



Samhällsbyggnadsbolaget

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

Q3



PERIOD IN BRIEF

RENTAL INCOME,
SEKm

1,400

OPERATING PROFIT,
SEKm

508

NET PROFIT FOR THE
PERIOD,
SEKm

1,337

PERIOD IN BRIEF

- Rental income increased to SEK 1,400m (1,227).
- The operating surplus increased to SEK 903m (797).
- Cash flow from operating activities before changes of working capital increased by 99 percent to SEK 507m (255).
- Profit before tax was increased to SEK 1,526m (1,204), of which:
 - Income from property management is included with SEK 508m (294). The income from property management includes costs for early redemption of loans and other non-recurring financing costs of SEK-130m (-80).
 - Unrealized changes in the value of properties are included with SEK 1,444m (890), of which unrealized changes in value as a result of building rights are included with SEK 65m (134).
 - Realized value changes relating to properties are included with SEK -308m (14) which is an effect of applied accounting principles.
- Profit for the period was SEK 1,337m (999) after deductions for deferred tax of SEK -137m (-188) and current tax of SEK-52m (-17), corresponding to earnings per ordinary share of class A and B of SEK 1.41 (1.24) before dilution.
- The value of the property portfolio increased by SEK 5.6bn during the quarter to SEK 30.8bn (25.2).
- Long-term net asset value (EPRA NAV) increased to SEK 9,914bn (8,736), corresponding to SEK 13.11 (11.55) per share.
- The adjusted EPRA NAV was 17,257bn (11,941), corresponding to SEK 22.83 (15.79) per share.
- SBB's average interest rate on a 12-months rolling basis has decreased from 2.49 percent to 1.75 percent.

SEK 30.8bn
Property value

From **2.49%**
to **1.75%**
Average
interest-rate

THIRD QUARTER

RENTAL INCOME,
SEKm

507

OPERATING PROFIT,
SEKm

254

NET PROFIT FOR THE
QUARTER, SEKm

404

IMPORTANT EVENTS DURING THE THIRD QUARTER

- In September SBB's class B and class D shares were admitted for trading on Nasdaq Stockholm main list. The first day of trading was on the 20th of September.
- During the period 144,538 preference shares were exchanged to shares of class D as a result of the exchange offer which was announced in May. As at 30-09-2019 the outstanding amount of preference shares was 30,713.
- In September SBB presented new financial and operational targets. The new targets are an Equity Ratio of at least 45 percent, Secured Loan to value ratio of less than 30 percent, Interest coverage ratio of at least 3.0 times and to obtain a property portfolio of SEK 55bn by 2021 with retained BBB+ rating. The other targets remained unchanged. At the same time a new dividend policy was adopted.
- During the period SBB acquired a portfolio of 37 social infrastructure properties in Finland, Sweden and Norway, three portfolios within the group housing-segment and further one acquisition of Swedish rent regulated residentials from the municipality-owned Höganäshem.

IMPORTANT EVENTS AFTER THE PERIOD

- SBB acquired 1,560 apartments, located in Växjö and Ronneby, from Amasten. Further SBB and Amasten formed a joint venture to build regulate residentials in Nyköping. SBB further acquired 86,204,610 common shares of class A in Amasten, which corresponds to a holding of 20.02 percent of the shares, SBB has also entered into an option agreement with Nordika III Fastigheter AB that gives SBB the right to purchase an additional 43,884,240 common shares of class A.
- In October SBB announced a tender offer regarding outstanding SEK perpetual capital securities. As at October 21 SEK 1,465m were received pursuant to the Tender Offer. At the same time a new SEK perpetual bond was issued of SEK 1,500m with an initial interest rate of STIBOR 3M plus a margin of 3.50 percent.
- The Board of SBB decided on a directed new issue of 18,181,819 shares of class B at a price of SEK 22 per share with settlement on November 1st. Gösta Welandson subscribed for all class B-shares in the directed issue.

SBB KEY RATIOS

	2019	2018	2019	2018	2018
	Jan-sep	Jan-sep	Jul-Sep	Jul-Sep	Jan-Dec
Property-related key ratios					
Property value (market value), SEKm	30 776	25 122	30 776	25 122	25 243
Number of properties	842	782	842	782	570
Leasable area, sq.m., thousands	1 795	1 402	1 795	1 402	1 330
Surplus ratio, %	65	65	68	69	64
Yield, %	4.7	4.8	4.7	4.8	4.7
Economic letting ratio, %	95.3	96.9	95.3	96.9	96.2
WAULT, social infrastructure properties, yrs	7	7	7	7	7
Financial key ratios					
Rental income, SEKm	1 400	1 227	507	427	1 680
Net operation income, SEKm	903	797	343	293	1 071
Interim profit, SEKm	1 337	999	404	482	1 690
Cash flow from current operations, SEKm	507	255	263	99	248
Equity excluding non-controlling interest, SEKm	10 872	7 391	10 872	7 391	9 009
Return on Equity, %	10	11	3	5	18
Loan-to-value ratio, %	38	56	38	56	53
Secured loan-to-value ratio, %	16	44	16	44	38
Equity ratio, %	36	36	36	36	41
Adjusted Equity ratio, %	39	40	39	40	44
Interest coverage ratio, times	2.4	1.9	-	-	1.8
Equity-related key ratios					
EPRA NNNNAV (actual net asset value), SEKm	8 692	7 375	8 692	7 375	7 838
EPRA NNNNAV (actual net asset value), SEK/share	11.50	9.99	11.50	9.99	10.37
EPRA NAV (long-term net asset value), SEKm	9 914	8 294	9 914	8 294	8 736
EPRA NAV (long-term net asset value), SEK/share	13.11	11.24	13.11	11.24	11.55
Adjusted EPRA NAV (Adjusted net asset value), SEKm	17 257	10 432	17 257	10 432	11 941
Adjusted EPRA NAV (Adjusted net asset value), SEK/share	22.83	14.14	22.83	14.14	15.79
EPRA Earnings, SEKm	456	277	239	110	320
EPRA Earnings (EPS), kr/aktie	0.60	0.38	0.32	0.15	0.43
EPRA Vacancy Rate	4.7	3.1	4.7	3.1	3.8
Earnings per ordinary class A and class B shares	1.41	1.24	0.40	0.61	2.07
Earnings per ordinary class D shares	1.50	-	0.50	-	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	62 248 416	-	74 662 662	-	918 854
Average number of preference shares	153 947	333 205	112 035	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	76 498 230	-	76 498 230	-	41 626 390
Number of preference shares	30 713	333 205	30 713	333 205	175 251

See definitions of key ratios on p. 36

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 residential properties comprise 80-90 percent of the property portfolio. SBB's objective is for its property portfolio to be valued at SEK 55bn before 2021 with a BBB+ rating. 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 842 properties as of 30-09-2019. The properties had a total value of SEK 30.8bn, where residential properties comprised SEK 10.3bn, social infrastructure properties SEK 18.3bn, and the remaining properties SEK 2.1bn. The total lettable area was approx. 1,795,000 sq.m. with a rental income, on a 12-months rolling basis, of SEK 2,003m.

Classification	Rental income, SEKm	Total, %
Residential	627	31
Group Housing	238	12
Government	665	33
Indirect government	303	15
Other	171	9
Total	2 003	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



The cash flow machine Samhällsbyggnadsbolaget (SBB) continues to deliver. The third quarter of 2019 became SBB's best quarter ever in terms of profit from property management. This contributed to the profit after paid tax (EPRA Earnings) adjusted for non-recurring expenses for January-September increased by 70 percent to SEK 606m (357), corresponding to EPS of SEK 0.80 per share (0.48). Cash flow from operating activities before changes in working capital increased by 99 percent to SEK 507m (255). Adjusted for non-recurring costs for, among other things, repayment of expensive loans, cash flow for the nine-month period lands at SEK 657m (335). SBB owns, develops and manages social infrastructure long term 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 is comprised of elderly care homes, healthcare centres, properties for the disabled, schools and other properties where tax-funded activities are conducted in the Nordic region, as well as regulated rental apartments in Sweden. During the third quarter, we continued to increase the already very high proportion of social infrastructure in the portfolio. At the end of the period, around 94 percent of the property portfolio consisted of social infrastructure, with 60 percent community service properties in the Nordic region and 34 percent Swedish regulated rental apartments. We continue to experience strong demand and are continuing to expand our base of long-term leases.

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SINCE THE BEGINNING OF THE COMPANY WE HAVE PROVIDED SHAREHOLDER VALUE, GOOD PROFITABILITY AND A POSITIVE CASH FLOW.

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SBB's unique and scalable business model with a focus on low-risk assets that in addition to a strong earnings capacity from management provide further earnings from three value-creating areas – renovations/investments in the existing portfolio, development of building rights and transactions – continues to contribute to a strong increase in the EPRA NAV, 19.5 percent in the past 12 months. In the past 12 months, the EPRA NAV less dividends of

SEK 496m increased by SEK 1,692m or SEK 2.24 per ordinary A and B shares. The adjusted EPRA NAV (adjusted for D shares and hybrids) was SEK 22.83 per share at the end of the third quarter.

Profit before tax amounted to SEK 1,526m. Profit after tax was SEK 1,337m. Adjusted for non-recurring costs for repayment of expensive loans, the nine-month earnings per ordinary A and B shares (after profit paid to preference shares, class D-shares and hybrids) were SEK 1.61 per share. A central point in our business model is a scalable platform staffed with some of the Nordic region's most experienced employees in the senior positions. SBB invests in low-risk properties that generate stable net operating income and manages properties with a long-term perspective. We have extensive experience of cooperating with the public sector in the Nordic region and we have built the company from the ground up. The largest owners of social infrastructure in the Nordic region are municipalities and we are thereby continuing to be a leading partner for them. Our strong position combined with demographic trends that lead to extensive need for elderly homes and schools creates potential for new cooperation and growth.

At the beginning of September, SBB was the first private property company to become an associated member of Public Housing Sweden. A membership in Public Housing Sweden is another guarantee for our long-term approach and our social involvement, as well as an important piece of the puzzle for our continued cooperation with the municipalities. And I fully agree with the words of Anders Nordstrand, CEO of Public Housing Sweden: "It is pleasing to be able to welcome even more long-term and serious housing companies to become members, even if they are not owned by a municipality. Public Housing Sweden is now becoming a broader organization that also represents private actors with social responsibility that safeguard the rental apartment as a form of housing."

Around 60 percent of the value of our property portfolio is in the Nordic region's largest cities with Stockholm as the largest market (26 percent of the value), with an average lease length of seven years. If we adjust for newly signed long-term leases, the average lease length is 10 years. This entails a low risk. We can add to this fact that more than 91 percent of our total rental income, which in a rolling 12-month period amounts to SEK 2,003m, comes from social infrastructure either through regulated rental apartments or directly or indirectly from the state and municipalities through our community service properties. Altogether, this is a low-risk exposure that is unique in its kind and is not affected by the economy.

