



Samhällsbyggnadsbolaget

YEAR END REPORT 2018
JANUARY – DECEMBER

Samhällsbyggnadsbolaget i Norden AB (publ)

Q4



YEAR END

RENTAL INCOME,
SEKm

1 680

OPERATING PROFIT,
SEKm

321

NET PROFIT FOR THE
YEAR, SEKm

1 690

YEAR IN BRIEF

- Rental income increased to SEK 1,680m (1,339).
- The operating surplus increased to SEK 1,071m (877).
- Cash flow from operating activities before changes of working capital was SEK 248m (360).
- Profit before tax was SEK 1,904m (3,131), of which:
 - Income from property management is included with SEK 321m (338). The management result includes costs for early redemption of loans and other non-recurring financing costs of SEK -205m.
 - Unrealized changes in the value of properties excluding building rights are included with SEK 1,340m (2,041).
 - Unrealized changes in value as a result of building rights are included with SEK 177m (749).
 - Realized value changes relating to properties are included with SEK 58m (7).
 - Unrealized changes in value of derivatives are included with SEK 8m (-4).
- Profit for the period was SEK 1,690m (2,429) after deductions for deferred tax of SEK -212m (-662) and current tax of SEK -2m (-40), corresponding to earnings per ordinary share of class A and B of SEK 2.07 (3.60) before dilution.
- The value of the property portfolio increased by SEK 2.2bn during the year to SEK 25.2bn (23.0).
- Long-term net asset value (EPRA NAV) increased to SEK 8,736m (7,120), corresponding to SEK 11.55 (9.65) per share.
- The board proposes a dividend of SEK 0.25 (0.10) per ordinary share of class A and B, a dividend of SEK 2.00 (-) per ordinary share of class D and SEK 35.00 (35.00) per preference share.

SEK 25.2bn
Property value

SEK 11.55
Long-term net
asset value
per share

FOURTH QUARTER

RENTAL INCOME,
SEKm

453

OPERATING PROFIT,
SEKm

28

NET PROFIT FOR THE
QUARTER, SEKm

691

IMPORTANT EVENTS DURING THE FOURTH QUARTER

- Rental income for the quarter was SEK 453m (384) and contributed to an operating surplus of SEK 274m (257). Cash flow from operating activities before changes in working capital was SEK -7m (140) for the quarter.
- Profit before tax was SEK 700m (493), of which the profit from property management was SEK 28m (87) and changes in value for properties totaled SEK 671m (409). The management result includes costs for early redemption of loans and other non-recurring financing costs of SEK -125m. Earnings per ordinary share of class A and B for the quarter was SEK 0.83 (0.48) before dilution.
- At the beginning of October, SBB submitted a partial public takeover bid with share premium to the preference shareholder in Karlbergsvägen 77 Fastighets AB (publ) to promote the possibility of using the property as a school. The acquisition was made against payment in newly issued ordinary shares of class D.
- Additional hybrid bonds of SEK 100m were issued under the existing SEK 1.5bn framework. The issue price amounted to

101.35 percent, corresponding to a margin of 606 basis points. Subsequently, another issue of SEK 100m was made at an issue price of 101.8 percent, corresponding to a margin of 597 basis points.

- SBB entered into an agreement with Phoenix Insurance Company, which holds 35,000,000 warrants in the company, which meant that SBB repurchased 17,500,000 warrants for a purchase price of SEK 93.07m. According to the agreement, SEK 85.75m of the purchase price was to be paid in cash and the remainder through a new issue of 600,000 ordinary shares of class B in the company. Phoenix Insurance Company also applied for subscription for the remaining 17,500,000 warrants at an adjusted subscription price of SEK 7.30.
- In November, SBB acquired two community properties, in which training and LSS housing were conducted, respectively, and eight residential properties in Höganäs at a total property value of SEK 289m.
- SBB's subsidiary in Norway, B121 Holding AS, repurchased junior bonds at the beginning of November with a nominal amount of NOK 130m out of a total of NOK 390m outstanding. The junior bonds carry a fixed interest rate of 5.75 percent with maturity in December 2020.
- In November, Adrian Westman was appointed Head of Investor Relations to assist SBB in its goal to list on Nasdaq Stockholm's main list.
- In November, two community service properties, a retirement home in Sundbyberg and a school property in Luleå were acquired at an agreed property value of SEK 238m.
- In December, SBB and Phoenix signed an agreement for a directed new share issue of 10,209,678 ordinary shares of class D, which brought SBB gross proceeds of approximately SEK 316.5m, which SBB used for the repurchase of hybrid bonds at a nominal amount of SEK 300m.
- During the quarter, SBB issued a total of 41,626,390 ordinary shares of class D, through targeted new issues, which provided the company with gross proceeds of SEK 1,290m.
- In December, SBB signed an agreement to acquire 1,363 apartments allocated to 50 properties in Södertälje, Enköping, Sigtuna, Tierp, Tranås, Vaggeryd, Söderhamn and Nässjö at an agreed property value of SEK 1,305m.
- SBB sold 1,600 apartments allocated at six locations in Sweden at an agreed property value of SEK 1,375m to a JV cooperation jointly with KlaraBo Sverige AB and an office property in Drammen, Norway, at an agreed property value of NOK 220m. Buyers of the property in Drammen were Union Eiendomsutvikling.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- SBB has decided to discontinue the rating from Moody's Investors Service. SBB believes that two international credit rating agencies are sufficient to meet the company's long-term financial and operational goals.
- A voluntary repurchase offer of outstanding 2018/2019 SEK bonds resulted in bonds with a nominal value of SEK 262m being repurchased and was followed by SBB tapping SEK 224m of SBB's existing bond loan maturing in May 2021.
- In the period after the quarter, SBB sold a development property in Kristiansand in Norway for NOK 200m to a JV company together with Martin Mæland.
- SBB invests in an energy project to reduce carbon dioxide emissions by 75 percent in a residential area with 476 apartments in Motala. This will be done through solar cells and a reduction of existing energy use through energy recovery measures.
- In February, the municipality of Nykvarn entered into a new 25-year lease with SBB regarding the rebuilding and extension of Nykvarn's municipal house. The municipal building will undergo a rebuilding and extension of approximately 2,000 sq.m. to a total of 3,900 sq.m. offices for the municipality's employees, including the municipality's existing library.
- In February, SBB issued its first green non-secured bond and reached another milestone in its sustainability efforts. The bond of SEK 500m has a maturity of 5 years carrying an interest rate of Stibor 3m + 3.30 percent, which continues to reduce the company's financial risk profile, and was oversubscribed more than twice the issued volume.
- In February, SBB also issued a bond of SEK 200m with a maturity of 5 carrying an interest of Stibor 3m + 3.25 percent, as part of further reducing the company's financial risk.

