

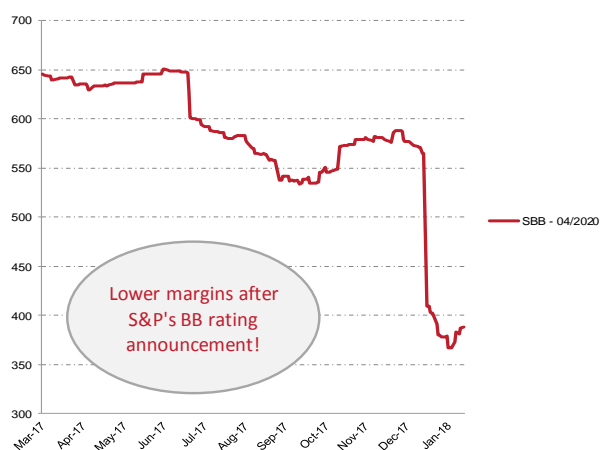


Samhällsbyggnadsbolaget

YEAR-END REPORT 2017 JANUARY – DECEMBER

Samhällsbyggnadsbolaget i Norden AB (publ)

Q4



ISIN SE0009805468

WORLD IN PROPERTY
PRESENTERAR

FASTIGHETSGALAN

Winner of 2017 Real Estate Company Award



Samhällsbyggnadsbolaget

THE PERIOD IN BRIEF

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

YEAR END

RENTAL INCOME, SEKm	OPERATING PROFIT, SEKm	PROPERTY VALUE, SEKbn	RENTAL INCOME, SEKm	OPERATING PROFIT, SEKm	PROPERTY VALUE, SEKbn
1,339	338	23	384	87	23

INTERIM PERIOD

YEAR IN BRIEF

- Rental income for 2017 amounted to SEKm 1,339 (187).
- Net operating income increased to SEKm 877 (91).
- Cash flow from operations before changes in working capital increased to SEKm 360 (28).
- Profit before tax amounted to SEKm 3,131 (1,224), of which:
 - Income from property management amounted to SEKm 338 (6).
 - Changes in value on properties, excl. value of building rights, amounted to SEKm 2,011 (591).
 - Changes in value on building rights amounted to SEKm 749 (606).
 - Realised changes in value on properties amounted to SEKm 37 (22).
 - Changes in value on derivatives amounted to SEKm - 4 (0).
- Net income after tax for the year amounted to SEKm 2,429 (1,007), corresponding to SEK 3.60 per share.
- During 2017, building rights totaling 240,000 sq.m. were sold for SEK 826m (226). The ten transactions in Västerhaninge, Jordbro, Nyköping, Norrköping and Falun have been reported as unrealized changes in value.
- The value of the portfolio increased to SEKbn 23 (8).
- Long term net asset value (EPRA NAV) amounted to SEKm 7,120 (SEKm 1,973), corresponding to SEK 9.65 per share.
- The Board proposes a dividend of SEK 0.10 (0) per ordinary share and SEK 35.00 (35.00) per preference share.

SEKm 2,429
Profit for the period

SEK 9.65
*Long-term net
asset value per
share (EPRA NAV)*

IMPORTANT EVENTS DURING THE FOURTH QUARTER

- Cash flow from operations before changes in working capital increased to SEKm 140 (20).
- The surplus ratio was 67 percent during the fourth quarter which contributed to the operating profit of SEKm 87 although property costs were high due to high financial costs as a result of repurchase of issued bonds and arrangement fees in connection with transactions.
- During the fourth quarter, building rights totaling 15,000 sq.m. in Falun were sold to HSB and K2A.
- During the period, SBB completed property acquisitions for approximately SEKm 900. The major acquisitions relate to the acquisition of nine community properties in Huddinge from the municipal real estate company Huge Fastigheter and the acquisition of Offentlige Bygg AS with three community service properties in Norway where the Norwegian Ministry of Justice is the largest tenant. During the period, 4 properties (of which one in Helsingborg acquired during the period) were sold into JV's with three different partners at an underlying value of approximately SEKm 290.
- In October, SBB's preference share was listed on Nasdaq First North. First trading day was October 12th.
- Extraordinary General Meeting held on November 7th, has decided to issue warrants directed to a specially established subsidiary and approved that the subsidiary will transfer the warrants to the company's current and future employees. The program comprises 20,000,000 warrants entitling to subscribe for the corresponding number of B shares in the

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

- The Extraordinary General Meeting held on November 7th also resolved that the Board of Directors in the company were to be extended by one member: Anne-Grete Strøm-Erichsen.
- In November, SBB received its first public rating from a leading credit rating agency, a B1 rating with stable outlook from Moody's.
- A new issue of 34,035 preference shares, for which payment was made through 485,000 preference shares in Högkullen AB (publ), was carried out in December. The number of preference shares in SBB increased by 34,035 from 299,703 to 333,205 and the total number of shares in SBB increased from 738,248,201 to 738,282,236. SBB controls 10,000,000 ordinary shares and 5,588,636 preference shares in Högkullen, corresponding to approximately 80.5 percent of the shares and approximately 96.5 percent of the votes in Högkullen, and controls 918,354 warrants in Högkullen, corresponding to 98.0 percent of outstanding warrants in Högkullen.

IMPORTANT EVENTS AFTER THE FOURTH QUARTER

- At the beginning of January, SBB announced the update of two of its financial targets: To maintain a LTV-level below 60% (previous 65%) and to have an interest coverage ratio of at least 1.8 times (previous 1.5 times).
- S&P Global Ratings announced that SBB has received a BB rating with stable outlook.
- In January, SBB issued an unsecured bond of SEKm 750 at a variable interest rate of Stibor 3m + 390 and a final maturity on January 29, 2021.
- SBB received the prize as the real estate company of the year during the Real Estate Awards organized by World in Property at the end of January. This year's real estate company is a nationwide prize awarded to a company which, according to the jury, has shown an unusually strong development in its area during the past year.
- In February, an acquisition of three elderly homes and care properties in the Tampere area in Finland was completed. This is the company's first acquisition in Finland and was valued at EURm 7.4.
- In February, SBB issues senior unsecured notes for SEK 300 million at a fixed interest rate of 2.9% and final maturity date on 20 December 2019.
- As of 6 February 2018, the company's common stock of Serie B and preference shares are listed on Nasdaq First North Premier.
- Lars Thagesson was employed as Deputy CEO and COO.

SBB KEY RATIOS

	2017 Jan-Dec	2016 Jan-Dec	2017 Oct-Dec	2016 Oct-Dec
Rental income, SEKm	1 339	187	384	144
Operating net, SEKm	877	91	257	68
Surplus ratio, %	66	49	67	47
Interim profit, SEKm	2 429	1 007	381	601
Yield, %	4.8	5.6	4.8	5.6
Cash flow from current operations, SEKm ²⁾	360	28	140	20
Property value (market value), SEKm	23 001	7 572	23 001	7 572
Number of properties	749	358	749	358
Leasable area, sq.m., thousands	1 366	697	1 366	697
Economic letting ratio, %	96.8	98.3	96.8	98.3
WAULT, community service properties, yrs	7	10	7	10
Shareholders' equity, excl. non-controlling equity interests, SEKm	6 389	1 767	6 389	1 767
EPRA NAV (long-term net asset value), SEKm	7 120	1 973	7 120	1 973
EPRA NNAV (actual net asset value), SEKm	6 282	1 609	6 282	1 609
Return on Shareholders' equity, %	52	114	5	54
Loan-to-value ratio % ¹⁾	60	64	60	64
Equity ratio, %	32	21	32	21
Adjusted Equity ratio, %	36	33	36	33
Earnings per ordinary share, SEK	3.60	E/T	0,48	E/T
Average number of ordinary shares	653 360 953	7 230 434	737 949 031	7 230 434
Average number of preference shares	168 360	-	305 089	-
Number of ordinary shares	737 949 031	7 230 434	737 949 031	7 230 434
Number of preference shares	333 205	-	333 205	-