STRONGLY INCREASED EARNINGS FROM PROPERTY MANAGEMENT

SBB's 12-month rolling earning capacity from the property management amounted to SEK 991m (766) at the end of the third quarter of 2019. Considering a theoretical cost because the company had a liquid position (available liquidity and unutilized credit facilities) of 14,280m an adjusted earning capacity would end up at SEK 1,141m, corresponding to an increase of 48 percent since the end of 2018. The profit from property management adjusted for non-recurring costs increased compared with the third quarter of 2018 by 59 percent to 658. In addition to costs for the repayment of loans, the non-recurring costs include SEK 10m in the cost for transition to renewable energy and SEK 10m for central administration. The strong net operating income combined with ever lower financial expenses is the main factor behind the strong increase in profit from property management.

INVESTMENTS IN THE EXISTING PORTFOLIO, TRANSACTIONS AND PROPERTY DEVELOPMENT YIELD RESULTS

Our renovation rate is now at the levels that we have strived for and will continue to yield strong earnings and growth in EPRA NAV. In the first nine months, we began renovations of 476 apartments of which 311 are completed. For another 232 apartments, the leases of which are cancelled, agreements have been signed for renovations to begin in the fourth quarter. In the first nine months, transactions were made for around SEK 16bn. For example, the sale of DNB in the second quarter yielded nearly SEK 1.8bn in non-restricted cash flow that we were able to use for new investments in community service properties with a higher yield and thereby higher earnings and greater value creation. Property development also continues to provide a strong return. At 30 September, SBB had development projects in various detailed development planning phases regarding a total of around 1,020,000 sq.m. GFA.

NEW TARGETS

SBB has updated its financial and operating targets and communicated a new dividend policy in the third quarter. Among other things, the target for the equity/assets ratio was adjusted to higher than 45 percent and the target for the interest coverage ratio was adjusted to no less than 3.0 times. The new growth target is expressed as: "A property portfolio of SEK 55bn by 2021, with retained BBB+ rating (compared with the earlier SEK 40bn by 2023 with the retained investment grade rating)".

SBB's new dividend policy entails a goal to generate a steadily increasing annual dividend. The company's

Board of Directors is expected to propose an initial dividend according to the new dividend policy of SEK 0.60 per ordinary A and B share for the 2019 financial year, to be paid out quarterly in 2020/2021.

BBB+ RATING FOCUS IN THE NEXT 12 MONTHS

The work of consolidating the balance sheet to improve our financial position is continuing. We focus on achieving a BBB+ rating in the next 12 months, which is a prerequisite for strong growth.

We are continuing to strengthen equity in the first nine months of 2019 by SEK 4,743m. Our interest coverage ratio increased sharply to 2.4 times and our average interest rate decreased in the past 12 months from 2.49 percent to 1.75 percent. We also extended the period of fixed interest. 100 percent of SBB's loans are interest hedged with an average duration of 4.9 years. Our debt maturity is among the longest in the market at 4.9 years. At the end of the third quarter, our net debt through total capital according to S&P's definition amounted to 55 percent.

SUSTAINABILITY – A CENTRAL PART OF OUR BUSINESS MODEL

We see extensive potential to continue to develop our management and increase focus on energy efficiency enhancement. Sustainability is a central part of our business model and we have therefore initiated collaboration with Skellefteå Kraft for them to supply 100-percent origin-certified renewable electricity to all of SBB's Swedish properties. Once SBB's total consumption in Sweden of around 60 GWh has switched over to 100-percent renewable electricity, it will mean that SBB's carbon dioxide emissions will be around 15,000 ton lower per year than if the energy according to the so-called Nordic residual mix were used, corresponding to CO₂ emissions of around 250.76 g/Kwh. The nuclear fuel waste savings amount to nearly 70 kilograms. These figures provide clear information: SBB is like a green municipal bond, 100 percent renewable electricity and more than 91 percent of our income comes

directly or indirectly from the state or municipalities and Swedish regulated rental apartments.

OUTLOOK

It can be noted that the commercial real estate industry is generally heading for harder times and in light of this, it is pleasing that we have a business model that is not sensitive to economic fluctuations and where the need for investments in social infrastructure in the next 10-year period is the highest ever.

SBB's secure cash flows are only marginally affected by the economy and external factors. We deliver a strong earning capacity from property management and see good conditions to continue delivering further earnings from our three value-creating areas – renovations/investments in the existing portfolio, development of building rights and transactions. For 2019-2021, my assessment is that we will be able to deliver the highest annual increase in EPRA NAV among all Swedish listed property companies.

SBB's class B and class D shares have been traded on Nasdaq Stockholm's Large Cap list since 20 September 2019. We have had a distinct ambition of carrying out a change of listing venue to Nasdaq Stockholm in 2019 and it feels good that we have now delivered on this important step. A listing on the main market entails a stamp of quality on SBB of another level and is fully in line with our profile as a long-term society builder. Since the original listing on First North, we have noticed a continuously growing interest in our activities in the Nordic region and internationally, and I expect that this will be even bigger on Nasdaq Stockholm's main market. SBB is on a strong journey of growth and we believe that an inclusion in the FTSE EPRA Nareit Global Real Estate Index may be the next step.

SBB continues to deliver strongly thus far in 2019. Altogether, we have the best conditions to continue the work of creating the Nordic region's leading actor with a focus on social infrastructure (community service properties in the Nordic region and regulated rental apartments in Sweden).

Ilija Batljan
CEO and founder

CONSOLIDATED INCOME STATEMENT

Amount in SEK, millions	01-01-2019 30-09-2019	01-01-2018 30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018	01-01-2018 31-12-2018
Rental income	1 400	1 227	507	427	1 680
Operating costs	-326	-275	-103	-74	-386
Maintenance	-78	-65	-27	-26	-100
Property administration	-68	-65	-24	-26	-92
Property tax	-25	-25	-10	-8	-31
Net operating income	903	797	343	293	1 071
Central administration	-85	-67	-34	-24	-102
Results from associated companies/joint ventures	57	3	8	3	13
Profit before financial items	875	733	317	272	982
Financial items					
Interest income and similar items	75	2	29	1	4
Interest expenses and similar items	-325	-361	-108	-116	-538
Expenses for redeemed loans in advance	-130	-80	-7	-44	-127
Translation gains/losses	15	-	24	-	-
Land lease expenses	-2	-	-1	-	-
Profit from property management	508	294	254	113	321
Changes in value, property	1 136	904	242	402	1 575
Changes in value, derivatives	-118	6	-30	2	8
Profit before tax	1 526	1 204	466	517	1 904
Tax	-189	-205	-62	-35	-214
NET PROFIT FOR THE PERIOD	1 337	999	404	482	1 690

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amount in SEK, millions	01-01-2019 30-09-2019	01-01-2018 30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018	01-01-2018 31-12-2018
Net profit for the period	1 337	999	404	482	1 690
Translation gains/losses	172	193	30	-32	-4
COMPREHENSIVE INCOME FOR THE PERIOD	1 509	1 192	434	450	1 686
Earnings per ordinary share A and B before dilution	1.41	1.24	0.40	0.61	2.07
Earnings per ordinary share A and B after dilution	1.39	1.22	0.39	0.59	2.03
Earnings per ordinary share D (not subject for dilution)	1.50	-	0.50	-	0.50

INCOME STATEMENT COMMENTS

NET OPERATING INCOME

Rental income during the period amounted to SEK 1,400m (1,277). Of the rental income, SEK 513m related to rent regulated residentials, SEK 799m to social infrastructure properties and SEK 88m to other properties. The economic occupancy rate at the end of the period was 95.3 percent (96.8). The average lease length for social infrastructure properties was 7 years (7).

Property costs during the period amounted to SEK -497m (-430) and SEK-164m (-134m) for the quarter. The costs are mainly attributable to utility costs, maintenance costs, and other operational and management costs. The switch to renewable electricity in the property portfolio has contributed with a one-off of approx. SEK 10m.

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 - 30-09-2019

SEK, millions	Residential	Community service	Other	Total
Rental income	513	799	88	1 400
Property costs	-255	-198	-44	-497
Net operating income	258	601	44	903
<i>Surplus ratio</i>	50%	75%	50%	65%
Central administration				-85
Profit from associated companies/JV				57
Net financials				-367
Operating profit				508
Changes in value, property	588	526	22	1 136
Changes in value, derivatives				-118
Tax				-189
Profit for the period				1 337
Investment properties	10 336	18 337	2 103	30 776
Value per sq.m. (SEK)	14 432	20 983	10 285	17 150

SEGMENT REPORTING FOR THE PERIOD 01-01-2018 - 30-09-2018

SEK, millions	Residential	Community service	Other	Total
Rental income	404	718	105	1 227
Property costs	-204	-164	-62	-430
Net operating income	200	554	43	797
<i>Surplus ratio</i>	50%	77%	41%	65%
Central administration				-67
Profit from associated companies/JV				3
Net financials				-439
Operating profit				294
Changes in value, property	597	240	67	904
Changes in value, derivatives				6
Tax				-205
Profit for the period				999
Investment properties	7 505	15 437	2 180	25 122
Value per sq.m. (SEK)	12 333	25 325	11 830	17 914

SEGMENT REPORTING FOR THE PERIOD 01-07-2019 - 30-09-2019

SEK, millions	Residential	Social infrastructure	Övriga fastigheter	Total
Rental income	174	300	33	507
Property costs	-81	-69	-14	-164
Net operating income	93	231	19	343
<i>Surplus ratio</i>	53%	77%	58%	68%
Central administration				-34
Profit from associated companies/JV				8
Net financials				-63
Operating profit				254
Changes in value, property	71	196	-24	242
Changes in value, derivatives				-30
Tax				-62
Profit for the period				404
Investment properties	10 336	18 337	2 103	30 776
Value per sq.m. (SEK)	14 432	20 983	10 285	17 150

SEGMENT REPORTING FOR THE PERIOD 01-07-2018 - 30-09-2018

SEK, millions	Residential	Community service	Other	Total
Rental income	150	244	33	427
Property costs	-67	-53	-14	-134
Net operating income	82	191	19	293
<i>Surplus ratio</i>	55%	78%	58%	68%
Central administration				-24
Profit from associated companies/JV				3
Net financials				-159
Operating profit				113
Changes in value, property	182	162	58	402
Changes in value, derivatives				2
Tax				-35
Profit for the period				482
Investment properties	7 505	15 437	2 180	25 122
Value per sq.m. (SEK)	12 333	25 325	11 830	17 914

PROFIT AFTER TAX

In total, the costs for Central administration during the period amounted to SEK -85m (-67). Costs for the quarter amounted to SEK -34m (-22). Costs for business development, transactions, real estate development and financial management are included in the Central administration. As a result of the amount of activities in the company, changing lists to Nasdaq large cap among other things, the company has a one-off cost amounting to SEK 10m. Income from associated companies and joint ventures was SEK 57m (3) for the period and SEK 8m (3) for the quarter.

For the most part, the result is attributable to the companies Klarabo Förvaltning AB, Valerum Fastighets AB and Studentbostäder i Sverige AB, which own and manage investment properties.