SBB KEY RATIOS

	2018	2017	2018	2017
	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
Rental income, SEKm	1 680	1 339	453	384
Net operating income, SEKm	1 071	877	274	257
Surplus ratio, %	64	66	60	67
Interim profit, SEKm	1 690	2 429	691	381
Yield, %	4,7	4,8	4,7	4,8
Cash flow from current operations, SEKm ¹⁾	248	360	-7	140
Property value (market value), SEKm	25 243	23 001	25 243	23 001
Number of properties	570	749	570	749
Leasable area, sq.m., thousands	1 330	1 366	1 330	1 366
Economic letting ratio, %	96,2	96,8	96,2	96,8
WAULT, community service properties, yrs	7	7	7	7
Shareholders' equity, excl. non-controlling equity interests, SEKm	9 009	6 389	9 009	6 389
EPRA NAV (long-term net asset value), SEKm	8 736	7 120	8 736	7 120
EPRA NNAV (actual net asset value), SEKm	7 838	6 282	7 838	6 282
Return on Shareholders' Equity, %	18	52	7	5
Loan-to-value ratio %	53	58	53	58
Equity ratio, %	41	32	41	32
Adjusted Equity ratio, %	44	36	44	36
Earnings per ordinary class A and class B share, SEK	2,07	3,60	0,83	0,48
Earnings per ordinary class D share, SEK	0,50	-	0,50	-
Average number of ordinary class A and B shares	741 569 031	653 360 953	752 310 988	737 949 031
Average number of ordinary class D shares	918 854	-	3 645 452	-
Average number of preference shares	324 983	168 360	300 584	305 089
Number of ordinary class A and B shares	756 049 031	737 949 031	756 049 031	737 949 031
Number of ordinary class D shares	41 626 390	-	41 626 390	-
Number of preference shares	175 251	333 205	175 251	333 205

See definitions of key ratios on page 38

- 1) Before changes in working capital.
- 2) According to a new definition since 30-06-2018, see page 38



View from the property Dronning Eufemias gate 30 in Oslo, Norway

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. 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 570 properties as of 31-12-2018. The properties had a total value of SEK 25.2bn,

where residentials comprised SEK 6.7bn, community service properties SEK 16.4bn, and the remaining properties SEK 2.1bn. The total lettable area was approx. 1,330,000 sq.m. with a rental income, on a 12-months rolling basis, of SEK 1,585m.

Classification	Rental income, SEKm	Total, %
Residential	451	28
Group Housing	171	11
Government	688	43
Indirect government	133	8
Other	142	9
Total	1 585	100

ORGANISATION

SBB's management team has significant experience in development and management of both residential and community service properties. The organization constitutes of a small team of employees where the focus lies on transactions, property development and cost-efficiency. SBB 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

2018 became Samhällsbyggnadsbolagets (SBB) best year so far and we end it with a strong quarter. At year end, we report total equity of SEK 11,197m. During the fourth quarter, we reported a result of SEK 0.83 (0.48) per A- and B ordinary shares. Adjusted earnings per A- and B ordinary shares for the full year 2018 were SEK 2.31, which corresponds to just under one fifth of the company's market value. Revenues grew by 3.2 percent (like for like) and in our major renovation projects significantly higher. For example, we performed ca 10 percent in Motala and ca 7 percent in Nykvarn. The loan-to-value ratio was 53 percent and the adjusted equity ratio was 44 percent. SBB's 12-month rolling earnings capacity amounts to SEK 770m. Property development continue to deliver with an average result (three-year average) of SEK 510m. During 2018, SBB's property development team have sold properties containing circa 270 000 sq.m. GFA, worth approximately SEK 780m.

The first property I bought into the newly formed Samhällsbyggnadsbolaget in 2016 was an elderly care home in the small town of Örkelljunga. Today, three years later, almost half of our property value of SEK 25bn is in the metropolitan cities of Oslo and Stockholm. This year, for example, we added an elderly care home in Södermalm, a new school in Vasastan and rent regulated rental apartments in Gubbängen and Nacka.

At the end of the year, a new zoning plan of 33,500 sq.m. was approved on one of our properties in Nykvarn (which is one of Sweden's fastest growing municipalities), where both an elderly care home and new regulated rental apartments will be built. A few weeks after that, we signed a new 25-year agreement with Nykvarn municipality in connection with the rebuilding of the municipal house. During

the fourth quarter, we also signed a 50-year lease agreement with Skellefteå municipality for the newly-built Cultural Centre, which will be ready for occupancy in early 2021. This is probably one of the longest lease agreements ever signed in Europe.

A property portfolio where almost half of the value is in Stockholm and Oslo, combined with an average lease length of 7 years and, given the newly signed leases, rather an adjusted average lease length of 10 years, means low risk. We can add to this the fact that our total rental income, which for a rolling 12-month period amounts to SEK 1,585m, has 91 percent coming from rent regulated rental apartments or comes directly or indirectly from state and municipality through our community service properties. Overall, this is a low-risk exposure that is unique in its kind when the economy turns.

The success of a company is based on the employees' efforts and skills. Over the past three years, we have succeeded in recruiting several fantastic colleagues. This is exactly what corporate building is all about - recruiting talented people and giving them the ability to do what they are best at. The rest will be read in the last row over the years to come.

FOCUS ON CONSOLIDATION AND STRENGTHENING EQUITY STORY

The work on consolidating the balance sheet with the aim to improve our financial position intensified during the second half of 2018. As part of this work, we have repaid circa SEK 1.35bn of our bond of SEK 1.5bn maturing in April 2020. We have also partly repurchased our junior bond for Barcode (DNB's head office in Oslo), repaid expensive bridge loans and renegotiated several bank loans at lower

interest rates. In addition, we have acquired extensive back-up facilities. Non-recurring costs of SEK 205m relating to refinancing, repurchase of bonds and set-up fees are charged to profit for the year. In the short term, earnings are adversely affected, but over time this significantly strengthens our financial position with both lower future interest expenses and a stronger financial position. During the second half of the year, we have lowered our financial expenses by SEK 111m, seen in rolling 12 months. At the end of the year, our average interest rate was 2.4 percent, compared with 3.4 percent a year ago. The refinancing contributes to our adaptation to new rules regarding interest deduction restrictions.

An important part of our consolidation phase has been a strong increase in equity during the second half of 2018. During the second half of the year, we have strengthened our equity with SEK 2.6bn. Part of this has been the issuance of ordinary D-shares totalling SEK 1.3bn and the issuance of ordinary B-shares for a total of SEK 135m during the fourth quarter. After year end, we have continued to strengthen our equity by registering additional D-shares totalling SEK 126m. We also divested non-strategic properties totalling SEK 2.9bn during the second half of the year.