1) Excl. shareholder loans and convertible debentures

2) Before changes in working capital

INFORMATION ABOUT THE GROUP

SAMHÄLLSBYGGNADSBOLAGET I NORDEN (SBB)

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

REAL ESTATE PORTFOLIO

In order to safeguard both stability and strong cash flows. SBB's aim is to ensure that community service properties with long contracts and residentials comprise 80-90 percent of the property portfolio. Samhällsbyggnadsbolaget is active in a market with stable and strong underlying fundamentals. The property portfolio of the company is characterized by high occupancy rate and long leases. Beyond growing through acquisitions Samhällsbyggnadsbolaget also carries out value-creating activities such as redevelopment and renovations of existing properties, as well as development of building rights.

The property portfolio consisted of 749 properties as of 2017-12-31. The properties had a total value of SEKbn 23.0, where residential constituted of SEKbn 5.9, community service properties SEKbn 14.6, and the remaining properties SEKbn 2.5. The total lettable area was approx. 1,366,000 sq.m. with a rental income, on a 12 months rolling basis, of SEKm 1,588.

Classification	Rental income, SEKm	Total
Residential	501	32%
Group Housing (LSS)	141	9%
Government	676	43%
Indirectly government	88	6%
Other	181	11%
Total	1 588	100%

ORGANIZATION

SBB's management team has significant experience in development and management of both residential and community service properties. The organization constitutes a small team of employees where the focus lies on transactions, property development and cost-efficiency. SBB is actively focused on cash flow improving actions in the existing property portfolio, which is achieved through efficient property management and an organization, which has a broad and deep knowledge as well as experience from property development. The company achieves scalability in the organization through external property management, which enables continuous growth within the existing organization.





CEO ILIJA BATLIJAN

I look proudly back on SBB's first full year of operation – a year in which we have achieved strong growth and created a stable and attractive property portfolio that deliver stable cash flow with low volatility. Throughout the year we completed transactions totaling SEKbn 15 and we have a strong and increasing operating net revenue of SEKm 877, compared with SEKm 91 in the previous year. Furthermore, we have strengthened our financial position, achieved a BB rating from Standard & Poor's and reduced our financing cost. We therefore propose a dividend of SEK 0.10 per share.

RESPONSIBLE COMMUNITY BUILDER

As one of the Nordic region's strongest players with a focus on community property, we are a long-term partner to some of Sweden's largest municipalities. Social commitment is important to us and we are therefore proud to be able to create summer jobs for young people living in our residential areas. People are always the most valuable asset for any company, also for us. We have succeeded in attracting skilled employees, an experienced and competent board as well as committed owners.

ATTRACTIVE AND STABLE PROPERTY PORTFOLIO WITH SAFE CASH FLOWS

Samhällsbyggnadsbolaget has an attractive and stable property portfolio and has added value to its shareholders through a number of important transactions, good management and active property development. We hold low-risk assets through our holding of Nordic community properties and Swedish rental residentials (hyresrätter), which are characterized by long rental contracts and low vacancy rates. In the past year, we have increased the value of our property portfolio by SEKbn 2.8 through investments, transactions and property development. In addition to this fourth quarter earnings show a high direct return, equivalent to 5.1% excluding building rights, indicating the stability and strength of our earnings.

STRONG FINANCIAL POSITION

In the fourth quarter we have focused on consolidating our balance sheet and reducing the financial risk. As part of this work, we have repurchased approximately NOKm 100 of our Norwegian bond issued in IB Bostad 18, and we have also completed a number of refinancings. All though, these measures have had a negative impact on earnings, they have contributed to reducing the financial risk and will lead to stronger future earnings. We have received a quality stamp for this work through the BB rating from Standard & Poor's; as well as the two unsecured bond issues which significantly reduced the company's interest expenses. At the beginning of the year we presented an update of two of our financial goals:

- To maintain a loan ratio below 60% (from 65%)
- To achieve an interest coverage ratio of at least 1.8 times (from 1.5 times).

At the end of the year, the loan-to-value ratio was 60% yet we have still created conditions for further reducing the leverage over the next 12 months, supported through extensive sales of building rights. SBB has one of the longest fixed interest rate durations in the market. Our financial position has been strengthened, the company's long average financing term, extended during the fourth quarter to 5.6 years has helped to do this.



STRONG OPERATING RESULT

During the year, Samhällsbyggnadsbolaget generated value and delivered strong results through investments, the signing of new leases and the extension of existing ones as well as active property development. Our strong operating income of SEK 877 million, combined with our reduced financing costs, enables continued strong cash flow, which is why we propose a dividend of SEK 0.10 per share. Our management result of SEKm 338 (SEKm 409 excluding transaction-related costs and arrangement fees) was affected by extraordinary one of arrangement fees and our continued commitment to reducing financial risks, including the repurchase of bonds in both Norway and Sweden. Our profitability on a 12-month rolling basis was approximately SEKm 580 at the end of the year. All in all, this gives us the best platform for continuing to build our status as the strongest player in the Nordic region, focusing on community properties.

Ilija Batljan
Founder and CEO



SBB INCOME STATEMENT

THE GROUPS COMPREHENSIVE INCOME STATEMENT

IN THOUSANDS OF SEK	2017-01-01 2017-12-31	2016-03-02 2016-12-31	2017-10-01 2017-12-31	2016-10-01 2016-12-31
Rental income	1 338 677	186 877	384 396	144 309
Operations	-302 518	-50 815	-73 796	-43 180
Maintenance	-62 471	-18 072	-18 897	-13 888
Management administration	-73 981	-23 777	-25 072	-16 690
Property tax	-22 502	-2 942	-9 477	-2 296
Net operating income	877 205	91 271	257 154	68 255
Central administration	-75 838	-19 414	-17 222	-13 035
Profit before financial items	801 367	71 857	239 932	55 220
Profit from financial items				
Interest income and similar	12 282	5 076	681	5 065
Interest expenses and similar	-476 067	-71 299	-153 159	-54 868
Profit from property management	337 582	5 634	87 454	5 417
Changes in the value of properties	2 796 844	1 218 782	409 495	710 794
Changes in value of derivatives	-3 748	-	-3 748	-
Profit before tax	3 130 678	1 224 416	493 201	716 211
Tax	-701 696	-217 285	-111 932	-115 562
PROFIT FOR THE PERIOD	2 428 982	1 007 131	381 269	600 649
REPORT OTHER COMPREHENSIVE INCOME				
IN THOUSANDS OF SEK	2017-01-01 2017-12-31	2016-03-02 2016-12-31	2017-10-01 2017-12-31	2016-10-01 2016-12-31
Interim profit	2 428 982	1 007 131	381 269	600 649
Other comprehensive income				
Translation gains/losses for the period	-94 088	-8 898	-46 805	-8 898
COMPREHENSIVE INCOME FOR THE PERIOD	2 334 894	998 233	334 464	591 751
Earnings per share	3.60	E/T	0.48	E/T

INCOME STATEMENT COMMENTS

NET OPERATING INCOME

Total rental income during the year amounted to SEKm 1,338.7 (186.9) and to SEKm 384.4 (144.3) during the quarter. Of the rental income for the year, SEKm 473.9 came from residential properties, SEKm 740.9 from community service properties and SEKm 123.9 from the remaining cash flow properties. The occupancy ratio by the end of the year amounted to 96.8 percent (98.9). The average contract duration of community service properties was 7 years (11).