Net financial items for the period amounted to SEK -367m (-439) and SEK -63m (-159) 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 -130m (-80) during the period and SEK -7m (-44) during the quarter.

Value changes of the properties amounted to SEK 1,136m (904), where SEK -308m (14) were realized value changes and SEK 1,444m (890) were unrealized value changes. A part of the unrealized value change was value creation regarding building rights of SEK 65m (134). 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 in line 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, SEK 184m is reported as tax.

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, this solution also has an effect on the realized value change.

The after-tax profit amounted to SEK 1,337m (999), which was weighed down by SEK -189m (-205) in tax of which SEK -52m (-17) relate to current tax and SEK -137m (-188) related to deferred tax related to the properties and loss carry-forwards. The deferred tax has been affected by adjustments for previous periods, 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. The new tax legislation has increased the tax cost for the period. 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 of the residential property Emmekalv 4:152 in Oskarshamn

CONSOLIDATED BALANCE SHEET

Amount in SEK, millions	30-09-2019	30-09-2018	31-12-2018
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	24	25	24
Total intangible assets	24	25	24
Tangible assets			
Investment properties	30 776	25 122	25 243
Land lease agreements	137	-	-
Equipment, machinery and installations	4	4	5
Total tangible fixed assets	30 917	25 126	25 248
Financial fixed assets			
Shares in associated companies/joint ventures	535	99	213
Receivables from associated companies/joint ventures	1 754	1 282	583
Financial fixed assets at fair value	239	-	62
Other long-term receivables	39	37	11
Total financial fixed assets	2 567	1 418	869
Total fixed assets	33 508	26 569	26 141
Current assets			
Current receivables			
Accounts receivable	27	18	30
Receivables from associated companies/joint ventures	-	-	991
Current assets at cost	165	-	-
Other receivables	333	228	290
Prepaid expenses and accrues income	101	125	32
Total current receivables	626	371	1 343
Short-term investments	1 094	-	-
Cash and cash equivalents	8 532	143	157
Total current assets	10 252	514	1 500
TOTAL ASSETS	43 760	27 083	27 641
Amount in SEK, millions	30-09-2019	30-09-2018	31-12-2018
EQUITY AND LIABILITIES			
Equity	15 940	9 852	11 197
Long-term liabilities			
Liabilities to credit institutions	5 635	6 582	5 898
Bond loans	17 763	6 387	6 598
Derivatives	118	29	12
Deferred tax liabilities	1 238	1 040	1 047
Liabilities leasing	137	-	-
Other long-term liabilities	33	130	25
Total long-term liabilities	24 924	14 168	13 580
Current liabilities			
Liabilities to credit institutions	135	396	12
Commercial papers	1 728	1 823	1 840
Bond loans	70	30	327
Accounts payable	78	68	88
Current tax liabilities	47	37	19
Other liabilities	404	374	279
Accrued expenses and prepaid income	434	335	299
Total current liabilities	2 896	3 063	2 864
TOTAL EQUITY AND LIABILITIES	43 760	27 083	27 641

COMMENTS TO BALANCE SHEET

Comparative figures refer to 31-12-2018.

INVESTMENT PROPERTIES

The property value amounted to SEK 30.8bn as at September 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 15.0 percent. The valuation of the real estate also includes approximately SEK 1,343m building rights which have been valued through sales comparable. This means that the valuation is based on a comparison of prices for similar building rights, the value has thus been assessed in accordance with IFRS 13 level 3. Please also refer to investment properties on page 16.

ASSOCIATED COMPANIES AND JOINT VENTURES

SBB's involvement in associated companies and joint ventures consists partly of an ownership interest and, in some cases, financing of the companies. As at 30-09-2019 participations in associated companies and joint ventures amounted to SEK 535m (213) and receivables from associated companies and joint ventures amounted to SEK 1,754m (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 SBB förvaltning Sverige AB (former Hestia Sambygg AB) with 70 employees. The goodwill items that arose during the acquisition are linked to the employees and their skills

EQUITY

As at 30-09-2019 Shareholders' equity amounted to SEK 15,940m (11,197). Equity include issued hybrid bonds with a book value of SEK 5,029m and preference shares in the Norwegian subsidiary Nye Barcode 121 Bidco AS and Karlbergsvägen 77 Fastighets AB (publ) of SEK 39m. The equity ratio was 36 percent (41), the adjusted equity ratio was 39 percent (44) and the loan-to-value ratio was 38 percent (53)

DEFERRED TAX

Deferred tax is calculated with a nominal tax of 20.6 percent on differences between reported value for investment properties and tax residual value of assets and liabilities. As at September 30, 2019 the deferred tax liability amounted to SEK 1,238m (1,047) and is mainly attributable to investment properties and loss carry-forwards. The loss carry-forwards amount to approximately SEK 300m as per 30-09-2019

LIABILITIES AND CASH EQUIVALENTS

At the end of the period, interest-bearing liabilities in the Group amounted to SEK 25,331m (14,675), of which SEK 5,770m (5,910) related to liabilities to credit institutions, SEK 17,833m (6,925) related to bond loans and SEK 1,728m (1,840) to commercial paper. See also the section Financing on page 22. Cash and cash equivalents amounted to SEK 8,532m (157).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount in SEK, millions						
	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				1 303		1 303
Issue warrants		9				9
Dividends			-82	-52	-27	-161
Redeemed minority interests					-127	-127
Net profit for the period			920	52	27	999
Other comprehensive income			156		37	193
Total equity 30-09-2018	74	3 050	4 268	1 971	489	9 852
Share issue	6	1 374				1 380
Issue hybrid bonds				202		202
Dividends			-18	-35	-11	-64
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		-161	-172
Net profit for the period			645	35	11	691
Other comprehensive income			-171		-27	-198
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	1 050				1 053
Issue hybrid bonds				3 115		3 115
Redeemed preference shares		-93	-54		-291	-438
Dividends			-344	-151	-1	-496
Net profit for the period			1 185	151	1	1 337
Other comprehensive income			115	41	16	172
Total equity 30-09-2019	83	5 302	5 487	5 029	39	15 940

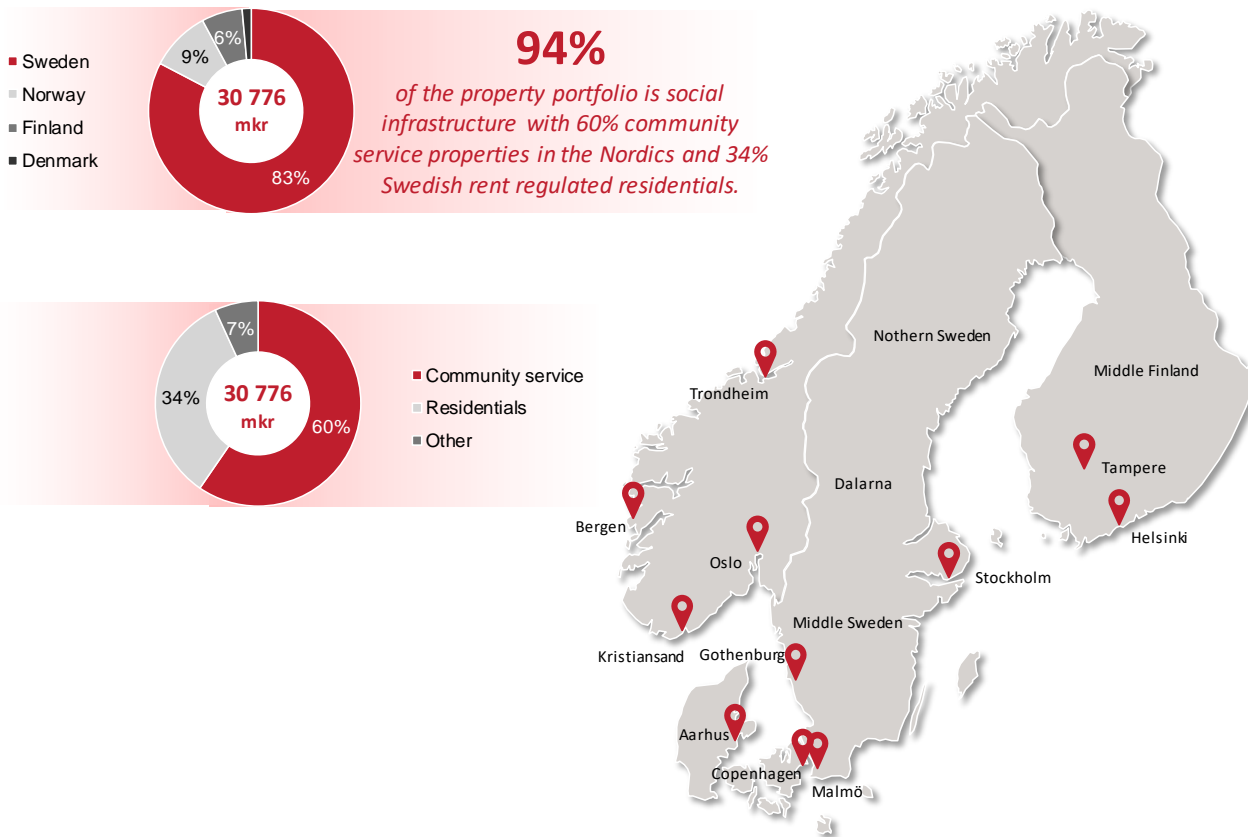
CONSOLIDATED CASH FLOW STATEMENT

Amount in SEK, millions	01-01-2019 30-09-2019	01-01-2018 30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018	01-01-2018 31-12-2018
Operations					
Profit from property management	508	294	254	112	321
<i>Adjustments for non-cash flow items</i>					
Depreciations	1	1	1	-	2
Net financial items	367	439	63	159	661
Interest paid	-390	-464	-69	-169	-739
Interest received	73	2	29	-	4
Income tax paid	-52	-17	-15	-3	-1
Cash flow from operations before changes in working capital	507	255	263	99	248
Cash flow from changes in working capital					
Changes in current receivables	-106	-23	382	-51	-6
Changes in current liabilities	143	-333	-125	-14	-402
Cash flow from operations	544	-102	520	34	-160
Investment activities					
Investments in properties ¹⁾	-10 069	-2 584	-978	-641	-3 908
Divestments in properties	6 024	1 995	654	1 462	3 417
Investments/divestments in equipment, machinery and installations	0	6	-1	-	5
Investments in associated companies/joint ventures	-321	12	-21	13	-102
Investments in intangible fixed assets	-	-25	-	-	-24
Changes in receivables from associated companies/joint ventures	-178	-1 282	-459	-1 240	-1 574
Changes in financial assets	-1 408	-	-772	-	-
Changes in other long-term receivables	-28	-27	-27	-24	-63
Cash flow from investment activities	-5 980	-1 905	-1 604	-430	-2 249
Financing activities					
Share issue ¹⁾	1 053	-	79	-	1 380
Issue hybrid bonds	3 115	1 303	-	988	1 504
Redeemed preference shares	-93	-	-93	-	-98
Repurchased hybrid bonds	-	-	-	-	-316
Redeemed warrants	-	-	-	-	-93
Issue warrants	-	9	-	9	9
Dividends paid	-390	-133	-113	-33	-186
Acquired minority shares	-	-	-	-	13
Redeemed minority shares ¹⁾	-345	127	1	127	-299
New loans	21 389	5 820	7 729	1 821	7 516
Amortization of loans	-10 929	-4 868	-649	-2 516	-6 895
Amortization of loans from shareholders	-	-74	-	-	-74
Changes in other long-term liabilities	8	126	-31	69	12
Cash flow from financing activities	13 808	2 056	6 923	211	2 473
Cash flow for the period	8 372	49	5 839	-185	64
Cash and cash equivalents at the beginning of the period	157	93	2 691	329	93
Translation difference of cash and cash equivalents	3	1	2	-1	-
Cash and cash equivalents at the end of the period	8 532	143	8 532	143	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 BY GEOGRAPHY: 58 percent of the property stock in the Nordic metropolitan city



The business concept of Samhällsbyggnadsbolaget (SBB) is to benefit its shareholders and society in general by:

- Being a natural and reliable partner to the public sector in the Nordic region, by owning, managing, renovating and building community service properties
- Acquiring, developing, building and managing regulated residentials in Sweden.
- Conducting active work as a society builder and long-term collaborative partner of municipalities, county councils and national authorities in order to create building rights for social infrastructure.

