Annual General Meeting with one vote per class A share and 0.1 vote per ordinary share of class B, class D and preference share. The preference shares have a preferential right over the ordinary shares to an annual dividend of SEK 35, paid quarterly, per preference share. Holders of the ordinary shares of series D are entitled to five times the total dividend on the ordinary shares of series A and B, however no more than SEK 2 per share and year. The largest shareholder is Ilija Batljan, who directly and indirectly holds 13.3 percent of the capital and 40.1 percent of the votes.

Shareholders	Amount Class A	Amount Class B	Amount Class D	Amount Pref. shares	Share of capital, %	Voting Share, %
Ilija Batljan Invest AB	63 495 701				7.7	23.3
Ilija Batljan (private and through company)	45 558 167	1 137 606			5.6	16.8
AB Arvid Svensson	26 000 000	34 296 667			7.3	10.8
Compactor Fastigheter AB	21 997 977	25 405 525			5.7	9.0
Dragfast AB	14 465 495	34 000 000			5.8	6.6
Backahill AB	13 919 159	14 605 317			3.4	5.7
Assindia AB	4 762 186	2 500 000			0.9	1.8
AktFast Förvaltnings AB	4 762 186	2 237 814			0.8	1.8
Michael Cocozza		45 326 742			5.5	1.7
Stiftelsen för Strategisk Forskning		42 651 810			5.1	1.6
Lennart Schuss (private and through company)	2 634 957	15 424 060			2.2	1.5
HighHill Intressenter AB		40 701 897			4.9	1.5
Oscar Lekander	3 174 785	591 200			0.5	1.2
Krister Karlsson	3 174 785				0.4	1.2
Postens pensionsstiftelse		27 351 810			3.3	1.0
Other	6 032 093	259 841 092	73 398 336	175 251	40.9	14.5
Total	209 977 491	546 071 540	73 398 336	175 251	100.0	100.0



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

INCOME STATEMENT OF PARENT COMPANY

Amount in SEK, millions	01-01-2019 30-06-2019	01-01-2018 30-06-2018	01-04-2019 30-06-2019	01-04-2018 30-06-2018	01-01-2018 31-12-2018
Net sales	-	-	-	-	-
Personnel costs	-14	-11	-7	-6	-24
Other operation expenses	-24	-18	-9	-8	-43
Operating profit	-38	-29	-16	-14	-67
Financial items					
Profit from shares in group companies	-	7	-	3	7
Interest income and similar items	347	87	230	52	240
Interest expenses and similar items	-291	-29	-217	-19	-249
Value change derivatives	-86	-	-86	-	-
Profit after financial items	-68	36	-89	22	-69
Appropriations	-	-	-	-	73
Profit before tax	-68	36	-89	22	4
Tax	18	-	19	-	1
NET PROFIT FOR THE PERIOD	-50	36	-70	22	5

STATEMENT OF COMPREHENSIVE INCOME OF PARENT COMPANY

Amount in SEK, millions	01-01-2019 30-06-2019	01-01-2018 30-06-2018	01-04-2019 30-06-2019	01-04-2018 30-06-2018	01-01-2018 31-12-2018
Net profit for the period	-50	36	-70	22	5
Other comprehensive income	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-50	36	-70	22	5

BALANCE SHEET OF PARENT COMPANY

Amount in SEK, millions	30-06-2019	30-06-2018	31-12-2018
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in group companies	3 700	3 442	3 700
Receivables from group companies	15 521	3 774	7 948
Receivables from associated companies/joint ventures	61	-	156
Deferred tax assets	19	-	1
Financial fixed assets at fair value	233		
Other long-term receivables	1	-	63
Total financial fixed assets	19 535	7 216	11 868
Total fixed assets	19 535	7 216	11 868
Current assets			
Current receivables			
Accounts receivable	5	-	1
Current assets at fair value	465		
Other receivables	123	44	10
Prepaid expenses and accrues income	4	23	2
Total current receivables	597	67	13
Cash and cash equivalents	2 352	2	6
Total current assets	2 949	69	19
TOTAL ASSETS	22 484	7 285	11 887
EQUITY AND LIABILITIES			
Equity	10 818	5 269	7 226
Untaxed reserves	2	2	2
Long-term liabilities			
Liabilities to credit institutions	-	-	150
Bond loans	8 447	1 282	2 461
Other long-term liabilities	-	-	88
Total long-term liabilities	8 447	1 282	2 699
Current liabilities			
Bond loans	177	-	-
Commercial papers	2 718	700	1 840
Accounts payable	5	2	16
Current tax liabilities	1	1	1
Other liabilities	159	16	46
Accrued expenses and prepaid income	71	13	57
Total current liabilities	3 131	732	1 960
TOTAL EQUITY AND LIABILITIES	22 484	7 285	11 887