The property costs during the year amounted to SEKm -461.5 (-95.6) and to -127.2 (-76.1) for the fourth quarter. The costs are mainly attributable to utility costs, maintenance costs, and other operational and management costs. The property costs have increased and are higher than normal due to the number of new properties and other types of one-off costs.

SEGMENT REPORTING

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

SEGMENT REPORTING

SEKm	2017-01-01--2017-12-31				2017-10-01--2017-12-31			
	Residential	Community service properties	Other/property development	Total	Residential	Community service properties	Other/property development	Total
Rental income	473.9	740.9	123.9	1 338.7	133.8	218.3	32.3	384.4
Property costs	-241.2	-158.1	-62.2	-461.5	-68.5	-40.8	-17.9	-127.2
Net operating income	232.7	582.8	61.7	877.2	65.2	177.5	14.4	257.1
Value changes	698.5	1 540.6	557.8	2 796.9	115.0	309.9	-15.4	409.5
Investment properties	5 858.9	14 582.8	2 559.0	23 000.7	5 858.9	14 582.8	2 559.0	23 000.7

PROFIT AFTER TAX

In total, the costs for central administration during the year amounted to SEKm -75.8 (-19.4). For the quarter, these costs amounted to SEKm -17.2 (-13.0). Costs for business development, transactions, real estate development and financial management are included in the central administration. Costs that are of one-time character which related to the handling of the company's transactions, approximately 18 SEKm are also included in the total.

Net financial items for the period amounted to SEKm -463.8 (-66.2), which primarily consist of financial expenses. For the quarter, the costs amounted to SEKm -152.5 (-49.8). Within the financial expenses, interest rate expenses for external financing and interest rate expenses for loans to shareholders and arrangement fees are included. The financial expenses deviate from the current earnings capacity mainly due to arrangement fees for loans amounting to SEKm 40 for the period. The main part of the arrangement fees is related to expenses for the financing in connection with the Effnet-transaction. The financial income mainly consists of currency exchange rate differences.

Value changes of the properties amounted to SEKm 2,796.8 where SEKm 37.0 was realized value change and SEKm 2,759.8 was unrealized value change. A major part of the unrealized value change was value creation regarding building rights of SEKm 749. Value changes regarding acquisitions during the period amounted to SEKm 1,223. The remaining value changes can be explained by an increase in the operating net as a consequence of investments and leasing of the property stock, as well as reduced yield requirements.

The after-tax profit amounted to SEKm 2,429.0 (1,007.1), which was weighed down by SEKm -701.7 (-217.3) in taxes. SEKm -39.7 (-) relates to current taxes and SEKm -662.0 (-217.3) relates to deferred property taxes. The after-tax profit for the quarter amounted to SEKm 381.3 (600.6), which was weighed down by SEKm -111.9 (-115.6) in taxes. SEKm 20.6 (-) relates to current taxes and SEKm -132.5 (-115.6) relates to deferred taxes.

BALANCE SHEET

STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK	2017-12-31	2016-12-31
ASSETS		
Fixed assets		
Tangible fixed-assets		
Investment properties	23 000 726	7 572 420
Equipment, tools and installations	10 376	6 368
Total tangible fixed-assets	23 011 102	7 578 788
Financial assets		
Shares in associated companies /joint ventures	110 691	83 216
Other long-term receivables	10 554	15 100
Total financial assets	121 245	98 316
Total non-current assets	23 132 347	7 677 104
Current assets		
Current receivables		
Account receivables	26 271	9 544
Other receivables	277 898	121 691
Prepaid expenses and accrued income	39 472	33 347
Total short-term payables	343 641	164 582
Cash and cash equivalents	92 749	506 397
Total current assets	436 390	670 979
TOTAL ASSETS	23 568 737	8 348 083

STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK

	2017-12-31	2016-12-31
EQUITY AND LIABILITIES		
Equity	7 636 057	1 766 538
Long-term liabilities		
Liabilities to credit institutions	6 595 568	3 180 121
Bond loans	5 941 057	1 153 479
Derivative	35 247	-
Long-term loans to shareholders	33 600	793 954
Deferred tax liabilities	863 105	206 405
Other long-term liabilities	13 750	58 764
Total long-term liabilities	13 482 327	5 392 723
Short-term liabilities		
Liabilities to credit institutions	637 176	487 330
Bond loans	660 289	-
Account payables	134 826	61 817
Short-term liabilities to owners	40 000	-
Current tax liabilities	53 839	22 880
Other liabilities	653 810	501 069
Accrued expenses and prepaid income	270 413	115 726
Total short-term liabilities	2 450 353	1 188 822
TOTAL EQUITY AND LIABILITIES	23 568 737	8 348 083

GROUPS STATEMENT OF CHANGES IN EQUITY – IN SUMMARY

	Share Capital	Other contributed capital	Balanced result	Hybrid bond	Non- controlling interest	Total Equity
Share Issue	723	731 932				732 655
Shareholder contributions received		35 650				35 650
Net profit of the year			1 007 131			1 007 131
Other comprehensive income			-8 898			-8 898
Closing Equity 2016-12-31	723	767 582	998 233	-	-	1 766 538
Opening Equity 2017-01-01	723	767 582	998 233	-	-	1 766 538
Share Issue	73 105	2 270 798			469 962	2 813 865
Issue hybrid bond				668 387		668 387
Issue warrants		2 099				2 099
Dividend				-12 658	-64 290	-76 948
Acquired minority interests					315 000	315 000
Redeemed minority interests					-187 778	-187 778
Net profit for the period			2 352 034	12 658	64 290	2 428 982
Other comprehensive income			-75 786		-18 302	-94 088
Closing Equity 2017-12-31	73 828	3 040 479	3 274 481	668 387	578 882	7 636 057