SBB's strategy is the long-term ownership, management and development of social infrastructure in the Nordic region (Swedish regulated residentials and community service properties throughout the Nordic region). At the end of the period, community service properties in Norway accounted for 9 percent of the company's property value; 6 percent of the company's property value was comprised of community service properties in Finland and 1 percent in Denmark. 76 percent of the property value was comprised of residentials and community service properties in Sweden. The remaining 7 percent are properties where the company conducts active property development work and the cash flow properties are converted to building rights for social infrastructure – an important part of building social infrastructure. This makes SBB a true society builder in these times of an extensive shortage of properties in social infrastructure.

SBB manages and refines homes in Swedish growth municipalities. Our properties are generally located close to the town centre and with access to very good public transport, regardless of whether it involves apartments in Kallhäll Centrum in Järfälla Municipality and Nykvarn Centrum or in Oskarshamn Centrum. SBB owns residential properties in some 30 Swedish cities, from Malmö in the south to Sundsvall in the north. However, the majority of the residential portfolio is in the Stockholm region, Sundsvall, Oskarshamn, Karlstad, Borlänge and Motala.

Our community service properties include properties that are used by tenants that are directly or indirectly tax financed by the Nordic welfare states. The tenants conduct operations in education, elderly care, support for the disabled and other activities for healthcare and municipal and national administration. For example, SBB owns several town halls, the Norwegian Ministry of

Justice and Public Security, a large number of elderly housing units, preschools and schools throughout the Nordic region and is the Nordic region's largest actor in properties for people with disabilities (swe.LSS) with approx. 250 properties.

Community service properties that together with Swedish regulated residentials jointly form the social infrastructure that constitutes SBB's core holdings and comprises around 90 percent of the company's total property value. The combination of residentials and community service properties is unique among listed companies in the Nordic region. They are assets with minimal risk since the demand for housing in Sweden is large and linked to a regulated market and a growing population, at the same time that the need for our community service properties is very extensive in combination with tenants that are financed by the Nordic welfare states. SBB has among the longest average lease duration in the market for community service properties, around seven years, combined with a very low degree of relocation, which means that the effective duration is clearly longer than seven years.

LEASE DURATION, COMMUNITY SERVICE PROPERTIES



Community service properties have long average remaining lease durations.

SENSITIVITY ANALYSIS

The property appraisals are made according to accepted principles based on certain assumptions. The table below presents how the value has been impacted in a change of certain parameters assumed for the appraisal. The table provides a simplified illustration as one single parameter probably does not change in isolation.

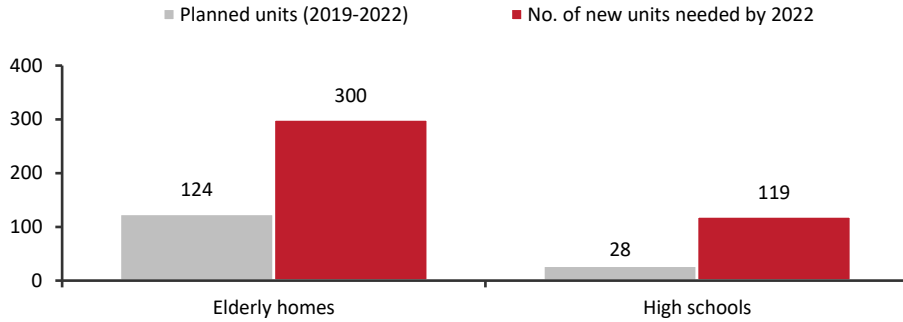
	Change	Value impact
Rental value	+/- 5 %	SEK 1 632 / -1 633m
Estimate interest rate	+/- 0.25 %	SEK -495 / 508m
Direct return requirements	+/- 0.25 %	SEK -860 / 962m

PROPERTY PORTFOLIO CHANGE

	SEKm
Opening fair value 2019-01-01	25 243
Acquisitions	9 595
Investments	474
Sales	-6 339
Translation difference	359
Unrealized changes in value	1 444
Fair value at period end	30 776

SUPPLY AND DEMAND FOR SOCIAL INFRASTRUCTURE

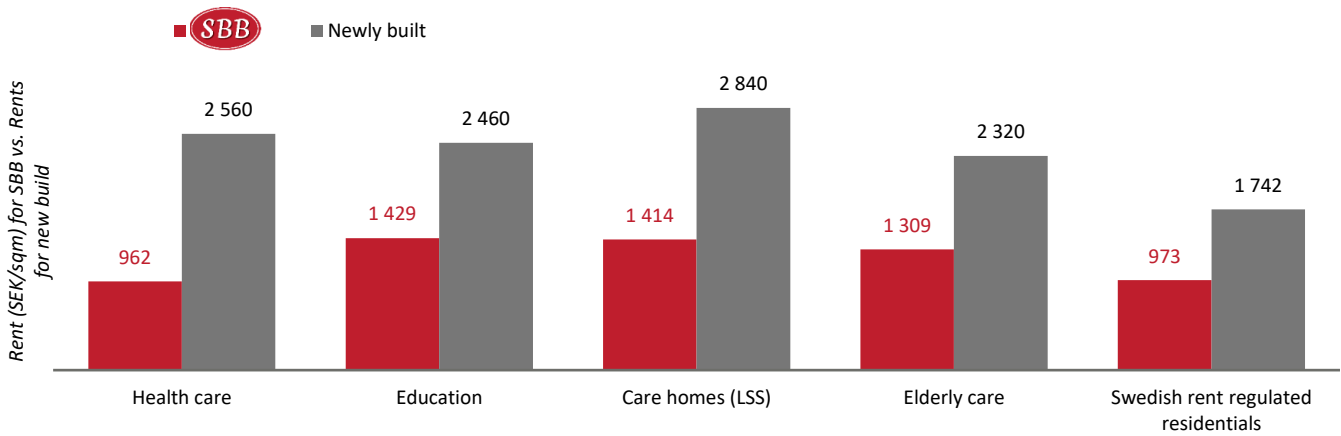
The need for community service properties is deemed to be very large and the graph below illustrates the number of planned units of elderly housing and upper-secondary schools in the next few years (until 2022) in relation to how much that is deemed to be needed. The same extensive shortage exists for Swedish regulated residentials where the average queue time for an apartment in Stockholm is around ten years.



Source: SKL

In addition to a large shortage of properties in social infrastructure, there is also a major potential for rental adjustments in the current portfolio. Newsec has analysed rent for newly produced community service properties and housing in relation to average rents for SBB's portfolio (see graph below).

NEWLY BUILT RENT LEVELS IN COMPARISON WITH SBB'S RENT LEVELS FOR SOCIAL INFRASTRUCTURE



VALUE CREATING PROPERTY MANAGEMENT

In addition to working with ordinary property management, SBB also works with further value-creating activities: property development, investments/renovations and transactions.

PROPERTY DEVELOPMENT

SBB works actively with property development, which entails development of building rights and participation in property development projects in joint ventures with a limited production risk for SBB. The company's strategy is that around ten percent of the property portfolio is to be comprised of the property segment Other, which entails cash flow properties with identified development potential. The segment should generate earnings of SEK 250-400m per year on average over a business cycle. The properties that SBB acquires within the segment Other are cash flow properties with development potential that generate cash flow until a detailed development plan and further development. The acquisitions are most often made off market after SBB has held a dialogue with the respective municipality to ensure that the property with the local area is prioritized for upcoming urban development.

SBB believes that sustainable urban development is based on a location close to public transport. SBB is driven by residents of modern central housing being able to live without a car and that transportation, local services, healthcare, schools and care are to be in the local area. With this premise, SBB has made the majority of its property development acquisitions adjacent to stations for railway service. Most of SBB's development areas are within the appointed priority transportation hubs, such as commuter rail stations and important railway stations for regional service.

SBB's property development organization

SBB has a professional project organization with extensive experience of property development and transactions that are led by Vice President Krister Karlsson. The organization develops around 1,000,000 sq.m. of GFA that is in various detailed development planning phases. SBB works actively to create flexible building rights for social infrastructure. SBB has extensive experience of initiating and implementing sales early in the planning process and has sold building rights to cooperative companies, listed companies and public residential companies. The organization is also responsible for project development that takes place within SBB's property management portfolio.

Building rights

At 30 September 2019, SBB had development projects in various zoning plan phases regarding a total of around 1,000,000 sq.m. GFA. The detailed development planning process consists of four phases: Projects ideas (phase 1), Pending planning decision (phase 2), Formal planning process (phase 3) and Zoning plan granted (phase 4). SBB's various projects are presented below in table form.