STATEMENT OF CHANGES IN EQUITY OF PARENT COMPANY

Amount in SEK, millions					
	Share capital	Unregistered share capital	Share premium	Retained earnings	Total equity
Total equity 01-01-2018	74	-	4 937	23	5 034
Issue hybrid bonds			315		315
Dividends			-116		-116
Net profit for the period				36	36
Other comprehensive income				-	-
Total equity 30-06-2018	74	-	5 136	59	5 269
Share issue	6	-	1 374		1 380
Issue hybrid bonds			1 190		1 190
Dividends			-74		-74
Redeemed preference shares			-98		-98
Repurchased hybrid bonds			-317		-317
Repurchased warrants				-93	-93
Net profit for the period				-31	-31
Other comprehensive income				-	-
Total equity 31-12-2018	80	-	7 211	-65	7 226
Total equity 01-01-2019	80	-	7 211	-65	7 226
Share issue	3	0	971		974
Issue hybrid bonds			3 115		3 115
Dividends			-437		-437
Net profit for the period				-50	-50
Other comprehensive income			-10	-	-10
Total equity 30-06-2019	83	0	10 850	-115	10 818

COMMENTS PARENT'S 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 -38 (-29).

At the beginning of Q2 2019, SBB issued a EUR 300m hybrid bond. The bond carries a fixed interest rate of 4.625 percent annually. At the end of April 2019, SEB set up a EUR 2,500m Medium Term Note Programme (the "EMTN Programme"). During Q2, SBB has issued four bonds under the EMTN Programme.

New ordinary class D shares have been issued. The number of shares amounted to 829,622,618 shares and share capital to SEK 82,962,262.

CASH FLOW STATEMENT OF PARENT COMPANY

Amount in SEK, millions	01-01-2019 30-06-2019	01-01-2018 30-06-2018	01-04-2019 30-06-2019	01-04-2018 30-06-2018	01-01-2018 31-12-2018
Operations					
Profit after financial items	-68	36	-89	23	-69
Net financial items	30	-58	73	-30	9
Interest paid	-244	-19	-170	-16	-249
Interest received	346	87	229	49	240
Cash flow from operations before changes in working capital	64	46	43	26	-69
Cash flow from changes in working capital					
Changes in current receivables	-118	-51	-108	-6	2
Changes in current liabilities	-113	-14	-56	-2	95
Cash flow from operations	-167	-19	-121	18	28
Investment activities					
Investments in subsidiaries	-	-1	-	-	-258
Claims incurred by group companies	-7 573	-2 174	-6 943	-647	-6 347
Changes in receivables from associated companies/joint ventures	95	-	4	-	-156
Changes in asset at fair value	-636	-	-636	-	-62
Changes in other long-term receivables	0	-	-	-	-1
Cash flow from investment activities	-8 114	-2 175	-7 575	-647	-6 824
Financing activities					
Share issue	974	-	716	-	1 380
Issue hybrid bonds	3 115	315	3 115	-1	1 505
Repurchased hybrid bonds	-	-	-	-	-317
Redeemed warrants	-	-	-	-	-93
Redeemed preference shares	-	-	-	-	-98
Group contributions	-	-	-	-	73
Dividend paid	-265	-104	-234	-91	-190
Changes in loans	6 803	1 982	6 366	700	4 539
Cash flow from financing activities	10 627	2 193	9 963	608	6 799
Cash flow for the period	2 346	-1	2 267	-21	3
Cash and cash equivalents at the beginning of the period	6	3	85	23	3
Cash and cash equivalents at the end of the period	2 352	2	2 352	2	6

ADDITIONAL INFORMATION

General information

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

ACCOUNTING AND REPORTING STANDARDS

Basis for the consolidated accounts

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

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

INFORMATION ABOUT NEW STANDARDS

IFRS 16, Leases

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

PLEDGED ASSETS AND CONTINGENT LIABILITIES

Group	30-06-2019	30-06-2018	31-12-2018
Pledged assets			
Mortgages Sweden	10 490 747	8 130 727	8 963 839
Mortgages Norway *)	11 108 669	4 214 128	17 799 275
Shares in subsidiaries	1 744 554	1 528 484	1 790 315
Total	23 343 970	13 873 339	28 553 429
Contingent liabilities			
Guarantees	-	-	-
Total	-	-	-
Parent company			
Pledged assets			
Shares in subsidiaries	-	-	-
Total	-	-	-
Contingent liabilities			
Guarantees	3 400 774	5 256 376	4 713 456
Total	3 400 774	5 256 376	4 713 456

*) The property mortgages in Norway are collateral for loans totaling SEK 0.8bn (5.8bn).

HEDGE ACCOUNTING

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

TRANSACTIONS WITH RELATED PARTIES

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

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

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

Stockholm, 10 July 2019

Lennart Schuss
Chairman of the Board

Ilija Batljan
Chief Executive Officer

Sven-Olof Johansson
Member of the Board

Hans Runesten
Member of the Board

Fredrik Svensson
Member of the Board

Eva Swartz Grimaldi
Member of the Board

Anne-Grete Strøm Erichsen
Member of the Board

This information is information that Samhällsbyggnadsbolaget i Norden AB is obliged to make public pursuant to the EU Market Abuse Regulation and Swedish Securities Market Act. This information was submitted for publication, through the agency of the contact persons set out below at 07.15 CET on July 10, 2019.