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

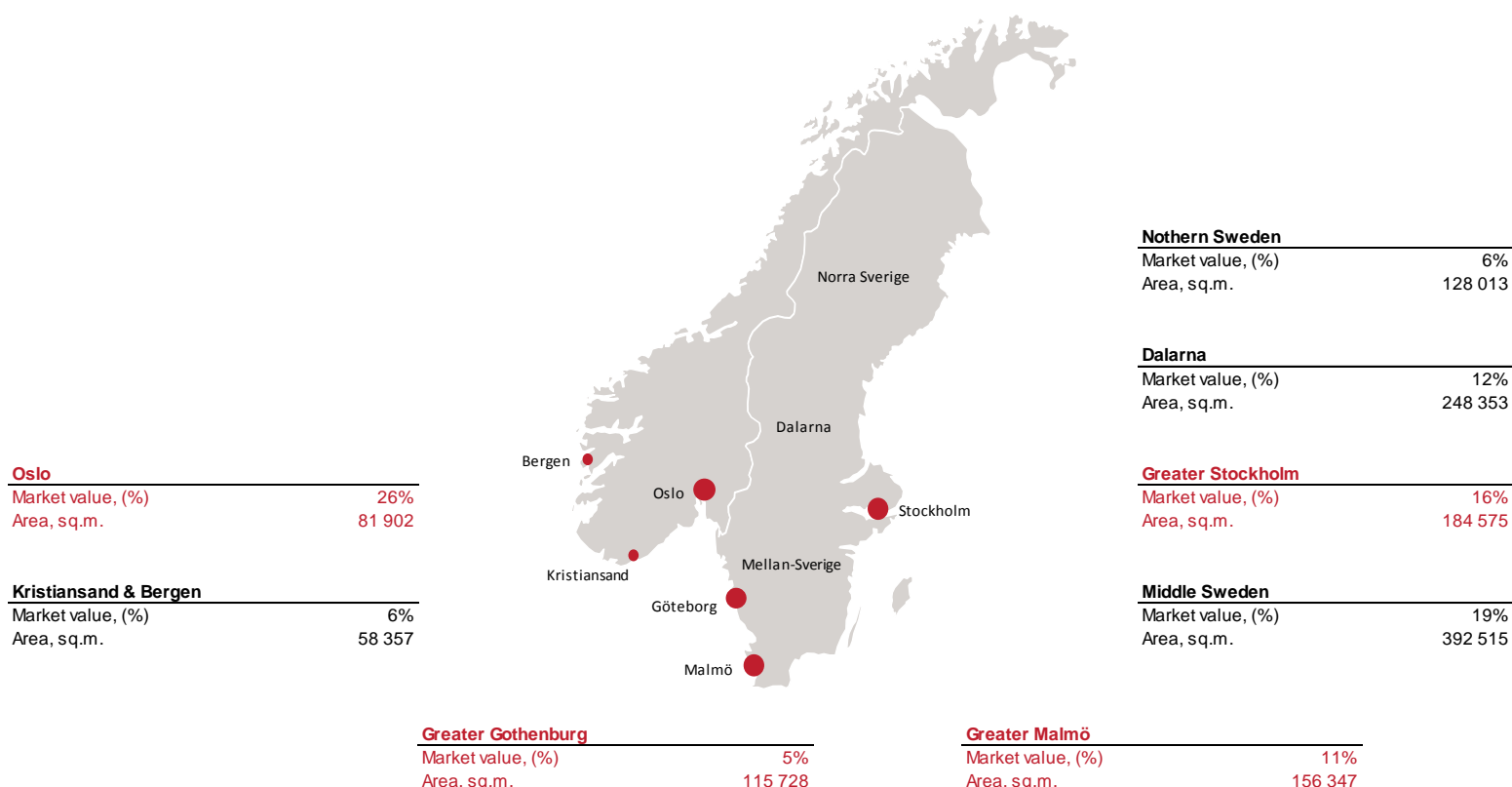
PROPERTIES

REAL ESTATE PORTFOLIO

The property value amounted to SEKbn 23.0 as of 2017-12-31. The value of the property portfolio is assessed through external valuations made by Newsec, JLL, Forum and Savills. The valuations are based on an analysis of future cash flow for every property, while considering each lease contract, the market, the rent levels, operational – maintenance and administration costs as well as the need for future

investments. The yield requirements in the valuation are in the range of 3.18 percent to 9.0 percent. The valuation of the real estate also includes approximately SEKm 1,178 building rights which have been valued through sales comparable. This means that the valuation is based on a comparison of prices for similar building rights, the value has thus been assessed in accordance with IFRS 13 level 3.

PROPERTY VALUE PER REGION: 58 percent of the property stock in the Nordic big city regions



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

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

SBB's strategy is to own, manage and develop residential properties in Sweden and community service properties in the Nordic region on a long-term basis. At the end of the period, community service properties in Norway accounted for 32 percent of the company's real estate value. About 57 percent of the real estate value consisted of residential and community service properties in Sweden. The remaining 11

percent are properties in Sweden, where the company actively conducts property development work where the properties are converted into building rights for housing - an important part of the community building concept; acting as a real community builder in these times of housing shortage.

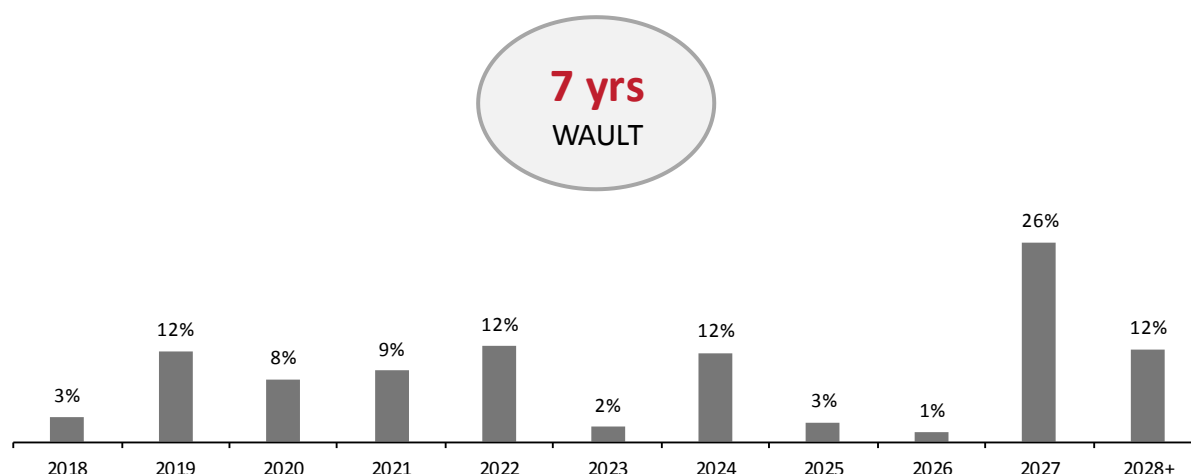
SBB manages and develops residential properties in Swedish growth municipalities. The properties are generally located close to the city centre and with access to good transportation links, whether it is apartments in Kallhäll center in Järfälla Municipality, or the city centres of for example Oskarshamn,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

The community service properties include properties used by tenants who are directly or indirectly tax funded. Tenants are engaged in activities such as education, elderly care, people with special needs and other care activities, municipal and state administration. Examples of tenants include Fågelvik school and a preschool in Värmdö municipality, Borlänge city hall, the Norwegian Ministry of Justice and Emergency Affairs, several accommodations for elderly people and about 200 properties that accommodate people with special needs (group housing). SBB is one of the Nordic region's largest players in the field of housing and long-term care facilities for the elderly and people with disabilities. Our aim is to offer modern care properties in close cooperation with the main providers of care services - often municipalities and county councils, but also private care companies. We offer properties and accommodation

that meet our customers' needs and requirements, and provide everything that is essential to make the home suitable.

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

LEASE MATURITY STRUCTURE COMMUNITY SERVICE PROPERTIES



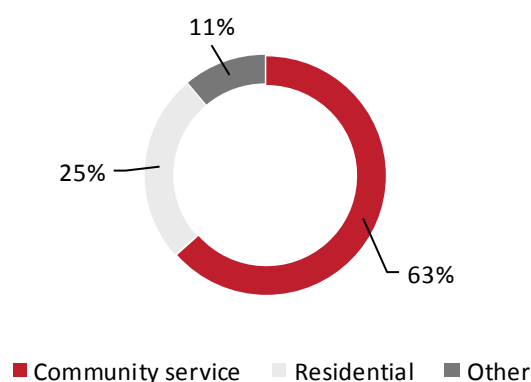
Community service properties have a long weighted average lease expiry.

SENSIVITY ANALYSIS

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

	Change	Value change
Rental value	+/- 5 %	SEKm 991/-992
Discount rate	+/- 0.25 %	SEKm -651/717
Yield	+/- 0.25 %	SEKm -917/833

PROPERTY VALUE PER SEGMENT





Landsdomaren 7, Lund

ACQUISITIONS

During the quarter, Samhällsbyggnadsbolaget conducted property acquisitions for approximately SEKm 900 divided into several portfolios.