LONG-TERM OWNER AND PARTNER TO MUNICIPALITIES

During the second half of the year, we launched a new property management organisation. We recognise that the combination of our own technical management and proximity to our tenants, where the tenants are in focus, are important criteria for long term property management. We know that everything one does, and even what one does not do, play a role and are important components of long-term management and ownership. We see great potential in continuing to develop our property management and to increase focus on improvements in efficiency of energy use. Sustainability is a central part of our business model and we look forward to major investments in reducing carbon dioxide emissions by at least 400 tonnes per year over the next five years. After the end of the year, we have successfully issued our first green bond of SEK 500m.

The largest owners of community service properties are municipalities and we continue to be a leading partner to the municipalities in the Nordic region. Our strong position combined with demographic trends that lead to great needs for retirement homes and schools creates potential for new collaborations and growth.

STRONG NET OPERATING INCOME WITH STRONG CASH FLOWS

During the year, SBB has created value and delivered a strong result through investments in refurbishments of both rental apartments and community service properties, new leases and extended leases and active property development. We have delivered a net operating income of SEK 1,071m, which adjusted for non-recurring items amounted to approximately SEK 1.1bn, an increase of 24 percent from SEK 877m in the corresponding period of the previous year. We also managed to invest extra on maintenance in connection with renovations during the fourth quarter.

Given SBB's business model of selling building rights and the effect of high costs that the company has taken for refinancing one could calculate a free cash flow after adjustments of SEK 476m (see table).

	SEKm
Cash flow from operations before changes in working capital	248
Refinancing costs	205
Cash flow from sold building rights	135
Paid interest on hybrid bonds and paid dividend on preference shares	-112
Adjusted free cash flow	476

Our strong net operating income combined with our reduced financing costs, enables continued strong cash flows, which is why the Board proposes a dividend of SEK 0.25 per share. Our adjusted profit from property management amounts to SEK 546m. The reported result of SEK 321m is affected by extraordinary costs for the repurchase of bonds, set-up fees, and costs for refinancing and our continued focus on reducing the financial risks. Our estimated earnings capacity using rolling 12 months at the end of the third quarter was SEK 770m, corresponding to an increase of 32 percent from SEK 582m at the end of 2017. All in all, this gives us the best conditions for continuing to build the Nordic region's strongest player with a focus on community properties.

OUTLOOK

In 2018, we have refurbished 415 apartments, which is more than three times as many as in 2017 and in line with our goal of 600 apartments for the second half of 2018 and the first half of 2019. Our rent regulated rental apartments have an average value corresponding to just over SEK 13,000 per sq.m. in our balance sheet and we see great opportunities for value growth as we start refurbishments from low rent levels.

SBB's stable cash flows are only marginally affected by the business cycle and external factors. Our properties are located at attractive locations in the

major cities in the Nordic region, and our portfolio of community service properties and rental apartments has long lease duration. I have said this before and repeat it again - Swedish rent regulated rental apartments with low regulated rents are very safe and stable assets. SBB's portfolio of rental units combined with our high proportion of tenants who are represented by the state and municipalities, via our community service properties, represents a stable and long-term investment. In addition to this, we are community builders and at the end of the fourth quarter we had just under 50 ongoing development projects in different phases of zoning plans. Converted to potential for new construction those plans correspond to approx. 10,000 - 12,000 apartments. We see continued strong demand for rent regulated rental apartments and great competition for both rental apartments and community service properties.

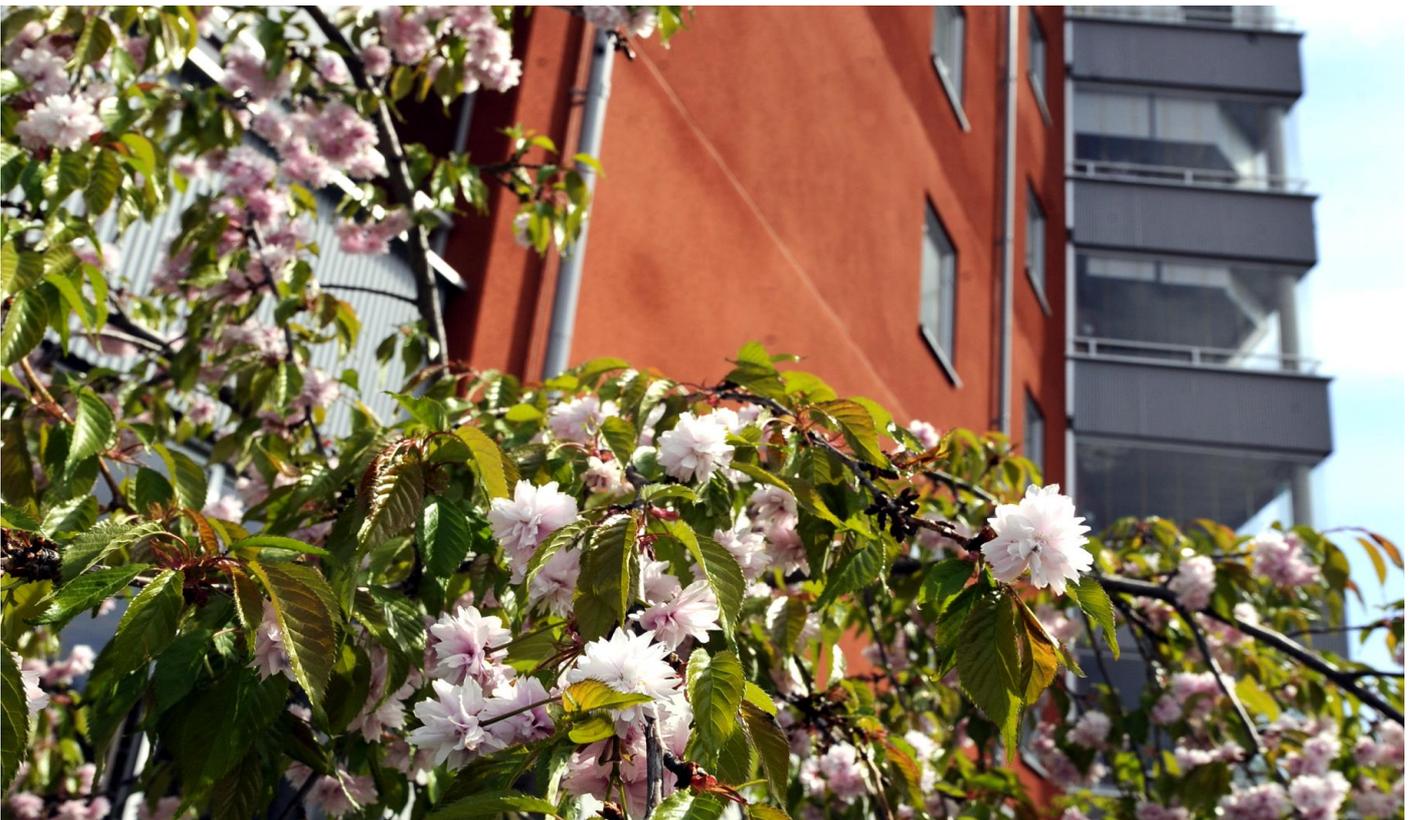
Our attractive low risk assets deserve a lower financial risk. This is also why, in connection with our Capital Markets Day in December, when we announced our new growth target of SEK 40bn in property value in 2023, this objective was conditional on an Investment Grade rating. Although we expect to deliver almost half of the growth from SEK 25bn to SEK 40bn between 2018 and 2023 organically through property development, renovations, renegotiations and higher rental income (i.e. without acquisitions), we wanted to be clear that we prioritise a strong financial position. In the same spirit, we presented an update of two of our financial goals:

- Maintaining a loan-to-value ratio below 55 percent (from 60 percent)
- To achieve an interest coverage ratio of at least 2.5 times (from 1.8 times)

At the end of the year, our net loan-to-value ratio was 52 percent and we will continue to create the conditions for further reducing the loan-to-value ratio over the next 12 months. The loan-to-value ratio will also be adjusted automatically as our claims of just over SEK 1bn on JV companies will be repaid to us in the coming quarters. We have also issued D-shares for SEK 126m, which we did not register before the end of the year. Should one adjust the loan-to-value ratio for these measures, SBB's loan-to-value ratio is just under 50 percent. With this, I believe that our goal of strengthening the financial position to achieve the criteria for an Investment Grade rating in 2018 is met. I look forward to the credit rating agencies' reports.

The strengthened financial position provides us with good conditions for continuing the work of creating the Nordic region's leading player with a focus on community service properties and rental apartments. I started off by describing our low-risk assets and I conclude with our increasingly lower financial risk. It is the combination that leads to continued value creation for both society and our shareholders.

Ilija Batljan
 Founder and CEO



INCOME STATEMENT

THE GROUP'S COMPREHENSIVE INCOME STATEMENT

IN THOUSANDS OF SEK	2018-01-01	2017-01-01	2018-10-01	2017-10-01
	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Rental income	1 680 376	1 338 677	453 097	384 396
Operating costs	-386 481	-302 518	-111 055	-73 796
Maintenance	-99 527	-62 471	-34 995	-18 897
Property administration	-92 065	-73 981	-26 616	-25 072
Property tax	-31 520	-22 502	-6 905	-9 477
Net operating income	1 070 783	877 205	273 526	257 154
Central administration	-101 599	-75 838	-34 681	-17 222
Profit from Joint Ventures	12 940	-	10 231	-
Profit before financial items	982 124	801 367	249 076	239 932
Profit from financial items				
Interest income and similar	4 211	12 282	1 731	681
Interest expenses and similar	-459 545	-476 067	-98 256	-153 159
Costs for prepaid loans	-205 375	-	-125 049	-
Profit from property management	321 415	337 582	27 502	87 454
Changes in the value of properties	1 574 780	2 796 844	670 804	409 495
Changes in value of derivatives	7 522	-3 748	1 485	-3 748
Profit before tax	1 903 717	3 130 678	699 791	493 201
Tax	-213 759	-701 696	-8 917	-111 932
PROFIT FOR THE PERIOD	1 689 958	2 428 982	690 874	381 269
REPORT OVER OTHER COMPREHENSIVE INCOME				
IN THOUSANDS OF SEK	2018-01-01	2017-01-01	2018-10-01	2017-10-01
	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Interim profit	1 689 958	2 428 982	690 874	381 269
Other comprehensive income				
Translation gains/losses for the period	-4 584	-94 088	-197 124	-46 805
COMPREHENSIVE INCOME FOR THE PERIOD	1 685 374	2 334 894	493 750	334 464
Earnings per class A and B share before dilution	2,07	3,60	0,83	0,48
Earnings per class A and B share after dilution	2,03	3,60	0,82	0,48

INCOME STATEMENT COMMENTS

NET OPERATING INCOME

Rental income during the year amounted to SEK 1,680.4m (1,338.7) and for the quarter SEK 453.1m (384.4). Of the rental income, SEK 565.1m related to rent regulated residential, SEK 982.5m to community service properties and SEK 132.9m to other properties. The economic occupancy rate at the end of the period was 96.2 percent (96.8). The average lease length for community service properties was 7 years (7).

Property costs during the year amounted to SEK -609.6m (-461.5) and for the quarter SEK -179.6m (-127.2). The costs are mainly attributable to utility costs, maintenance costs, and other operational and management costs. The result for the operating cost items heat, electricity and snow exceeded the normal outcome for the period by approximately SEK 20m. This is partly due to an extra long and cold winter as well as a large amount of snow during the first tertial.

SEGMENT REPORTING

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

SEGMENT REPORTING FOR THE PERIOD 2018-01-01 - 2018-12-31

SEKm	Residential	Community service	Other	Total
Rental income	565.1	982.5	132.9	1 680.4
Property costs	-294.3	-238.7	-76.6	-609.6
Net operating income	270.8	743.8	56.3	1 070.8
<i>Surplus ratio</i>	<i>47.9%</i>	<i>75.7%</i>	<i>42.3%</i>	<i>63.7%</i>
Central administration				-101.6
Profit from associated companies/JV				12.9
Net financials				-660.7
Operating profit				321.4
Value changes properties	833.8	680.7	60.3	1 574.8
Value changes derivatives				7.5
Tax				-213.8
Profit for the period				1 690.0
Investment properties	6 720.3	16 434.6	2 087.6	25 242.5
Value per sq.m. (SEK)	13 382	25 337	11 648	18 979

SEGMENT REPORTING FOR THE PERIOD 2018-10-01 - 2018-12-31

SEKm	Residential	Community service	Other	Total
Rental income	160.9	264.0	28.2	453.1
Property costs	-90.4	-74.6	-14.5	-179.6
Net operating income	70.5	189.4	13.7	273.5
<i>Surplus ratio</i>	<i>43.8%</i>	<i>71.7%</i>	<i>48.6%</i>	<i>60.4%</i>
Central administration				-34.7
Profit from associated companies/JV				10.2
Net financials				-221.6
Operating profit				27.5
Value changes properties	236.7	441.0	-6.9	670.8
Value changes derivatives				1.5
Tax				-8.9
Profit for the period				690.9
Investment properties	6 720.3	16 434.6	2 087.6	25 242.5
Value per sq.m. (SEK)	13 382	25 337	11 648	18 979

SEGMENT REPORTING FOR THE PERIOD 2017-01-01 - 2017-12-31

SEKm	Residential	Community service	Other	Total
Rental income	473.9	740.9	123.9	1 338.7
Property costs	-241.2	-158.1	-62.2	-461.5
Net operating income	232.7	582.8	61.7	877.2
<i>Surplus ratio</i>	<i>49.1%</i>	<i>78.7%</i>	<i>49.8%</i>	<i>65.5%</i>
Central administration				-75.8
Profit from associated companies/JV				0.0
Net financials				-463.8
Operating profit				337.6
Value changes properties	698.5	1 540.6	557.8	2 796.8
Value changes derivatives				-3.7
Tax				-701.7
Profit for the period				2 429.0
Investment properties	5 858.9	14 582.8	2 559.0	23 000.7
Value per sq.m. (SEK)	11 481	22 808	11 840	16 841