Planning phase	GFA building rights (sq.m.)	Book value (SEKm)	per sq.m.
Phase 1 – Project ideas	96 140	20	207
Phase 2 – Pending planning decision	91 000	64	703
Phase 3 – Formal planning process	665 920	817	1 227
Phase 4 – Zoning plan granted	167 290	442	2 642
Total	1 020 350	1 343	1 316

Sales status	GFA building rights (sq.m.)	Value (SEKm)	per sq.m.
Sold, but not closed building rights	414 650	1 447	3 490
Unsold building rights	605 700	2 013	3 323
Total	1 020 350	3 460	3 391

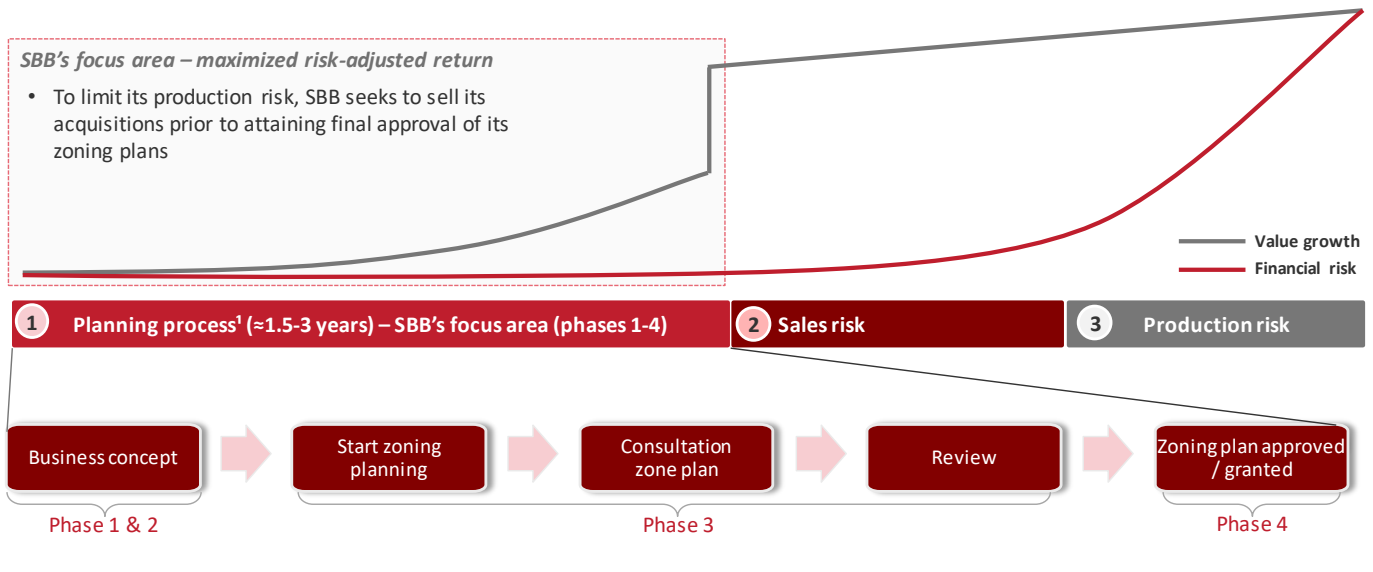
Sold, but not closed means that they have not been closed as of 30 September 2019 as all conditions (e.g. granted zoning plan) have not been met. The sales have partly been taken into account in connection with the appraisal of the properties and thereby affected the unrealised changes in value.

SBB assesses that the value of the building right portfolio at granted zoning plans will exceed the book value of the building right portfolio by around SEK 750m, which is illustrated by the graph below.

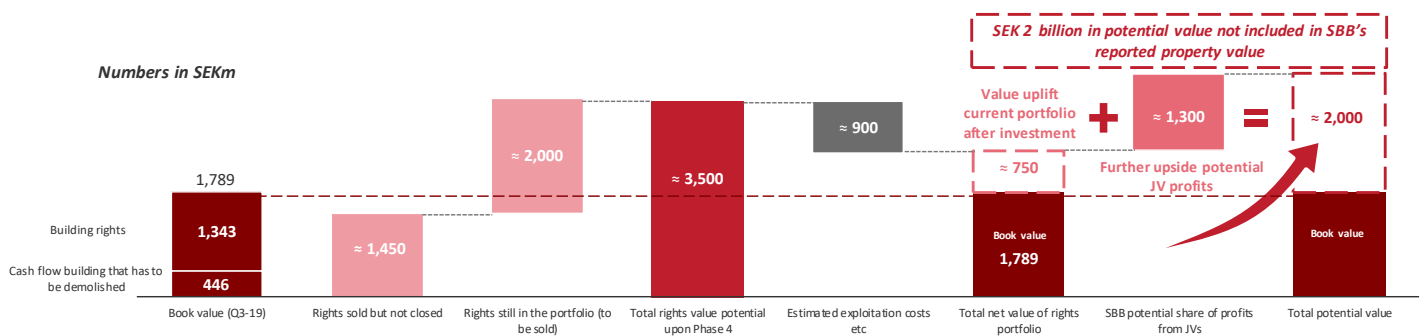
Property development in joint ventures

To contribute to urban development and to secure production resources, SBB has in several cases entered a joint venture with the buyer of the building rights for the development of the building rights and in some cases joint ventures to jointly develop building rights. SBB assesses the profit potential in these cooperative arrangements at around SEK 1-1.5bn less SBB's own investment in the building rights. This profit potential is in addition to described surplus values with regard to building right development. In the joint ventures, SBB takes a very limited implementation risk in that the other joint venture party takes responsibility for project planning, sales, production and project management. The profit potential of around SEK 1-1.5bn relates to one business cycle and has not been taken into account in property valuations.

Illustrative model over SBB's strategy for property development



Illustrative graph of the potential of SBB's current property development portfolio



Important events during the third quarter of 2019:

- Start of the first planning project in Finland within a community service property in Vantaa in the Helsinki region.
- Construction start for the first rental apartments with investment support in the scope of a joint venture with KlaraBo on a building right developed and sold by SBB. This project concerns around 50 rental apartments in Höganäs.

INVESTMENTS/RENOVATIONS

Investments and renovations are an important part of SBB's value-creating management. With an assessed target of 600 renovated apartments per year and an assessed renovation cost of around SEK 5,000/sq.m., around SEK 300m of further value is created every year based on operating net improvements due to already negotiated renovation rents. In addition to this, value is generated through renovations of and investments in community service properties and the earnings effect is estimated at SEK 400m annually in total.

In the first three quarters of the year, SBB began and concluded renovations of 476 apartments. In addition to this, 232 apartments that had cancelled leases were planned for renovation, of which around half are deemed to be able to commence in Q4 2019. In Södertälje, a model apartment is being built for the rental negotiation that will comprise SBB's entire portfolio in Södertälje. The goal is to achieve an agreement with the Swedish Union of Tenants at the end of 2019. Apartments in Södertälje that have their leases cancelled while awaiting the rental negotiation are let on short-term leases to be able to be renovated in the long term once negotiations are finished. Project planning is continuing in the properties Monsunen 1 in Karlskrona and Länsmansängen 1 in Oskarshamn, which together have around 300 apartments. The goal is for all apartments in these two properties to be renovated in 2020.

Two energy projects in Tidaholm and Skara underwent final inspection in the third quarter. These energy projects are expected to generate a combined energy cost savings of around SEK 1.3m per year in addition to a positive environmental impact. Preparations for another energy project began in the third quarter. The project will take place in cooperation with Dalarna University and Byggdialog Dalarna.

In addition to renovations in apartments, renovations of and investments in community service properties are under way where the most material is the work prior to construction of conversion and extension of the municipal building in Nykvarn, an investment of around SEK 70m in connection with an extension of the lease with the municipality for 25 years. SBB also has several housing units for people with disabilities (LSS) under on-going production.

TRANSACTION

SBB actively works on business development and value creation through active portfolio management. The business development team led by Business Development Manager Oscar Lekander has carried out transactions for nearly SEK 100bn throughout the Nordic region since 2010, of which around half has been with community service sector clients. Since 2017, SBB has acquired and sold properties for a total gross value of around SEK 40bn.

FINANCING

FINANCIAL HIGHLIGHTS

38% LTV

16% Secured LTV

1.75% Average Interest Rate

BBB- Stable (Fitch, S&P)

INTEREST-BEARING LIABILITIES

As at 30 September 2019, the Group's interest-bearing liabilities amounted to SEK 25,331m (14,675m), of which SEK 5,770m (5,910m) related to liabilities to credit institutions, SEK 17,833m (6,925m) to bond loans and SEK 1,728m (1,840m) to a commercial paper. The loan-to-value ratio (LTV) was 38 percent (53). Secured LTV amounted to 16 percent (38). As at 30 September 2019, the fair value of the liabilities is deemed to be in accordance with the carrying amount. The average interest rate on the outstanding loans amounted to 1.75 percent (2.44). The average period of fixed interest for all outstanding loans was 4.9 years (2.6) and the average debt maturity was 4.9 years (4.6). The debt maturity structure for all external financing is shown in the tables to the right. Excluding the commercial paper, SEK 232m matures within one year. To manage the refinancing risk, the commercial paper has been secured with back-up facilities covering all outstanding commercial papers at any given point in time.

SBB holds assets in Sweden, Norway, Finland and Denmark and is therefore exposed to foreign exchange (FX) risks. SBB mainly hedges its FX risk by holding interest-bearing liabilities and assets in the same currency.

As at 30 September 2019, financing via the capital markets amounted to 77 percent of the total interest-bearing liabilities. SBB has also issued hybrid bonds totalling SEK 1.9 bn and EUR 300m that on the balance sheet are classified as equity.

SBB continues to work on lowering the average interest rate on its interest-bearing liabilities. As at 30 September 2019, 100 percent of the interest-bearing carried a fixed interest rate.

SBB has continued to repay loans to credit institutions and has also repurchased bonds. To limit the interest-rate risk on loans with floating interest rates and to increase the predictability of the company's profit from property management, interest-rate swaps are utilised with a total nominal value of SEK 7.159bn and with maturities of between four and ten years. The average maturity is 5.9 years. SBB has hedged 100 percent of its floating rate debt,

which includes loans with a floating rate interest and the commercial paper, as well as debt maturing within one year. To hedge its currency risk, SBB has entered into EUR/SEK FX forwards of EUR 200m. In addition to the FX forwards, as at 30 September, SBB also held approx. EUR 475m in cash and cash equivalents. As at 30 September 2019, the interest rate derivatives and the FX forwards had a negative surplus value of SEK 118m.

Rating

SBB has been assigned a BBB- rating (stable outlook) from Fitch and Standard & Poor's.

DEBT MATURITY STRUCTURE (EXCLUDING COMMERCIAL PAPER)

Maturity year	Nominal amount, SEKm	Share
< 1 year	232	1%
< 2 years	2,522	10%
< 3 years	4,201	18%
< 4 years	2,097	9%
< 5 years	2,108	9%
> 5 years	12,566	53%
Total	23,726	100%

DEBT MATURITY STRUCTURE (INCLUDING COMMERCIAL PAPER)

Maturity year	Nominal amount, SEKm	Share
< 1 year	1,960	8%
< 2 years	2,522	10%
< 3 years	4,201	17%
< 4 years	2,097	8%
< 5 years	2,108	8%
> 5 years	12,566	49%
Total	25,457	100%

Significant events during and after the third quarter

SBB has issued a EUR 500m senior unsecured bond with a maturity of seven years and carrying a fixed interest rate of 1.125 percent. SBB has also issued a senior unsecured green bond of SEK 500m with a maturity of three years and carrying a floating interest rate of Stibor 3M plus 1.15 percent.

Following the end of the third quarter, SBB issued two additional unsecured bonds. Initially, SEK 600m was issued, maturing in October 2022 and carrying a floating interest rate of Stibor 3M plus 0.95 percent. SEK 1bn was then issued, maturing in February 2023 and carrying a floating interest rate of Stibor 3M plus 1.01 percent.