- In October, an acquisition of nine community service properties in Huddinge was carried out with the municipal real estate company Huga Fastigheter. The properties consist of schools and preschools amounting to a value of approximately SEKm 220. The total rentable area is 8,750 sq.m. and the properties are fully let with a rental income of approximately SEKm 16.8.
- During the period, Offentlige Bygg AS was acquired with three community service properties in Norway with the Norwegian Ministry of Justice as the largest tenant (Sarpsborg Politihus, Sarpsborgs Tingrett och Aust Agder

Tingrett) amounting to a value of approximately SEKm 400. Total rentable area is approximately 15,200 sq.m. with a rental income of approximately SEKm 27.5. Average contract length is just over 10 years.

- The subsidiary Högekullen has acquired 9 group housing (LSS) properties for SEKm 92 in two transactions.

DIVESTMENTS

- During the period, 4 properties (of which one in Helsingborg was acquired during the period) were also sold to JV's (jointly-owned companies) with three different partners at a property value of approximately SEKm 290.

CHANGES IN THE PROPERTY STOCK

	SEKm
Initial fair value 2016-12-31	7,572
Acquisitions	13,466
Investments	209
Divestments	-695
Translation gains/losses	-311
Unrealised value changes	2,760
Fair value at the end of the period	23,001

REAL ESTATE DEVELOPMENT

SBB works actively with real-estate development. The company's operational goal is to have 10-20 percent of the property portfolio consisting of the property segment others, which means cash-flow properties with identified development potential. The segment will generate a profit of SEKm 250-400 per year on average over a business cycle. The properties acquired by SBB in the other segment are cash-flow properties with development potential that generates a positive cash flow until the zoning plan is in place and further development is possible. The acquisitions are usually made off-market and SBB first has a dialogue with each municipality to ensure that the property is situated in an area prioritized for urban development.

SBB's organization of property development

SBB's project organization has solid experience in property development and transactions. The organization, led by Deputy CEO Krister Karlsson, handles approximately 870,000 sq.m. building rights in various planning stages. SBB works actively to create flexible and rational building rights to fit a wide range of investors such as HSB, Riskbyggen, PEAB, Botrygg, K2A and Innovation Properties. SBB also has extensive experience in initiating and executing sales in the early stages of the planning process.

SBB believes that location is a crucial factor in sustainable urban development. The proximity to communications, care, schools and other services are vital to enable and embrace a life without ownership of a car and must therefore be one of the core aspects in modern urban living. This has been a central aspect in the majority of SBB's property development acquisitions in connection to railway-based communications. Several of SBB's development areas are located in connection to designated and prioritized communications, such as the new Swedish high speed railway, the Stockholm commuter train and Flytøget in Oslo.

Realised building rights

Two sales of building rights from the property Falkenberg Bacchus 1



Illustration from IM to potential apartment buyer

- 700 condominiums
- 58,000 sqm
- 100% of current building rights are sold
- February 2017 - Sale event for the first 150 apartments with over 750 visitors

Building rights

SBB building rights portfolio consists of building rights within four stages of the planning process. Project ideas (phase 1), Prior to formal planning process decision (phase 2), Projects with formal planning process initiated (phase 3), Projects with planning permission (phase 4).

SBB had approximately 40 ongoing development projects with a total of 870,000 sq.m. in various planning stages per 2017-12-31. A selection of the projects listed in the table below.

Municipality	Property	Sq.m. building right
Development projects with formal planning process initiated		
Nyköping	Raspen 1,2,3	156,000
Nykvarn	Kaffebryggaren 1	32,900
Falun	Falun 9:22	100,000
Ulricehamn	Krämare 4	7,000
Norrköping	Järven 4	21,800
Haninge	Kalvsvik 11:9, 1:4	85,000
Haninge	Åby 1:67 m.fl.	110,000
Nykvarn	Tillbringaren 2 m.fl.	5,000
Oskarshamn	Hälsan 22	10,000
Total (sq.m.). Phase 3		527,700
Project ideas (sq.m.). Phase 1		133,550
Prior to formal planning process decision (sq.m.). Phase 2		135,900
Projects with planning permission (sq.m.). Phase 4		70,340
Total building rights portfolio (sq.m.). All phases		867,490
<i>of which are land allocations (sq.m.)</i>		<i>137,900</i>
<i>of which are sold (sq.m.)</i>		<i>240,000</i>
Total value, sold building rights (SEK)		826 000,000

By 2017 a total of 240,000 sq.m. building rights were sold. The sales relate to a total of ten transactions in Västerhaninge, Jordbro, Nyköping, Norrköping and Falun. The value of the sales amount to SEKm 826.

Since the year end, SBB has obtained municipal planning decisions to begin the planning process for an additional 25,000 sq.m. in Karlstad and Karlshamn.

SBB estimates that the value of the building rights portfolio when planning permission has been obtained may exceed the book value by SEKm 500-900.

Property development in JV

In parts of SBB's sales, SBB has entered into joint ventures with various buyers regarding the development of the building rights. The volume of the building rights within the joint venture structures totals in approximately 178,000 sq.m. (of which 58,000 sq.m. have already been acquired by the joint ventures) with a profit potential for SBB of approximately SEKm 500-700 after deduction of SBB's own prior investments. In these JVs, SBB takes a very limited implementation risk since the JV partner (such as HSB or Botrygg) will assume responsibility for design, sales, production and project management. The profit potential of approx. SEKm 500-700 relates to a five-year period and is not considered in the accounts.



Nöthagen (Raspen 1-3), Nyköping municipality

Travel time to Stockholm C 40 min (with Ostlänken), to Skavsta 12 min (with bus)

- 156,000 sq.m.
- 65,000 sq.m. sold
- Population Nyköping municipality 2017, 55,329 persons
- Population Nyköping municipality 2025, 61,438 persons

Västerhaninge Centrum (Åby 1:67 a.o.), Haninge municipality

- 110,000 sq.m.
- 67,000 sq.m. sold
- Population Haninge municipality 85,693 persons



Jordbro Centrum (Kalvsvik 11:9, 1:4), Haninge municipality

- 85,000 sq.m.
- 70,000 sq.m. sold
- Travel time to Stockholm C 29 min (with commuter train)



Born (Falun 9:22), Falu municipality

- 110,000 sq.m.
- 67,000 sq.m. sold
- Population Falun municipality 57,433 persons

FINANCING

Interest-bearing liabilities in the Group amounted to SEKm 13,908 at the end of the period, of which SEKm 7,233 related to liabilities to credit institutions, SEKm 6,601 to bond loans and SEKm 74 to subordinated debt loans and convertibles. Excluding the owner loan, the loan ratio was 60 percent. The fair value of the liabilities at 2017-12-31 is deemed to be in accordance with the carrying amount. The average interest rate for external financing amounted to 3.36 percent and for the owner loans and convertibles to 7 percent. The average interest rate was 3.37 years. The maturity structure of the external financing is shown in the table to the right.

During September, a hybrid bond of SEKm 700 was issued within a framework of SEKbn 1.0. As the hybrid bond is perpetual and the redemption can only be claimed by the company, the bond is classified as an equity instrument according to accounting principles. The hybrid bond has been listed on Nasdaq Stockholm since the 6th of November.