SEGMENT REPORTING FOR THE PERIOD 2017-10-01 - 2017-12-31

SEKm	Residential	Community service	Other	Total
Rental income	133.8	218.3	32.3	384.4
Property costs	-68.5	-40.8	-17.9	-127.2
Net operating income	65.2	177.5	14.4	257.1
<i>Surplus ratio</i>	<i>48.7%</i>	<i>81.3%</i>	<i>44.6%</i>	<i>66.9%</i>
Central administration				-17.2
Profit from associated companies/JV				0.0
Net financials				-152.5
Operating profit				87.4
Value changes properties	115.0	309.9	-15.4	409.5
Value changes derivatives				-3.7
Tax				-111.9
Profit for the period				381.3
Investment properties	5 858.9	14 582.8	2 559.0	23 000.7
Value per sq.m. (SEK)	11 481	22 808	11 840	16 841

PROFIT AFTER TAX

In total, the costs for central administration during the year amounted to SEK -101.6m (-75.8). The costs for the quarter amounted to SEK -34.7m (-17.2). Costs for business development, transactions, real estate development and financial management are included in the central administration. Costs that are of a one-off character are included in the amount, totaling approximately SEK 20m. Income from associated companies and joint ventures was SEK 12.9m (-) for the year and SEK 10.2m (-) for the quarter.

Net financial items for the year amounted to SEK -660.7m (-463.8). For the quarter, net financial items amounted to SEK -221.6m (-152.5). 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 205m during the year and SEK 125m during the period.

Value changes of the properties amounted to SEK 1,574.8m (2,796.8), where SEK 58.2m (6.7) were realized value changes and SEK 1,516.6m (2,790.2) were unrealized value changes. A part of the unrealized value change was value creation regarding building rights of SEK 177.3m (749.0). The remaining value changes can be explained by an increase in the operating net as a consequence of investments and leasing of the property stock, as well as reduced yield requirements.

The after-tax profit amounted to SEK 1,690.0m (2,429.0), which was weighed down by SEK -213.8m (-701.7) in taxes. SEK -1.4m

(-39.7) relate to current taxes and SEK -212.4m (-662.0) concerned deferred taxes related to the properties and loss carryforwards. As a result of the new tax rules applicable as of 2019-01-01 deferred tax has been revalued to 20.6 percent. 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. The result of the change of the tax rate from 22 percent to 20.6 percent is SEK 48m for 2018.



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

BALANCE SHEET

STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK	2018-12-31	2017-12-31
ASSETS		
Fixed assets		
Intangible fixed assets		
Goodwill	23 679	-
Total intangible fixed assets	23 679	-
Tangible fixed-assets		
Investment properties	25 242 538	23 000 726
Equipment, tools and installations	4 507	10 376
Total tangible fixed assets	25 247 045	23 011 102
Financial assets		
Shares in associated companies /joint ventures	213 175	110 691
Receivables associated companies /joint ventures	582 990	-
Other long-term receivables	73 472	10 554
Total financial assets	869 637	121 245
Total non-current assets	26 140 361	23 132 347
Current assets		
Current receivables		
Account receivables	30 337	26 271
Receivables associated companies /joint ventures	991 255	-
Other receivables	290 043	277 898
Prepaid expenses and accrued income	32 315	39 472
Total short-term payables	1 343 950	343 641
Cash and cash equivalents	156 629	92 749
Total current assets	1 500 579	436 390
TOTAL ASSETS	27 640 940	23 568 737

STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK	2018-12-31	2017-12-31
EQUITY AND LIABILITIES		
Equity	11 196 941	7 636 057
Long-term liabilities		
Liabilities to credit institutions	5 897 706	6 595 568
Bond loans	6 598 455	5 941 057
Derivatives	11 532	35 247
Long-term loans to shareholders	-	33 600
Deferred tax liabilities	1 046 914	863 105
Other long-term liabilities	25 423	13 750
Total long-term liabilities	13 580 030	13 482 327
Short-term liabilities		
Liabilities to credit institutions	11 513	637 176
Commercial papers	1 840 417	-
Bond loans	326 812	660 289
Account payables	87 901	134 826
Short-term liabilities to owners	-	40 000
Current tax liabilities	19 152	53 839
Other liabilities	279 159	653 810
Accrued expenses and prepaid income	299 015	270 413
Total short-term liabilities	2 863 969	2 450 353
TOTAL EQUITY AND LIABILITIES	27 640 940	23 568 737

BALANCE SHEET COMMENTS

INVESTMENT PROPERTIES

The property value amounted to SEK 25.2bn as of 31-12-2018. The value of the property portfolio is assessed through external valuations made by Newsec, JLL and Savills. The valuations are based on an analysis of future cash flow for every property, while considering each lease contract, the market, the rent levels, operational, maintenance and property administration costs as well as the need for future investments. The yield requirements in the valuation are in the range of 2.35 percent to 8.5 percent. The valuation of the real estate also includes approximately SEK 1,331m building rights which have been valued through sales comparable. This means that the valuation is based on a comparison of prices for similar building rights, the value has thus been assessed in accordance with IFRS 13 level 3. Please also refer to investment properties on page 17.

ASSOCIATED COMPANIES AND JOINT VENTURES

SBB's involvement in associated companies and joint ventures consists partly of an ownership interest and, in some cases, financing of the companies. As of 31-12-2018 participations in associated companies and joint ventures amounted to SEK 213m (110) and receivables from associated companies and joint ventures amounted to SEK 1,574m (-). Some of the companies manage property development projects, which are described in more detail on page 21, while other companies own investment properties.

GOODWILL

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

EQUITY

Shareholders' equity amounted to SEK 11,196m (7,636) on 31-12-2018. Equity include issued hybrid bonds with a book value of SEK 1,873m and preference shares in the Norwegian subsidiary Nye Barcode 121 Bidco AS and Karlbergsvägen 77 Fastighets AB (publ) of SEK 315m. The equity ratio was 41 percent (32), the adjusted equity ratio was 44 percent (36) and the loan-to-value ratio was 53 percent (58).

DEFERRED TAX

Deferred tax is calculated as of 30-06-2018 with a nominal tax of 20.6 percent on differences between reported value for investment properties and tax residual value of assets and liabilities. The deferred tax liability amounted to SEK 1,047m (863) on 31-12-2018 and is mainly attributable to investment properties and loss carryforwards.