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

Calendar

Interim Report Jan-Sept 2019	29-10-2019
Year-end Report 2019	19-02-2020
Interim Report Jan-March 2020	27-04-2020

REVIEW REPORT

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

INTRODUCTION

We have reviewed the condensed interim report for Samhällsbyggnadsbolaget i Norden AB as at June 30, 2019 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

Stockholm, 10th of July 2019

Ernst & Young AB

Ingemar Rindstig
Authorized Public Accountant

DEFINITIONS

FINANCIAL DEFINITIONS

Adjusted equity ratio, %

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

Average fixed interest term, year

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

Average interest rate, %

Weighted average contracted interest rate on interest-bearing liabilities at the end of the period, excluding unutilized credit facilities. *The key figure is used to illustrate SBB's financial risk.*

Average number of preference shares

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

Average number of ordinary shares

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

Cash flow from operating activities, SEK

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

Debt maturity, years

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

EPRA

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

EPRA Earnings, SEK

Income from property management adjusted for current tax attributable to income from property management. With taxable income from property management means income from property management with a deduction for tax purposes of depreciation and reconstruction.

The key figure provides information about the management result calculated in a uniform manner for listed property companies.

EPRA NAV (Long term net asset value)

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

EPRA NNAV (Actual net asset value), SEK

Equity attributable to the ordinary share, excluding equity associated with preference and D-shares, non-controlling interests and hybrid bonds, adjusted for estimated deferred tax at 5.5 percent. *The key figure provides an adjusted and complementary measure of the size of equity calculated in a manner consistent with listed property companies.*

EPS (Earnings Per Share A + B)

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

Equity ratio, %

Reported equity as a percentage of total assets.

Interest coverage ratio

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

Net interest-bearing liabilities

Interest-bearing liabilities less cash and cash equivalents.

Outstanding number of preference shares

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

Outstanding number of ordinary shares

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

Loan-to-value ratio, %

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

Outstanding number of shares

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

Profit from property management

Profit before tax and value changes.

Return on equity, %

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

Secured loan-to-value ratio, %

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

PROPERTY-RELATED DEFINITIONS

Economic occupancy rate, %

Rental income in relation to rental value.

EPRA Earnings, SEK

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

EPRA Vacancy rate, %

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

Market value of investment properties, SEK

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

Net operating income, SEK

Refers to rental income minus property costs.

Number of properties

Number of properties at the end of the period.

Number of square meter (sq.m.)

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

Rental income, SEK

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

Rental value, SEK

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

Surplus ratio, %

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

Weighted average unexpired lease term for social infrastructure properties, years

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

Yield, %

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

APPENDIX 1 – CURRENT EARNINGS CAPACITY

Below is the current earnings capability for the Group for 12 months, taking into account the Group's property portfolio as of 30-06-2019. The current earnings capacity is not a forecast but only to be regarded as a hypothetical snapshot and presented solely to illustrate revenue and expenses on a yearly basis, given the real estate portfolio, financial costs, capital structure and organization at a certain time. The Group's earnings capacity does not include the result effect of unrealized and realized value changes.

THE GROUP'S EARNINGS CAPACITY

SEKm	Community service	Residential	Other	Total
Rental income	1 173	701	125	1 999
Operating costs	-156	-213	-38	-407
Maintenance	-64	-65	-7	-136
Property administration	-28	-31	-6	-65
Property tax	-12	-12	-4	-28
Net operating income	913	380	69	1 362
Central administration				-85
Profit from Joint Ventures				63
Financial income from Joint Ventures				27
Financial costs				-361
Operating profit				1 006

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 30-06-2019.
- Operating and maintenance costs consist of budget of 2019 year's operating costs and maintenance measures.
- Property tax has been calculated based on the property's current tax assessment value per 30-06-2019.
- Property administration costs have been calculated based on existing organisation.
- No financial income has been included in the net financials. Financial expenses have been calculated based on contracted interest rates and include interest on external loans.

SENSITIVITY ANALYSIS

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	1,006	1,006	1,006	1,006	1,006	1,006
Profit from creation of building rights	250	250	250	400	400	400
Change in property value (10-years average CPI)	364	61	667	364	61	667
D:o %	1.2%	0.2%	2.2%	1.2%	0.2%	2.2%
Current tax, 10%	-101	-101	-101	-101	-101	-101
Profit after tax	1,519	1,216	1,823	1,669	1,366	1,973
Profit SEK/share	2.01	1.61	2.41	2.21	1.81	2.61
Return on actual long-term net asset value	15.8%	12.7%	19.0%	17.4%	14.2%	20.6%
Profit / share price per 30-06-2018	15.9%	12.7%	19.0%	17.4%	14.3%	20.6%
P/E	6	8	5	6	7	5

CONTACT

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This information is information that Samhällsbyggnadsbolaget i Norden AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was submitted for publication, through the agency of the contact persons set out above at 07.15 CET on July 10, 2019.



Samhällsbyggnadsbolaget