Loans maturing within one year include an unsecured bond of SEKm 600, issued at the end of 2016 with final maturity as of 2018-06-23. During the year, parts of the bond were repurchased and this also applies to other bonds maturing in 2018. During the autumn, work on refinancing was initiated, which resulted in issues of two unsecured bonds after the end of the year. One bond of SEKm 750 within a framework of SEKbn 1.0 was issued with a variable

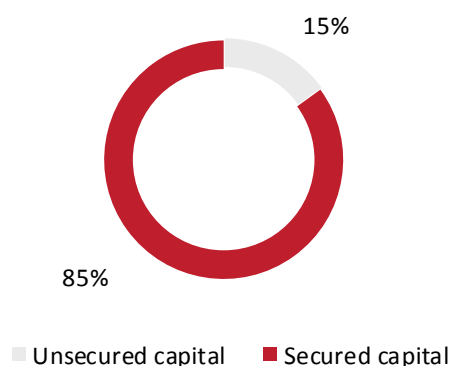
CREDIT MATURITY STRUCTURE

Maturity year	Utilized credit, SEKm	Proportion
< 1 year	1,314	9%
< 2 year	1,197	9%
< 3 year	4,012	29%
< 4 year	1,778	13%
< 5 year	1,039	7%
> 5 year	4,586	33%
Total	13,926	100%

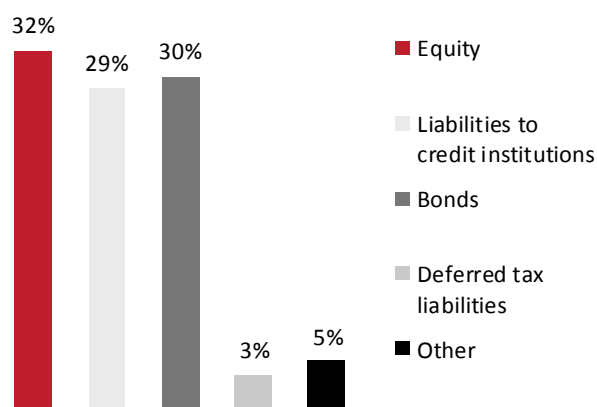
interest rate of Stibor 3 m + 390 basis points and a maturity of 3 years. The second bond of SEKm 300 was issued at fixed interest rate of 290 basis points and has a maturity of approximately 1.8 years

At the end of the period, SEKm 2,051 was in loan commitments and unutilized credit lines that will be used for refinancing.

FINANCING STRUCTURE



CAPITAL STRUCTURE





Samhällsbyggnadsbolaget

LARGETS ACTOR ON GROUP HOUSING IN SWEDEN



THE SHARE

SBB's Class B share is listed on Nasdaq First North. As of 2017-12-31 the number of class B shares amounted to 520,352,056. In addition, the company has class A shares totaling 217,596,975 and 333,205 preference shares.

In connection with the completion of the acquisition offer of preference shares and warrants in Högkullen, 2,667,812 shares of class B and 195,670 preference shares were issued, increasing the share capital by SEK 286,348. In December, an additional share issue of 34,035 preference shares was issued as payment for preference shares in Högkullen.

The price of the class B share was per 2017-12-31, SEK 6.20.



	2017-12-31	2016-12-31
EPRA Earnings, SEKm	298	6
EPRA Earnings (EPS), SEK/share	0.46	0.78
EPRA NAV, SEKm	7,120	1,973
EPRA NAV, SEK/share	9.65	E/T
EPRA NNNNAV, SEKm ¹⁾	6,282	1,609
EPRA NNNNAV, SEK/share	8.51	E/T
EPRA Vacancy Rate	3.2	1.7

1) Real value of deferred tax has been estimated to be 5,5 %.



SHAREHOLDERS

The share capital amounted to SEK 73,828,224 per 2017-12-31 with a quota value of SEK 0.1. Being a shareholder entitles the right to vote at the Annual General Meeting with one vote per class A share and 0.1 votes per class B share and 0.1 votes per preference share. The preference shares have a preferential right over the ordinary shares to an annual dividend of SEK 35, paid quarterly, per preference share. The biggest shareholder is Ilija Batljan who directly and indirectly holds 14.9 percent of the capital and 40.5 percent of the votes.

Shareholders	Amount Class A	Amount Class B	Amount Pref. shares	Share of capital, %	Voting Share, %
Ilija Batljan Invest AB	63,495,701			8.6	23.5
Ilija Batljan (private and through companies)	45,558,167	1,137,606		6.3	16.9
AB Arvid Svensson	26,000,000	20,833,333		6.3	10.4
Compactor Fastigheter AB	21,997,977	25,405,525		6.4	9.1
Backahill AB	13,919,159	14,605,317		3.9	5.7
Michael Cocozza	7,619,484	12,896,000		2.8	3.3
Meteva AS		84,929,772		11.5	3.1
Investmentaktiebolaget Cyclops	6,349,570	2,666,666		1.2	2.5
Assindia AB	4,762,186	3,924,318		1.2	1.9
AktFast Förvaltnings AB	4,762,186	3,924,309		1.2	1.9
Stiftelsen för Strategisk Forskning		42,651,810		5.8	1.6
HighHill Intressenter AB		40,701,897		5.5	1.5
Postens Pensionsstiftelse		40,551,810		5.5	1.5
Lennart Schuss (through companies)	2,000,000	14,924,060		2.3	1.3
Oscar Lekander	3,174,785	167,700		0.5	1.2
Krister Karlsson	3,174,785			0.4	1.2
Other	14,782,975	211,031,933	333,205	30.6	13.3
Total	217,596,975	520,352,056	333,205	100.0	100.0

In accordance with the decision at the annual general meeting in 2017, the shareholders have appointed Fredrik Råsberg (chairman), Sven-Olof Johansson, Mia Batljan and Lennart Schuss to constitute the nomination committee until a new committee has been appointed as mandated by the annual general meeting in 2018.



CASH-FLOW ANALYSIS

STATEMENT OF GROUP'S CASHFLOW

IN THOUSANDS OF SEK	2017-01-01 2017-12-31	2016-03-02 2016-12-31	2017-10-01 2017-12-31	2016-10-01 2016-12-31
Cash flow from operations				
Net profit - property management	337 582	5 634	87 454	5 417
<i>Adjustments for non-cash items</i>				
Depreciation	2 144	511	832	400
Net interest	463 785	66 223	152 478	49 803
Interest paid	-415 585	-49 383	-121 944	-40 832
Interest received	12 282	5 076	681	5 065
Income tax paid	-39 725	-	20 625	-
Cash flow from operations before changes in working capital	360 483	28 061	140 126	19 853
Cash flow from changes in working capital				
Increase (-)/decrease (+) of receivables	-180 535	-164 935	-113 174	-111 698
Increase (-)/decrease (+) of liabilities	330 126	672 390	116 007	331 087
Cash flow from operations	510 074	535 516	142 959	239 242
Cash flow from investing activities				
Investments in properties ¹⁾	-13 674 653	-6 832 993	-981 335	-4 518 765
Disposals of properties	732 711	436 253	306 575	436 253
Investments in equipment	-6 152	-6 879	564	-5 785
Investments in associated companies/joint ventures	-27 963	-83 216	-4 387	-79 211
Change in other long-term receivables	3 131	-15 100	91 071	-15 100
Cash flow from investing activities	-12 972 926	-6 501 935	-587 512	-4 182 608
Cash flow from financing activities				
New issues	-	732 655	-	732 155
Issue hybrid bond	668 387	-	-	-
Issue warrants	2 099	-	2 099	-
Share Issue ¹⁾	2 832 167	-	4 202	-
Paid dividend	-70 845	-	-34 034	-
Shareholder contributions received	-	35 650	-	-
Acquired minority interests	315 000	-	-	-
Redeemed minority interests ¹⁾	-187 778	-	-16 296	-