At the end of the third quarter, SBB presented new financial and operational targets. The new financial targets

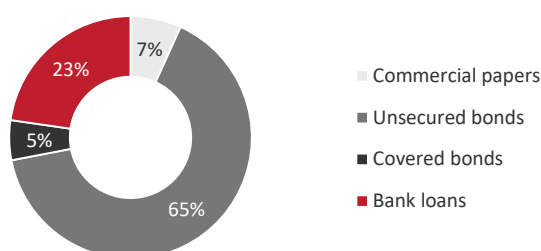
are (old targets in parentheses):

- Equity ratio of at least 45 percent (35)
- Secured loan-to-value ratio of less than 30 percent (40)
- Interest coverage ratio of at least 3.0 times (2.5 times)

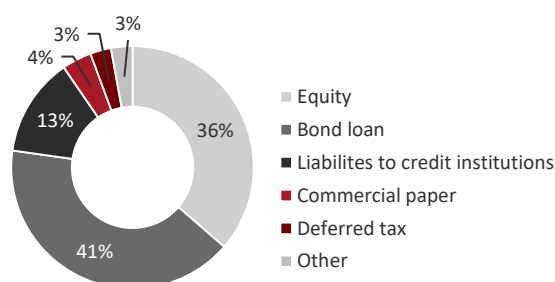
AVAILABLE CASH AND CASH EQUIVALENTS

As at 30 September 2019, SBB's cash and bank balances amounted to SEK 8,532m and its cash equivalents amounted to SEK 1.5bn. SBB also had SEK 4,248m in unutilised back-up facilities. The loan commitments require no additional collateral being posted.

SOURCES OF DEBT FINANCING



CAPITAL STRUCTURE



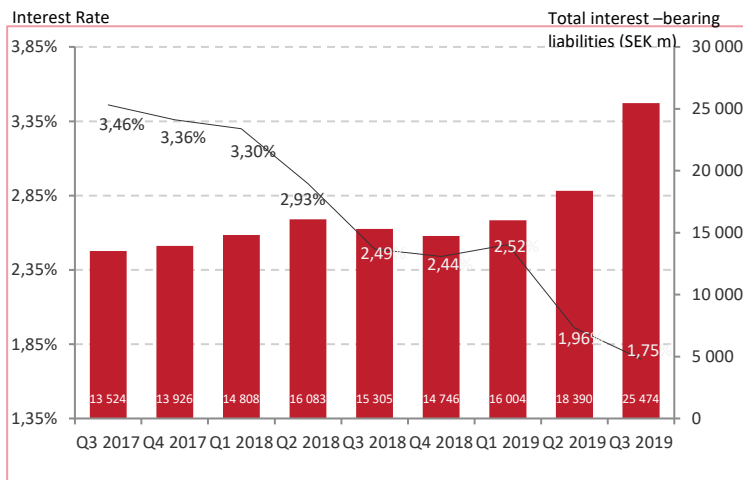
LISTED BONDS AS AT 30 SEPTEMBER 2019

Maturity	SEKm	Repurchased by SBB (SEKm)	Interest	Base interest rate floor	Maturity date	ISIN code	Green/secured
2018-2021	750	167	Stibor 3M + 3.90%	Yes	2021-01-29	SE0010414581	
2018-2019	300	277	2.90%	No	2019-12-20	SE0010869123	
2018-2021	474	120	Stibor 3M + 3.65%	Yes	2021-05-17	SE0010985713	
2017-2020	1 500	1 430	Stibor 3M + 6.00%	Yes	2020-04-06	SE0009805468	
2018-2022	1 000	580	Stibor 3M + 3.60%	No	2022-10-03	SE0011725514	
2019-2024	500	0	Stibor 3M + 3.30%	No	2024-02-14	SE0012256741	Green
2019-2024	200	0	Stibor 3M + 3.25%	No	2024-02-19	SE0012313245	
2018-HYB	1 200	0	Stibor 3M + 6.35%	No	Hybrid	SE0011642776	
2017-HYB	1 000	300	Stibor 3M + 7.00%	Yes	Hybrid	SE0010414599	
2019-2025	600		Stibor 3M + 1.90%	No	2025-01-14	XS1997252975	
2019-2023	200		Stibor 3M + 1.40%	No	2023-05-22	XS2000538699	
2016-2021	683		Stibor 3M + 1.85%	Yes	2021-12-23	NO963342664	Secured
2019-2022	500		Stibor 3M + 1.20%	No	2022-07-22	XS2021634675	Green
2019-2021	1 400		Stibor 3M + 0.93%	No	2021-07-05	XS2022418243	
2019-2023	500		Stibor 3M + 1.150%	No	2023-09-06	XS2050862262	Green

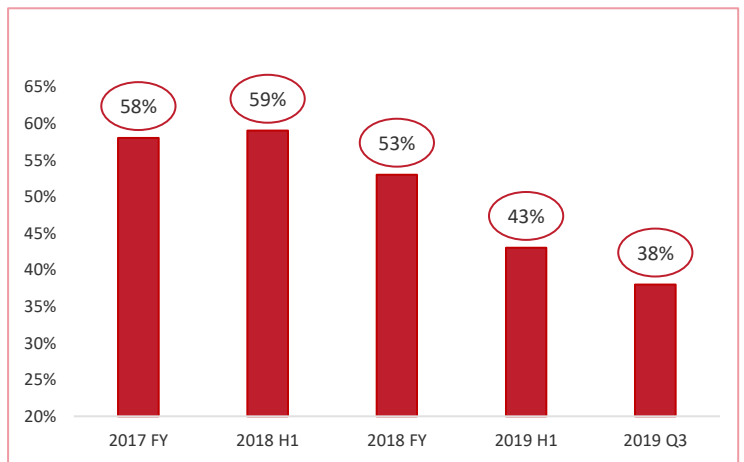
Maturity	EURm	Repurchased by SBB (EURm)	Interest	Base interest rate floor	Maturity date	ISIN code	Green/secured
2019-HYB	300	0	4.625%	No	Hybrid	XS1974894138	
2019-2025	550	3	1.75%	No	2025-01-14	XS1993969515	
2019-2026	500	0	1.125%	No	2026-09-04	XS2049823680	

Maturity	NOKm	Repurchased by SBB (NOKm)	Interest	Base interest rate floor	Maturity date	ISIN code	Green/secured
2016-2023	620	0	3,00%	No	2023-11-01	NO0010777683	Secured

AVERAGE INTEREST RATE



LTV DEVELOPMENT OVER TIME





Samhällsbyggnadsbolaget

TODAY'S COMMUNITY BUILDER FOR THE FUTURE NEEDS



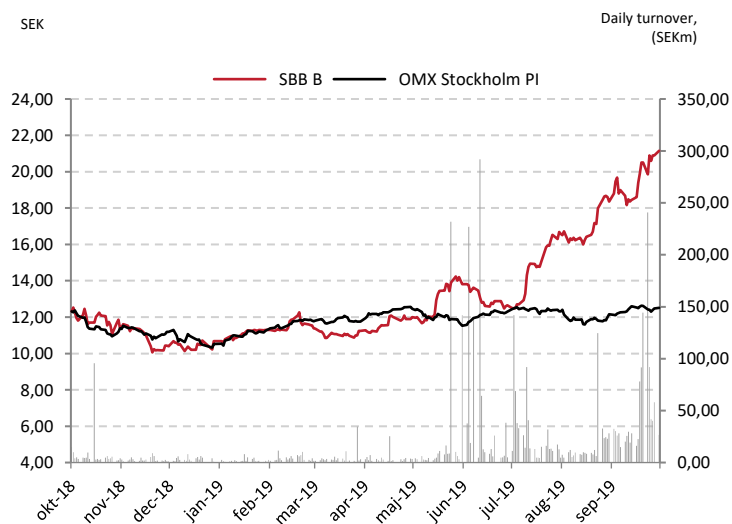
A high population growth and an increased number of elderly people in Sweden lead to great needs for modern social infrastructure properties. Schools and retirement homes must be given priority in new construction, while many of the existing social infrastructure properties that were built in the 1970s 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 Stockholm. As of 30-09-2019, the number of ordinary class B shares was 546,071,540 and the number of ordinary class D shares was 76,498,230. The preference shares totaled 30,713 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 21.15, class D was SEK 35.40 and for the preference share the price was SEK 698.00 per 2019-09-30. 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 15,990m, class D was SEK 2,708m and for the preference share SEK 21m.

PRICE TREND OF CLASS B SHARES PAST 12 MONTH



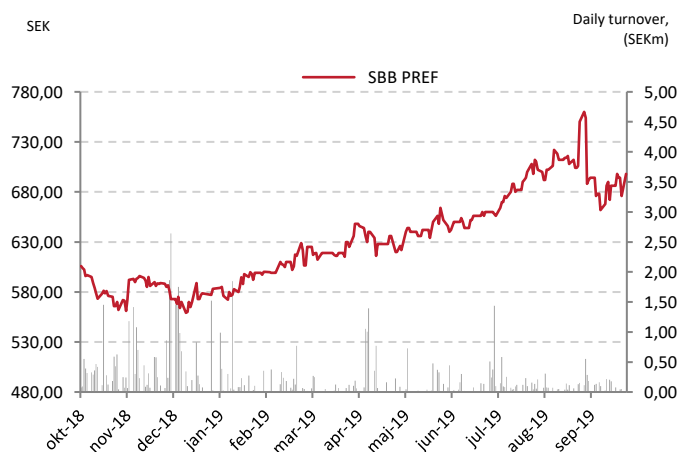
TRADE IN THE SHARES ON NASDAQ & NASDAQ FIRST NORTH PREMIER

	Price paid, SEK	
	30 sep 2019	30 sep 2018
Class B shares	21.15	11.90
Class D shares ¹⁾	35.40	-
Preference shares	698.00	602.90

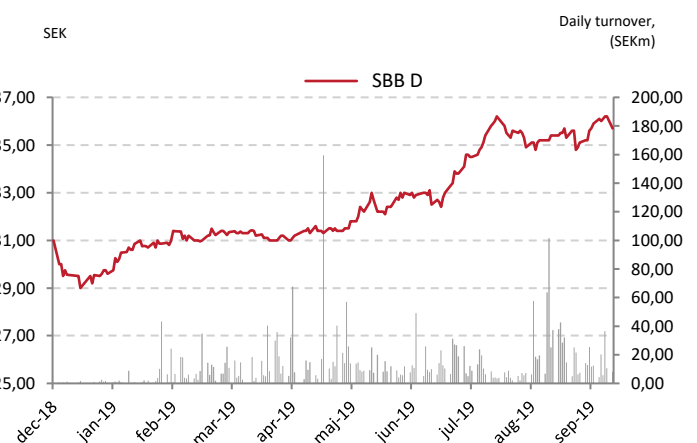
	Average trading volume per trading day, SEKm	
	jan-sep 2019	jan-sep 2018
Class B shares	31.70	4.21
Class D shares ¹⁾	7.88	-
Preference shares	0.26	0.25

1) Kursdata saknas för tiden innan notering, vilken skedde 14 december 2018.