LIABILITIES AND CASH EQUIVALENTS

At year-end, interest-bearing liabilities in the Group amounted to SEK 14,675m (13,909), of which SEK 5,909m (7,233) related to liabilities to credit institutions, SEK 6,925m (6,601) related to bond loans and SEK 1,840m (-) to commercial paper. During the year, loans to owners of SEK 74m has been resolved. See also the section Financing on p. 22. Cash and cash equivalents amounted to SEK 156.7m (92.7).

GROUPS STATEMENT OF CHANGES IN EQUITY – IN SUMMARY

	Share Capital	Other contributed capital	Balanced result	Hybrid bond	Non- controlling interest	Total Equity
Opening Equity 2017-01-01	723	767 582	998 233	-	-	1 766 538
Share Issue	73 105	2 270 798			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
Opening Equity 2018-01-01	73 828	3 040 479	3 274 481	668 387	578 882	7 636 057
Share Issue	5 973	1 373 894				1 379 867
Issue hybrid bond				1 504 450		1 504 451
Issue warrants		9 370				9 370
Dividend			-100 152	-86 405	-38 389	-224 946
Redeemed preference shares	-16	-79 028	-18 888			-97 932
Hybrid bonds bought back			-16 500	-300 000		-316 500
Redeemed warrants			-93 070			-93 070
Acquired minority interests					12 712	12 712
Redeemed minority interests			-10 890		-287 552	-298 442
Net profit for the period			1 564 164	86 405	38 389	1 689 958
Other comprehensive income			-15 153		10 569	-4 584
Closing Equity 2018-12-31	79 785	4 344 715	4 584 992	1 872 838	314 611	11 196 941

Non-controlling interests relate to preference shares in Nye Barcode 121 Bidco AS and Karlbergsvägen 77 Fastighets AB (publ).

PROPERTIES

PROPERTY VALUE PER REGION: 64 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 rent regulated 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 rent regulated 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 31 percent of the company's real estate value and 1 percent in Finland. About 60 percent of the real estate value consisted of residential and community service properties in Sweden. The remaining 8 percent are properties in Sweden, where the company actively conducts property development work where the properties are converted into building rights for housing - an important part of the community building concept; acting as a real community builder in these times of housing shortage.

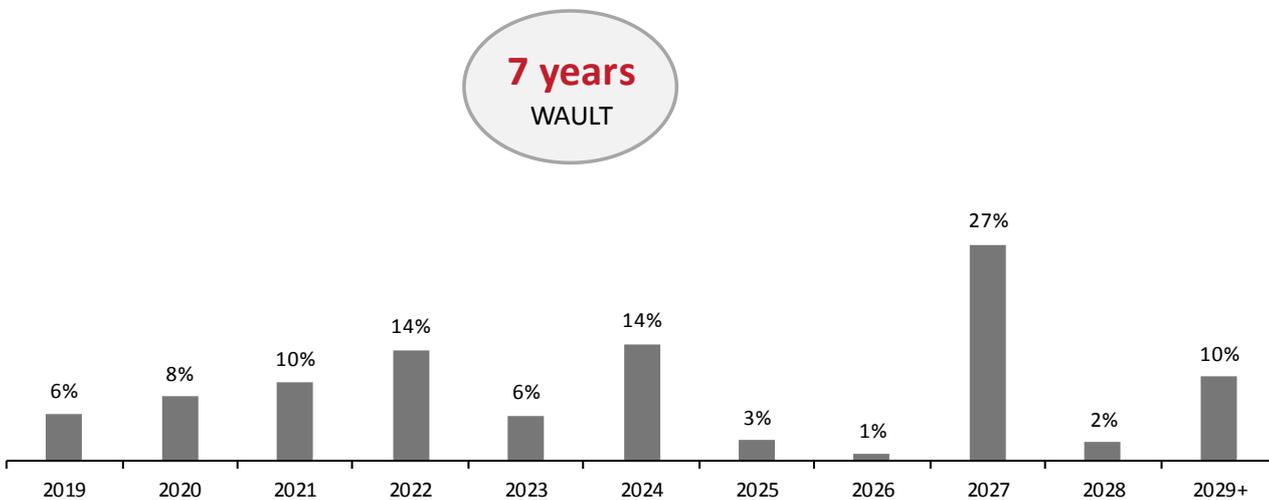
SBB manages and develops rent regulated residential properties in Swedish growth municipalities. The properties are generally located close to the city centre and with access to good transportation links, whether it is apartments in Kallhäll center in Järfälla municipality, or the city centres of for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

The 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 rent regulated residential properties comprise SBB's core business and account for 80 to 90 percent of the company's total property value. The combination of rent regulated residential and community service properties is unique for the Nordic countries. They are low risk assets due to a high occupancy and a high demand for housing. Our tenants in the 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, approximately 7 years.

LEASE MATURITY STRUCTURE COMMUNITY SERVICE PROPERTIES



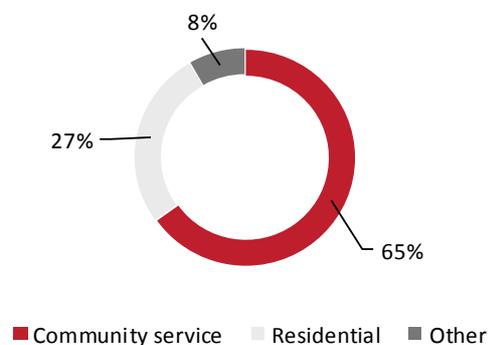
Community service properties have a long weighted average lease expiry.

SENSITIVITY ANALYSIS

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

	Change	Value change
Rental value	+/- 5 %	SEKm 1 181 /-1 181
Discount rate	+/- 0.25 %	SEKm -314 / 323
Exit yield	+/- 0.25 %	SEKm -756 / 786

PROPERTY VALUE PER SEGMENT



INVESTMENTS / SUCCESSION RESTORATION

In order to further increase the pace of the apartment renovations in the residential stock, SBB has, in addition to the project managers who have been hired, signed an agreement with Swerot Nordic AB regarding material supplies of kitchens, appliances and building materials etc. SBB has also implemented a digital rental platform to simplify the marketing of vacant apartments and to make it easier for persons flat hunting who want to queue and search for vacant apartments from the company's website. During the year, 415 apartments have been renovated and for the coming years the company expects to increase the pace further.

In addition to renovations, energy projects are also being carried out in the development of the residential stock. These projects are linked to the company's energy and environmental goals, which entail projects aimed at reducing energy consumption by at least 30 percent in a defined residential portfolio. Installation is ongoing in the properties Stensiken 1 in Tidaholm and Yggdrasil 1 & 2 in Skara and commissioning is expected to take place in the first half of 2019. After the end of the period, in early February 2019, SBB issued its first non-secured green bond of SEK 500m with a maturity of five years. The proceeds from the green bond will be used to finance the company's energy and environmental goals as described above.