New loans	11 101 893	5 102 555	603 715	3 385 865
Amortization of loans	-1 846 342	-250 762	-51 854	-250 762
Occupied debts to owners	73 600	829 454	-	537 454
Amortization of debts to owners	-793 954	-35 500	-	-35 500
Change in other long-term liabilities	-45 014	58 764	-72 004	58 764
Cash flow from financing activities	12 049 213	6 472 816	435 828	4 427 976
Cash flow for the period	-413 639	506 397	-8 725	484 610
Cash and cash equivalents at beginning of period	506 397	-	101 474	21 787
Exchange differences in cash and cash equivalents	-9	-	-	-
Cash and cash equivalents at end of period	92 749	506 397	92 749	506 397

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

INCOME STATEMENT OF PARENT COMPANY

INCOME STATEMENT OF PARENT COMPANY IN BRIEF

Amounts in thousand SEK	2017-01-01 2017-12-31	2016-01-01 2016-12-31	2017-10-01 2017-12-31	2016-10-01 2016-12-31
Revenue	-	338	-	338
Personnel costs	-13 486	-236	-5 813	-63
Other operating expenses	-29 192	-849	-8 157	-581
Operating profit/loss	-42 678	-747	-13 970	-306
Profit/loss from financial items				
Profit from shares in group companies	3 062	-	3 062	-
Interest earnings and similar items	64 146	14	27 638	4
Interest payments and similar items	-4 908	-	-922	-
Profit/loss after financial items	19 622	-733	15 808	-302
Group contributions	-2 090	743	-2 090	743
Profit/loss before tax	17 532	10	13 718	441
Tax	-3 340	-	-3 340	-
PROFIT FOR THE PERIOD	14 192	10	10 378	441

STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in thousand SEK	2017-01-01 2017-12-31	2016-01-01 2016-12-31	2017-10-01 2017-12-31	2016-10-01 2016-12-31
Profit or loss for the period	14 192	10	10 378	441
Other comprehensive income	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	14 192	10	10 378	441

BALANCE SHEET OF PARENT COMPANY

BALANCE SHEET OF PARENT COMPANY IN BRIEF

Amounts in thousand SEK	2017-12-31	2016-12-31
ASSETS		
Fixed assets		
Financial assets		
Shares in group companies	3 441 984	1 733
Receivables from group companies	1 600 341	19 348
Total financial assets	5 042 325	21 081
Total fixed assets	5 042 325	21 081
Current assets		
Short-term receivables		
Accounts receivable	183	-
Other receivables	5 000	3 401
Accruals and prepaid expenses	10 357	14
Total short-term receivables	15 540	3 415
Cash and cash equivalents	3 372	1 957
Total current assets	18 912	5 372
TOTAL ASSETS	5 061 237	26 453
EQUITY AND LIABILITIES		
Equity	5 033 754	26 114
Tax allocation reserves	1 630	-
Long-term liabilities		
Deferred tax	460	-
Total long-term liabilities	460	-
Short-term liabilities		
Accounts Payable	9 799	137
Current tax liabilities	1 381	-
Other liabilities	10 301	-
Accruals and Deferred Income	3 912	202
Total short-term liabilities	25 393	339
TOTAL EQUITY AND LIABILITIES	5 061 237	26 453

CHANGES IN EQUITY

PARENT COMPANY'S REPORT OVER CHANGES IN EQUITY

Amounts in thousand SEK

	Share Capital	Share Premium	Balanced result	Total Equity
Opening Equity 2016-01-01	723	21 877	3 830	26 430
Dividens			-326	-326
Net result for the year			10	10
Closing Equity 2016-12-31	723	21 877	3 514	26 114
Opening Equity 2017-01-01	723	21 877	3 514	26 114
Share Issue	73 105	4 273 603		4 346 708
Issue hybrid bond		668 387		668 387
Issue warrants			2 099	2 099
Dividend		-23 746		-23 746
Net result for the period			14 192	14 192
Other comprehensive income			-	-
CLOSING EQUITY 2017-12-31	73 828	4 940 121	19 805	5 033 754

COMMENTS GROUP COMPANY INCOME STATEMENT AND BALANCE SHEET

The parent company's operations consist of group-wide functions such as business development, transaction, property development and financial management. The company has 9 employees. The costs incl. personnel costs during the period amounted to SEKm -13.5 (-0.2).

In total, the Parent Company has acquired shares for SEKbn 3.4 during the period. Share issues have been made, which has increased the number of shares to 738,282,236 and share capital to SEK 73,828,224. The previous operations were distributed through dividend at a value of SEKbn 1.7.



Fregatten 16, Karlskrona

CASH FLOW STATEMENT OF PARENT COMPANY

CASH FLOW STATEMENT OF PARENT COMPANY

	2017-01-01	2016-01-01	2017-10-01	2016-10-01
Amounts in thousand SEK	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Operating activities				
Profit after net financials	19 622	-733	15 808	-302
Net interest	-59 238	-14	-26 716	-4
Interest paid	-4 908	-	-922	-
Interest received	64 146	14	27 638	4
Tax paid	-3 340	-	-3 340	-
Cash flow from operating activities before changes in working capital	16 282	-733	12 468	-302
Cash flow from changes in working capital				
Increase (-)/decrease (+) of receivables	-12 125	1 788	1 717	1 624
Increase (-)/decrease (+) of liabilities	18 951	5	7 791	216
Cash flow from operating activities	23 108	1 060	21 976	1 538
Investment activities				
Investment in subsidiaries ¹⁾	-3 440 251	-1 733	-24 914	-1 733
Loans to affiliated undertakings	-1 580 993	-	7 591	-500
Cash flow from investment activities	-5 021 244	-1 733	-17 323	-2 233
Financing Activities				
Share Issue ¹⁾	4 346 708	-	20 473	-
Issue hybridbond	668 387	-	-13 063	-
Issue warrants	2 099	-	2 099	-
Paid dividend	-17 643	-326	-15 004	-326
Group contributions	-	743	-	743
Cash flow from financing activities	4 999 551	417	-5 495	417
Cash flow for the period	1 415	-256	-842	-278
Liquidity at beginning of period	1 957	2 213	4 214	2 235
Liquidity at end of period	3 372	1 957	3 372	1 957

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

ADDITIONAL INFORMATION

General Information

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

ACCOUNTING PRINCIPLES

Basis of consolidated financial statements

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

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

Consolidated Accounting

Subsidiaries are all those entities to which the group is exposed, or have rights to variable returns from its involvement and may affect yields by using their influence over the company. Subsidiaries are initially consolidated using the acquisition method. Subsidiaries are fully

consolidated from the date on which control is transferred to the group and are not included in the consolidated financial statements from the date that control ceases. Inter company transactions, balances and unrealised gains/losses on transactions between group companies are then eliminated in consolidated financial statements.

Acquisition

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

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

Reverse acquisition

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

presented in the consolidated financial statements is also retroactively adjusted to reflect the legal parent company's equity (accounting acquired companies).

Revenue

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

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

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

Lease Agreements

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

Central administration

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

Employee benefits

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

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

Financial revenue and expenses

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

Taxes

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

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

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

Segment reporting

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

and analyzed based on operating profit. The same accounting principles are used for the segments as for the Group.