PRICE TREND OF PREFERENCE SHARES PAST 12 MONTHS



PRICE TREND OF CLASS D SHARES SINCE LISTING



SHAREHOLDERS

As of 30-09-2019, the share capital amounted to SEK 83,257,974 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 13.2 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 (privat och genom bolag)	109 053 868	1 137 606			13.2	40.1
Dragfast & Marjan Dragicevic	23 989 867	70 675 628			11.4	11.4
AB Arvid Svensson	26 000 000	34 296 667			7.2	10.8
Sven-Olof Johansson (genom bolag)	22 315 456	25 405 525			5.7	9.1
Erik Paulsson (genom bolag)	13 919 159	14 605 317			3.4	5.6
Michael Cocozza		45 326 742			5.5	1.7
Stiftelsen för Strategisk Forskning		42 651 810			5.1	1.6
Lennart Schuss (privat och genom bolag)	2 634 957	15 624 060			2.2	1.5
HighHill Intressenter AB		40 701 897			4.9	1.5
Oscar Lekander	3 174 785	1 536 200	275 500		0.6	1.2
Krister Karlsson	3 174 785	53 172			0.4	1.2
Postens pensionsstiftelse		19 004 310			2.3	0.7
Joakim Bill	1 904 871				0.2	0.7
Istappen Invest	1 587 393	906 794			0.3	0.6
Mille Dragicevic		11 572 058	660 627		1.5	0.4
Övriga	2 222 350	222 573 754	75 562 103	30 713	36.1	11.9
Total	209 977 491	546 071 540	76 498 230	30 713	100	100

In accordance with the decision at the annual general meeting in 2019, the shareholders have appointed Mia Batljan (chairman), Rikard Svensson, Sven-Olof Johansson and Lennart Schuss to constitute the nomination committee until a new committee has been appointed as mandated by the annual general meeting in 2020.



A picture from the company's listing at Nasdaq's main list 30-09-2019

INCOME STATEMENT OF PARENT COMPANY

Amount in SEK, millions	01-01-2019	01-01-2018	01-07-2019	01-07-2018	01-01-2018
	30-09-2019	30-09-2018	30-09-2019	30-09-2018	31-12-2018
Net sales	-	-	-	-	-
Personnel costs	-22	-17	-8	-7	-24
Other operation expenses	-42	-28	-18	-9	-43
Operating profit	-64	-45	-26	-16	-67
Financial items					
Profit from shares in group companies	-	7	-	-	7
Interest income and similar items	512	123	165	36	240
Interest expenses and similar items	-427	-86	-136	-57	-249
Changes in value, derivatives	-82	-	4	-	-
Profit after financial items	-61	-1	7	-37	-69
Appropriations	2	-	2	-	73
Profit before tax	-59	-1	9	-37	4
Tax	12	19	-6	19	1
NET PROFIT FOR THE PERIOD	-47	18	3	-18	5

STATEMENT OF COMPREHENSIVE INCOME OF PARENT COMPANY

Amount in SEK, millions	01-01-2019	01-01-2018	01-07-2019	01-07-2018	01-01-2018
	30-09-2019	30-09-2018	30-09-2019	30-09-2018	31-12-2018
Net profit for the period	-47	18	3	-18	5
Other comprehensive income	21	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-26	18	3	-18	5

BALANCE SHEET OF PARENT COMPANY

Amount in SEK, millions	30-09-2019	30-09-2018	31-12-2018
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in group companies	3 706	3 443	3 700
Receivables from group companies	16 231	6 197	7 948
Receivables from associated companies/joint ventures	67	38	156
Deferred tax assets	12	19	1
Financial fixed assets at fair value	233	-	62
Other long-term receivables	37	-	1
Total financial fixed assets	20 286	9 697	11 868
Total fixed assets	20 286	9 697	11 868
Current assets			
Current receivables			
Accounts receivable	1	-	1
Current assets at cost	165	-	-
Other receivables	29	7	10
Prepaid expenses and accrues income	13	88	2
Total current receivables	208	95	13
Short-term investments	1 094	-	-
Cash and cash equivalents	7 786	4	6
Total current assets	9 088	99	19
TOTAL ASSETS	29 374	9 796	11 887
Amount in SEK, millions	30-09-2019	30-09-2018	31-12-2018
EQUITY AND LIABILITIES			
Equity	10 780	6 218	7 226
Untaxed reserves	-	2	2
Long-term liabilities			
Liabilities to credit institutions	-	-	150
Bond loans	16 397	1 561	2 461
Derivatives	105	-	-
Other long-term liabilities	-	-	88
Total long-term liabilities	16 502	1 561	2 699
Current liabilities			
Bond loans	93	-	-
Commercial papers	1 728	1 973	1 840
Accounts payable	10	3	16
Current tax liabilities	1	1	1
Other liabilities	149	17	46
Accrued expenses and prepaid income	111	21	57
Total current liabilities	2 092	2 015	1 960
TOTAL EQUITY AND LIABILITIES	29 374	9 796	11 887

STATEMENT OF CHANGES IN EQUITY OF PARENT COMPANY

Amount in SEK, millions				
	Share capital	Share premium	Retained earnings	Total equity
Total equity 01-01-2018	74	4 937	23	5 034
Issue hybrid bonds		1 303		1 303
Dividends		-137		-137
Net profit for the period			18	18
Other comprehensive income			-	-
Total equity 30-09-2018	74	6 103	41	6 218
Share issue	6	1 374		1 380
Issue hybrid bonds		202		202
Dividends		-53		-53
Redeemed preference shares		-98		-98
Repurchased hybrid bonds		-317		-317
Repurchased warrants			-93	-93
Net profit for the period			-13	-13
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	1 050		1 053
Issue hybrid bonds		3 115		3 115
Redeemed preference shares		-93		-93
Dividends		-495		-495
Net profit for the period			-47	-47
Other comprehensive income			21	21
Total equity 30-09-2019	83	10 788	-91	10 780

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 -64 (-45)

In August/September 144,538 preference shares were redeemed in exchange for class D-shares. The number of shares amounts to 832,577,974 shares and the market capitalization amounted to SEK 83,257,797.

CASH FLOW STATEMENT OF PARENT COMPANY

Amount in SEK, millions	01-01-2019 30-09-2019	01-01-2018 30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018	01-01-2018 31-12-2018
Profit after financial items	-61	-1	7	-37	-69
Net financial items	-3	-38	-33	21	9
Interest paid	-357	-75	-113	-57	-249
Interest received	511	123	165	36	240
Cash flow from operations before changes in working capital	90	9	26	-37	-69
Cash flow from changes in working capital					
Changes in current receivables	-30	-79	88	-28	2
Changes in current liabilities	-17	-2	97	12	95
Cash flow from operations	44	-72	211	-53	28
Investment activities					
Investments in subsidiaries	-6	-1	-	-	-258
Claims incurred by group companies	-8 283	-4 597	-710	-2 423	-6 347
Changes in receivables from associated companies/joint ventures	89	-37	-6	-38	-156
Changes in asset at fair value	-1 409	-	-773	-	-62
Changes in other long-term receivables	-36	-	-36	-	-1
Cash flow from investment activities	-9 645	-4 635	-1 525	-2 461	-6 824
Financing activities					
Share issue	1 053	-	79	-	1 380
Issue hybrid bonds	3 115	1 303	-	988	1 505
Repurchased hybrid bonds	-	-	-	-	-317
Redeemed warrants	-	-	-	-	-93
Redeemed preference shares	-93	-	-93	-	-98
Group contributions	-	-	-	-	73
Dividend paid	-373	-128	-108	-24	-190
Changes in loans	13 679	3 534	6 876	1 552	4 539
Cash flow from financing activities	17 382	4 709	6 755	2 516	6 799
Cash flow for the period	7 780	2	5 440	2	3
Cash and cash equivalents at the beginning of the period	6	3	2 352	2	3
Cash and cash equivalents at the end of the period	7 786	5	7 792	4	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 the headquarter is 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.

PLEGDED ASSETS AND CONTINGENT LIABILITIES

Group	30-09-2019	30-09-2018	31-12-2018
Pledged assets			
Mortgages Sweden	10 722	8 616	8 964
Mortgages Norway*)	11 096	18 504	17 799
Shares in subsidiaries	1 922	1 637	1 790
Total	23 740	28 757	28 553
Contingent liabilities			
Guarantees	-	-	-
Total	-	-	-
Parent company			
Pledged assets			
Shares in subsidiaries	-	-	-
Total	-	-	-
Contingent liabilities			
Guarantees	5 950	7 938	4 713
Total	5 950	7 938	4 713

1) 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 unrealized exchange rate difference of SEK 13m when converting the loan at the balance sheet date has been reported in other comprehensive income. In the Swedish group there was also a loan in NOK until September 25, 2018 amounting to NOK 86m that was used as a hedge against net assets in Norway.

TRANSACTIONS WITH RELATED PARTIES

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

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

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

Stockholm, 29 October 2019

Lennart Schuss
Chairman of the Board

Ilija Batljan
Chief Executive Officer

Sven-Olof Johansson
Member of the Board

Fredrik Svensson
Member of the Board

Hans Runesten
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 08.00 CET on 29 October, 2019.

Ilija Batljan, CEO, ilija@sbbnorden.se

Marika Dimming, IR, +46 70-251 66 89, marika@sbbnorden.se

Certified advisor for SBB's preference shares is Erik Penser Bank AB (www.penser.com).

Kalendarium

Year-end Report 2019	19-02-2020
Interim Report Jan-Mars 2020	27-04-2020
Interim Report Jan-June 2020	14-07-2020
Interim Report Jan-Sept 2020	03-11-2020

AUDITORS REPORT

INTRODUCTION

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

SCOPE OF REVIEW

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

CONCLUSION

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

Stockholm, 29th of October 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.

Adjusted EPRA NAV (Adjusted net asset value)

Equity related to the ordinary shares of class A and B, excluding equity associated with non-controlling interests, adding back deferred tax liability and derivatives. The key figure provides an adjusted and complementary measure of the size of equity.

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.