ACQUISITION

- In November, SBB acquired two community service properties, in which a daily activity center and Group Housing (LSS) are based, and eight residential properties in Höganäs, with a total property value of SEK 289m.
- In November, two community service properties, a retirement home in Sundbyberg and a school property in Luleå were acquired at an agreed property value of SEK 238m.
- In December, SBB signed an agreement to acquire 1,363 apartments allocated in 50 properties in Södertälje, Enköping, Sigtuna, Tierp, Tranås, Vaggeryd, Söderhamn and Nässjö at an agreed property value of SEK 1,305m. Access will take place during the first quarter of 2019.

JOINT VENTURES / MINORITY INTERESTS

- During the quarter, SBB formed a joint venture with KlaraBo Sverige AB. 229 properties were sold to the company at an underlying property value of SEK 1,375m. The properties included in the deal with KlaraBo comprise a total of 123,000 sq.m. of rental housing and are located in six locations in Sweden: Bollnäs, Borlänge, Ludvika, Malmö, Smedjebacken and Sundsvall. The JV company will work actively to grow through both acquisitions and new production. The deal means that SBB and KlaraBo are expanding their cooperation in addition to the building rights development already done in JV form. Closing will take place in early 2019.

DIVESTMENTS

- During the quarter, two centrally located office properties were sold in Karlskrona. The total agreed property value amounted to SEK 8.1m, thus the properties were sold at approximately a 16 percent premium against the latest valuation.
- SBB divested 17 120 sq.m. building rights for residential purposes in Karlskrona to Oscar Properties. The building rights are located within the properties Gullbernahult 31 and others in the area Gullberna Park and will be developed with housing. The detailed plan is the legal force and construction start is expected in autumn 2019.

CHANGES IN THE PROPERTY STOCK

	SEKm
Initial fair value 2018-01-01	23 001
Acquisitions	3 597
Investments	311
Divestments	-3 359
Translation gains/losses	176
Unrealised value changes	1 517
Fair value at the end of the period	25 243

PROPERTY DEVELOPMENT

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

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

SBB'S PROPERTY DEVELOPMENT ORGANISATION

SBB has a business orientated project organization with substantial experience within property development and transactions. The organization, which as of autumn 2018 has been strengthened with further resources in the development team, is led by Deputy CEO Krister Karlsson and handles approximately 930,000 sq.m. GFA (gross floor area) in various stages in the planning process. SBB works actively in creating flexible and rational building rights in various segments (e.g. co-operatively owned housing, rental housing and community buildings) and create building rights that are attractive to many investors, both cooperative companies, publicly traded companies and public housing companies. During 2018, SBB's property development organization has properties containing approx. 270,000 GFA building rights to a value of approx. SEK 780m.

BUILDING RIGHTS

As at 31-12-2018 SBB had ongoing development projects in various stages of the planning process, with a total area of approximately 900,000 sq.m. GFA (gross floor area). The planning process in Sweden consists of various phases and SBB categorizes them as follows; Project ideas (phase 1), Pending formal planning decision (phase 2), Formal planning process initiated (phase 3), Zoning plan granted (phase 4). The following table illustrates SBB's various projects.

Municipality	Property	Sqm GFA building rights
Development projects with formal planning process initiated		
Nyköping	Raspen 1,2,3	156 000
Haninge	Kalvsvik 11:9, 1:4	135 000
Haninge	Åby 1:67	110 000
Falun	Falun 9:22	100 000
Nykvarn	Kaffebyggaren 1	33 500
Falun	Högbo 1:22	28 020
Norrköping	Järven 4	21 800
Bollnäs	Bro 4:4	15 000
Karlstad	Letten 1	12 000
Borlänge	Klövervallen 1	10 100
Oskarshamn	Hälsan 22	10 000
Sundsvall	Härsta 9:3	7 500
Ulricehamn	Krämarens 4	7 000
Karlshamn	Lasarettet 8	6 500
Lund	Landsdomaren 7	5 500
Karlskrona	Gullbernahult 1	5 000
Total sq.m. with formal planning decision (phase 3)		682 920
Project ideas (GFA) (phase 1)		55 580
Pending formal planning decision (GFA) (phase 2)		85 000
Zoning plan granted (GFA) (phase 4)		110 140
Total building rights portfolio (GFA) (all phases)		933 640
<i>Of which is municipal land allocation (GFA)</i>		244 900
<i>Of which is sold but not yet closed (GFA)</i>		428 650
<i>Total value of building rights sold but not yet closed (SEK)</i>		1 522
<i>Average price of building rights sold but not yet closed (SEK/sqm)</i>		3 550

Sold but not yet closed means that closing has not occurred due to conditions that are not yet fulfilled, conditions such as that the zoning plan needs to be granted for closing to take place. The sales have however to a certain extent been considered in connection with the valuation of the properties and thus affected the unrealized value changes.

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

KEY EVENTS IN THE FOURTH QUARTER 2018

- Sale of approx. 29 120 sq.m. building rights in Sweden and Norway for SEK 123m in various phases of the zoning process.
- Decision on granting the zoning plan for Nykvarn Kaffebryggaren 1. *Total volume of approx. 33,500 sq.m. GFA.*
- Decision on review for zoning plans regarding Ulricehamn Krämaren 4, Oskarshamn Hälsan 22 and Bollnäs Bro 4:4 among others. *Total volume of approx. 32,000 sq.m. GFA.*
- Decision on public consultation for zoning plan regarding Karlshamn Lasarettet 8. *Total volume of approx. 6,500 sq.m. GFA.*
- Planning process has been formally initiated for the projects Motala Tellus 1, Sundsvall Västland 26:39 and Sundsvall Härsta 9:3. *Total volume of approx. 27,500 sq.m. GFA.*

KEY EVENTS IN 2018

- SBB's property development organization during 2018 has properties containing approx. 270,000 GFA building rights to a value of approx. SEK 780m.
- Cash-flow from property development of approx. SEK 135m.
- Signed lease agreements and commenced construction of four Group Housing homes (LSS).
- The new owners of 35 apartments in the JV-project Bacchus in Falkenberg have moved in.
- Decision on granting the zoning plan for Nykvarn Kaffebryggaren 1. *Total volume of approx. 33,500 sq.m. GFA.*
- Decision on review for zoning plans regarding Nykvarn Kaffebryggaren 1, Oskarshamn Hälsan 22, Bollnäs Bro 4:4, Ulricehamn Krämaren 4. *Total volume of approx. 65,500 sq.m. GFA.*
- Decision on public consultation for zoning plans regarding Nyköping Raspen 1-3, Jordbro Centrum phase 1, Oskarshamn Hälsan 22, Bollnäs Bro 4:4, Karlshamn Lasarettet 8 and Ulricehamn Krämaren 4. *Total volume of approx. 214,500 sq.m. GFA.*
- Planning process has been formally initiated for the projects Borlänge Kvarnsveden 3:196-197, Borlänge Klövervallen 1, Sundsvall Västland 26:39, Sundsvall Härsta 9:3, Jordbro Centrum phase 2, Lund Landsdomaren 7, Karlskrona Gullbernahult 1, Motala Tellus 1 and Karlskrona Psilander 60 (now sold). *Total volume of approx. 112,570 sq.m. GFA.*

PROPERTY DEVELOPMENT IN JV

To contribute to urban development and to ensure production resources, a Joint Venture collaboration with the buyer has been set up regarding the development of the building rights. SBB estimates the potential profit of these collaborations to approx. SEK 600-800m after deducting SBB’s own investment in the building rights. This potential gain is to be added in addition to previously described surplus values. In these JV collaborations, SBB takes a very limited risk concerning the implementation of the building rights as the responsibility for the design, sales, production and project management lies on the other JV-party. The potential profit of approx. SEK 600-800m relates to a five-year period and has not been considered in any part of the financial statements.