BALANCE SHEET

Investment properties

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

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

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

Inventory

The inventories consist mainly of office equipment and vehicles, which have been taken up at acquisition cost less accumulated depreciation and any impairment

costs. The inventories are amortised linearly during their life cycle. The inventories are estimated to have a life cycle that is assumed to be equal to the asset's economic longevity and thus the residual value is assumed to be negligible and therefore not taken into consideration. Depreciation is calculated from the time the asset is available for use.

Financial instruments

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

Financial assets

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

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

Financial Liabilities

Financial liabilities are reported at acquisition cost, and as a net value after transaction costs. Any difference between the received amount and the repayment amount, for example in the form of issue premium or discount, is reported in the income statement distributed

over the term of the loan.

Borrowings are classified as short-term liabilities unless the group has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date. Accounts payable have a short expected duration and are placed at nominal value.

Deferred Tax

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

Cash flow

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

Parent company accounting principles

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

Subsidiaries

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

Group contributions and shareholder contributions

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

Revenue

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

INFORMATION ON FUTURE STANDARDS

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

IFRS 9, Financial Instruments

This standard comes into force on 1 January 2018 and will replace IAS 39 Financial Instruments: Recognition and Measurement. The new standards set out rules for the

classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. The group has not yet evaluated the standard and its impact on consolidated financial reporting.

IFRS 15, Revenue

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

IFRS 16 , Leases

This standard comes into force on 1 January 2019 and will replace IAS 17 Lease Agreements and related interpretations. It requires the lessee to report assets and liabilities relating to all lease agreements except those with less than 12 months in duration and/or relate to small amounts. The reporting for lessors will essentially be unchanged. The group has not yet evaluated the standard and its impact on consolidated financial reporting.

IMPORTANT ASSESSMENTS

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

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

When acquiring a company, an acquisition is classified either a financial or an operative acquisition. A financial acquisition refers to acquisition of properties and does not include the organization or the processes required to conduct management activities. All other acquisitions are operative acquisitions. In real estate transactions, there is also an assessment of when the transfer of risks and benefits occur. This assessment is indicative of when the transaction should be reported. Management assesses each acquisition or sale on a case-by-case basis as to whether it should be reported as a financial or an operative acquisition as well as the timing of the reporting.

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

Risks

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

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

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

PLEDGED ASSETS AND CONTINGENT LIABILITIES

Group	2017-12-31	2016-12-31
Pledged assets		
Mortgages	12 170 445	3 728 456
Floating charges	2 056 399	1 053 106
Total	14 226 844	4 781 562
Contingent liabilities		
Guarantees	-	-
Total	-	-
Parent company		
Pledged assets		
Floating charges	-	-
Total	-	-
Contingent liabilities		
Guarantees	3 065 546	-
Total	3 065 546	-

TRANSACTIONS WITH RELATED PARTIES

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

In addition, the group purchases services from Hestia Sambygg AB, which is 49 percent owned by the principle shareholder, Ilija Batljan Invest AB. The purchases include consultancy services within financial and technical management. The pricing is the actual cost of production plus a margin of 7 percent.

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

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

Stockholm, 27 February 2018

Lennart Schuss
Chairman of the Board

Ilija Batljan
Chief Executive Officer

Sven-Olof Johansson
Member of the Board

Hans Runesten
Member of the Board

Seth Lieberman
Member of the Board

Eva Swartz Grimaldi
Member of the Board

Anne-Grete Strøm Erichsen
Member of the Board

This information is information that Samhällsbyggnadsbolaget i Norden AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication (Swedish version), through the agency of the contact persons set out below, on 27 February 2018, 08.00 a.m. CET.

Ilija Batljan, CEO, ilija@sbbnorden.se
Rosel Ragnarsson, IR, 070-674 44 42, lotta@sbbnorden.se
Certified Advisor is Remium Nordic Holding AB (www.remium.com).

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

Calendar

Interim Report Jan-Mars 2018	2018-04-27
Annual General Meeting 2017	2018-04-27
Interim Report Jan-Juni 2018	2018-07-16
Interim Report Jan-Sept 2018	2018-10-31
Year-end report 2018	2019-02-20

DEFINITIONS

FINANCIAL DEFINITIONS

Adjusted equity ratio, %

Reported equity incl. shareholder loans and convertibles, with reversal of reported deferred tax liability as a percentage of total assets.

Average interest rate, year

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

Average interest rate, %

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

Average number of preference shares

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

Average number of shares

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

Cash flow from operating activities, SEK

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

Debt maturity, years

Remaining maturity until the expiration for interest-bearing liabilities.

EPRA

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

EPRA Earnings, SEK

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

EPRA NAV (Long term net asset value)

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

EPRA NNNAV (Actual net asset value), SEK

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

EPS (Earnings Per Share)

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

Equity ratio, %

Reported equity as a percentage of total assets.

Outstanding number of preference shares

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

Loan to value ratio, %

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

Outstanding number of shares

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

Return on equity, %

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

PROPERTY-RELATED DEFINITIONS

Economic occupancy rate, %

Rental income in relation to rental value.

EPRA Earnings, SEK

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

EPRA Vacancy rate, %

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

Market value of investment properties, SEK

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

Net operating income, SEK

Refers to rental income minus property costs.

Number of properties

Number of properties at the end of the period.

Number of square meter (sq.m.)

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

Rental income, SEK

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

Rental value, SEK

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

Surplus ratio, %

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

Weighted average unexpired lease term for community service properties, years

Remaining contract value in relation to annual rental income for community service properties.

Yield, %

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

APPENDIX 1 – CURRENT EARNINGS CAPACITY

Below is the current earnings capability for the Group for 12 months, taking into account the Group's property portfolio as of 2017-12-31. The current earnings capacity is not a forecast but only to be regarded as a hypothetical snapshot and presented solely to illustrate revenue and

expenses on a yearly basis, given the real estate portfolio, financial costs, capital structure and organization at a certain time. The Group's earnings capacity does not include the result effect of unrealized and realized value changes.

THE GROUP'S EARNINGS CAPACITY

	SEKm
Rental Income	1,588
Operating costs	-292
Maintenance	-100
Property administration	-58
Property tax	-27
Net operating income	1,111
Central administration	-48
Profit from Joint Ventures	3
Net financials	-484
Operating profit	582

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

- Contracted rental income on a yearly basis (including additions and rent discounts) and other real estate-related income based on current lease contracts per 2017-12-31.
- Operating and maintenance costs consist of budget of 2018 year's operating costs and maintenance measures.
- Property tax has been calculated based on the property's current tax assessment value per 2017-12-31.
- Property administration costs have been calculated based on existing organization.
- No financial income has been included in the net financials. Financial expenses have been calculated based on contracted interest rates and include interest on external loans.

Net asset yield and long-term changes in value

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

SENSITIVITY ANALYSIS

	Building rights profit = SEKm 250			Building rights profit = SEKm 400		
	Change in value			Change in value		
		-1%-point	+1%-point		-1%-point	+1%-point
Operating profit, rolling 12 months	582	582	582	582	582	582
Profit from creation of building rights	250	250	250	400	400	400
Change in property value (10-years average CPI)	274	44	504	274	44	504
D:o %	1.2%	0.2%	2.2%	1.2%	0.2%	2.2%
Current tax, 10%	-58	-58	-58	-58	-58	-58
Profit after tax	1,048	818	1,278	1,198	968	1,428
Profit SEK/share	1.42	1.11	1.73	1.62	1.31	1.93
Return on actual long-term net asset value	14.6%	11.4%	17.8%	16.7%	13.5%	19.9%
Profit / share price per 2017-12-31	22.9%	17.9%	27.9%	26.2%	21.1%	31.2%
P/E	4	6	4	4	5	3



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