CALCULATION OF ALTERNATIVE PERFORMANCE MEASURES

RETURN ON EQUITY

Amount in SEK, millions	01-01-2019 30-09-2019	01-01-2018 30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018	01-01-2018 31-12-2018
Net profit for the period	1 337	999	404	482	1 690
IB Equity	11 197	7 636	15 641	8 554	7 636
OB Equity	15 940	9 852	15 940	9 852	11 197
Average equity	13 569	8 744	15 791	9 203	9 417
Return on Equity	10%	11%	3%	5%	18%

LOAN-TO-VALUE RATIO

Amount in SEK, millions	01-01-2019 30-09-2019	01-01-2018 30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018	01-01-2018 31-12-2018
Liabilities to credit institutions	5 770	6 978	5 770	6 978	5 910
Bond loans	17 833	6 417	17 833	6 417	6 925
Commercial papers	1 728	1 823	1 728	1 823	1 840
Cash and cash equivalents	-8 532	-143	-8 532	-143	-157
Net debt	16 799	15 075	16 799	15 075	14 518
Total assets	43 760	27 083	43 760	27 083	27 641
Loan-to-value ratio	38%	56%	38%	56%	53%

ECONOMIC OCCUPANCY RATIO

Amount in SEK, millions	01-01-2019 30-09-2019	01-01-2018 30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018	01-01-2018 31-12-2018
Rental income in current earnings capacity	2 003	1 637	2 003	1 637	1 585
Rental value in current earnings capacity	2 101	1 690	2 101	1 690	1 647
Economic occupancy ratio	95.3%	96.9%	95.3%	96.9%	96.2%

ADJUSTED EQUITY RATIO

Amount in SEK, millions	01-01-2019 30-09-2019	01-01-2018 30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018	01-01-2018 31-12-2018
Equity	15 940	9 852	15 940	9 852	11 197
Deferred tax liabilities	1 238	1 040	1 238	1 040	1 047
Sum	17 178	10 892	17 178	10 892	12 244
Total assets	43 760	27 083	43 760	27 083	27 641
Adjusted Equity ratio	39%	40%	39%	40%	44%

EARNINGS PER ORDINARY CLASS A AND CLASS B SHARES

Amount in SEK, millions	01-01-2019	01-01-2018	01-07-2019	01-07-2018	01-01-2018
	30-09-2019	30-09-2018	30-09-2019	30-09-2018	31-12-2018
Net profit for the period	1 337	999	404	482	1 690
Net profit attributable to preference shares	-22	-36	-7	-12	-47
Net profit attributable to ordinary class D shares	-98	-	-38	-	-21
Net profit attributable to hybrid bonds	-151	-52	-58	-22	-87
Net profit attributable to ordinary class A and B shares	1 066	911	301	448	1 535
Average number of ordinary class A and B shares	756 049 031	737 949 031	756 049 031	737 949 031	741 569 031
Earnings per ordinary class A and class B shares	1.41	1.24	0.40	0.61	2.07

INTEREST COVERAGE RATIO, TIMES

Amount in SEK, millions	01-10-2018	01-10-2017	01-01-2018
	30-09-2019	30-09-2018	31-12-2018
Profit from property management (rolling 12 months)	535	382	321
Interest expenses and similar items (rolling 12 months)	502	514	538
Expenses for redeemed loans in advance (rolling 12 months)	177	80	127
Translation gains/losses (rolling 12 months)	-15	-	-
Land lease expenses (rolling 12 months)	2	-	-
Sum	1 201	976	986
Interest expenses and similar items (rolling 12 months)	502	514	538
Interest coverage ratio, times	2.4	1.9	1.8

EQUITY RATIO

Amount in SEK, millions	01-01-2019	01-01-2018	01-07-2019	01-07-2018	01-01-2018
	30-09-2019	30-09-2018	30-09-2019	30-09-2018	31-12-2018
Equity	15 940	9 852	15 940	9 852	11 197
Total assets	43 760	27 083	43 760	27 083	27 641
Equity ratio	36%	36%	36%	36%	41%

NET ASSET VALUE

Amount in SEK, millions	01-01-2019 30-09-2019	01-01-2018 30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018	01-01-2018 31-12-2018
<i>Equity excluding non-controlling interest</i>					
Equity	15 940	9 852	15 940	9 852	11 197
Hybrid bonds	-5 029	-1 971	-5 029	-1 971	-1 873
Non-controlling interest	-39	-489	-39	-489	-315
Equity excluding non-controlling interest	10 872	7 391	10 872	7 391	9 009
Equity attributable to Preference share investors	-15	-167	-15	-167	-88
Equity attributable to D-share investors	-2 299	-	-2 299	-	-1 244
Reversal of deferred taxes	1 238	1 040	1 238	1 040	1 047
Deferred tax deduction (5.5%)	-1 104	-890	-1 104	-890	-886
Current net assets value (EPRA NNAV)	8 692	7 375	8 692	7 375	7 838
<i>Current net assets value (EPRA NNAV), SEK/share</i>	<i>11.50</i>	<i>9.99</i>	<i>11.50</i>	<i>9.99</i>	<i>10.37</i>
Derivation of derivatives	118	29	118	29	12
Reversal of deferred tax deduction (5.5%)	1 104	890	1 104	890	886
Long-term net asset value (EPRA NAV)	9 914	8 294	9 914	8 294	8 736
<i>Long-term net asset value (EPRA NAV), SEK/share</i>	<i>13.11</i>	<i>11.24</i>	<i>13.11</i>	<i>11.24</i>	<i>11.55</i>
Hybrid bonds	5 029	1 971	5 029	1 971	1 873
Equity attributable to Preference share investors	15	167	15	167	88
Equity attributable to D-share investors	2 299	-	2 299	-	1 244
Adjusted net asset value (Adjusted EPRA NAV)	17 257	10 432	17 257	10 432	11 941
<i>Adjusted net asset value (Adjusted EPRA NAV), SEK/share</i>	<i>22.83</i>	<i>14.14</i>	<i>22.83</i>	<i>14.14</i>	<i>15.79</i>
Number of ordinary class A and B shares	756 049 031	737 949 031	756 049 031	737 949 031	756 049 031

SECURED LOAN-TO-VALUE RATIO

Amount in SEK, millions	01-01-2019 30-09-2019	01-01-2018 30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018	01-01-2018 31-12-2018
Liabilities to credit institutions	5 770	6 978	5 770	6 978	5 910
Secured bond loans	1 356	4 964	1 356	4 964	4 552
Total secured loans	7 126	11 942	7 126	11 942	10 462
Total assets	43 760	27 083	43 760	27 083	27 641
Secured loan-to-value ratio	16%	44%	16%	44%	38%

SURPLUS RATIO

Amount in SEK, millions	01-01-2019 30-09-2019	01-01-2018 30-09-2018	01-07-2019 30-09-2019	01-07-2018 30-09-2018	01-01-2018 31-12-2018
Net operating income	903	797	343	293	1 071
Rental income	1 400	1 227	507	427	1 680
Surplus ratio	65%	65%	68%	69%	64%

APPENDIX 1 – CURRENT EARNINGS CAPACITY FROM PROPERTY MANAGEMENT

Below is the current earnings capability for the Group for 12 months, taking into account the Group's property portfolio as of 30-09-2019. 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

Numbers in SEKm	Community service	Residential	Other	Total	Adjusted ¹⁾
Rental income	1 195	697	112	2 003	2 003
Operating costs	-143	-218	-41	-402	-402
Maintenance	-63	-67	-7	-137	-137
Property administration	-26	-31	-7	-65	-65
Property tax	-9	-12	-4	-26	-26
Net operating income	953	368	53	1 374	1 374
Central administration				-85	-85
Result from Joint Ventures				80	80
Financial income				69	69
Financial costs				-446	-296 ¹⁾
Operating profit before dividend				991	1 141
<i>per Class A and B shares</i>				<i>1.31</i>	<i>1.51</i>
Dividend hybrid bonds				-274	-274
Dividend Class D shares				-153	-153
Dividend Preference shares				-1	-1
Operating profit attributable to ordinary shareholders				563	713
<i>per Class A and B shares</i>				<i>0.74</i>	<i>0.94</i>

1) Adjusted for non-long-term surplus liquidity held by the Group at the end of the period with an estimated average interest rate of 1.75%, which is the weighted average in the debt portfolio as of 30-09-2019.

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 30-09-2019.
- 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 30-09-2019.
- 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.

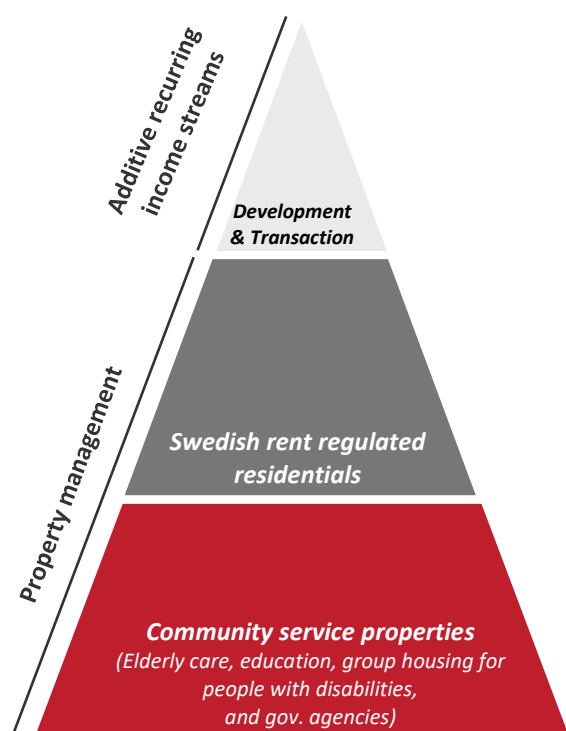
APPENDIX 2 – CURRENT EARNINGS CAPACITY INCLUDING ADDITIVE RECURRING INCOME STREAMS

THE GROUP'S EARNINGS CAPACITY OF ADDITIVE RECURRING INCOME STREAMS

Numbers in SEKm	Total	Adjusted ¹⁾
Operating profit attributable to ordinary shareholders	563	713
<i>per Class A and B shares</i>	<i>0.74</i>	<i>0.94</i>
Result from property development	325	325
Result from transaction	400 ²⁾	400 ²⁾
Result from renovations/investments	400	400
Adjusted operating profit to ordinary shareholders with additive income streams	1 688	1 838
<i>per Class A and B shares</i>	<i>2.23</i>	<i>2.43</i>

1) Adjusted for non-long-term surplus liquidity held by the Group at the end of the period with an estimated average interest rate of 1.75%, which is the weighted average in the debt portfolio as of 30-09-2019.

2) Based on historical profit generation from transaction of approximately SEK 700m per year.



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= 250 SEKm			Building rights profit = 400 SEKm		
	Change in value			Change in value		
		-1%-point	+1%-point		-1%-point	+1%-point
Operating profit, rolling 12 months	991	991	991	991	991	991
Profit from creation of building rights	250	250	250	400	400	400
Change in property value (10-years average CPI)	369	62	677	369	62	677
D:o %	1.2%	0.2%	2.2%	1.2%	0.2%	2.2%
Current tax, 10%	-99	-99	-99	-99	-99	-99
Profit after tax	1 511	1 203	1 819	1 661	1 353	1 969
Profit SEK/share	2.00	1.59	2.41	2.20	1.79	2.60
Return on actual long-term net asset value	15.2%	12.1%	18.3%	16.8%	13.7%	19.9%
Profit / share price	9.5%	7.5%	11.4%	10.4%	8.5%	12.3%
P/E	11	13	9	10	12	8

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Samhällsbyggnadsbolaget