The pictures below show a newly built LSS accommodation with Attendo as tenant and the type of plan at SBB’s developed type house for LSS. In 2018, SBB signed an agreement for the construction of four new LSS dwellings.



FINANCING

INTEREST BEARING LIABILITIES

At year end 2018, the Group's interest-bearing liabilities amounted to SEK 14,675m (SEK 13,909m), of which SEK 5,909m (SEK 7 233m) related to liabilities to credit institutions, SEK 6,925m (SEK 6,601m) to bond loans and SEK 1 840m (-) to commercial paper. During 2018, loans to shareholders amounting to SEK 74m have been repaid. The net loan ratio was 53 (58) per cent. The fair value of the liabilities as at 31 December 2018 is deemed to be in accordance with the carrying amount. The average interest rate for the outstanding loans amounted to 2.44 (3.36) percent, which is a reduction of 0.05 percent during Q4 2018. The average period of fixed interest for all outstanding loans was 2.59 (3.37) years and the average debt maturity was 4.59 years. The debt maturity structure for all external financing is shown in the tables on the right-hand side. Excluding commercial paper, SEK 341m matures within one year. To handle the refinancing risk, the commercial paper has been secured with back-up facilities that at any given point in time covers all outstanding commercial paper.

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

Approximately half of the source of debt financing is comprised of bank loans, mainly in SEK but also in NOK, followed by unsecured bond loans in SEK and secured bond loans in NOK and commercial paper in SEK and EUR. In addition, SBB has issued hybrid capital which is classified as equity on the balance sheet. At year end 2018, capital markets financing (including commercial paper) amounted to 60 percent.

SBB has continued to develop positively on the financing side during Q4 2018. At year end 2017, SBB's average rate of interest amounted to 3.4 percent. During 2018, the average interest rate decreased by over one percentage point. At year end 2018, floating rate loans amounted to 40 percent. and fixed rate loans amounted to 60 percent.

RATING

SBB has obtained credit ratings from two credit rating agencies; Fitch (BB, positive outlook) and Standard & Poor's (BB). On 7 January 2019, SBB announced that it had ended its rating by Moody's Investors Services.

DEBT MATURITY STRUCTURE (EXCLUDING COMMERCIAL PAPER)

Maturity year	Nominal amount, SEKm	Share
< 1 year	341	3%
< 2 year	937	7%
< 3 year	3 295	26%
< 4 year	1 884	14%
< 5 year	1 636	13%
> 5 year	4 813	37%
Total	12 906	100%

DEBT MATURITY STRUCTURE (INCLUDING COMMERCIAL PAPER)

Maturity year	Nominal amount, SEKm	Share
< 1 year	2 181	15%
< 2 year	937	6%
< 3 year	3 295	22%
< 4 year	1 884	13%
< 5 year	1 636	11%
> 5 year	4 813	33%
Total	14 746	100%

EVENTS DURING THE AUTUMN 2018

At the end of September 2018, SBB announced that it had bought back bond loans totaling SEK 1,205m under a public tender offer. The proceeds were reported per 28 September 2018. SBB bought back SEK 846m of the 2017/2020 bond loan (ISIN SE0009805468), SEK 317m of the 2018/2021 bond loan (ISIN SE00010414581) and SEK 42m of the 2018/2021 bond loan (ISIN SE0010985713). In connection with the public tender offer, SBB issued a new four-year senior unsecured bond loan of SEK 1,000m, carrying an initial rate of interest of 3m Stibor plus 360 basis points (no Stibor floor). SBB received the proceeds from this 4 year bond loan on 5 October 2018. On 10 October, SBB tapped the hybrid bond with ISIN SE0011642776 with a framework amount of SEK 1.5bn with SEK 100m. The issue price amounted to 101.35 percent, corresponding to a margin of 606 basis points. Subsequently, another SEK 100m was issued at an issue price of 101.8 percent, corresponding to a margin of 597 basis points.

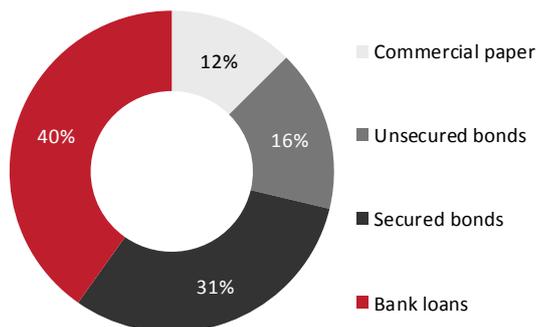
SBB has ongoing discussions with its main lenders regarding interest rates and maturities for the shorter end of its bank loan portfolio and assesses the prospects to refinance these bank loans at market rates to be good. During Q4 2018, SBB has restructured parts of the debt portfolio and has replaced several smaller loans with fewer and bigger credit

facilities. This restructuring has been done in conjunction with several of the larger Nordic banks. At the same time, SBB monitors the interest rate swap market in order to be able to extend the fixed interest term on its borrowing when the time is deemed to be right.

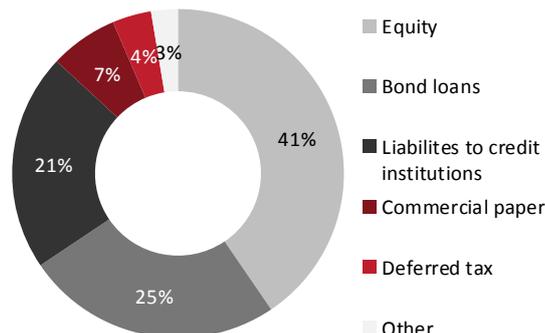
AVIAIBLE LIQUIDITY

SBB's available liquidity at year end 2018 amounted to SEK 2,305m, of which SEK 157m was cash and cash equivalents and SEK 2,184m comprised of unutilized back-up facilities.

SOURCES OF DEBT FINANCING



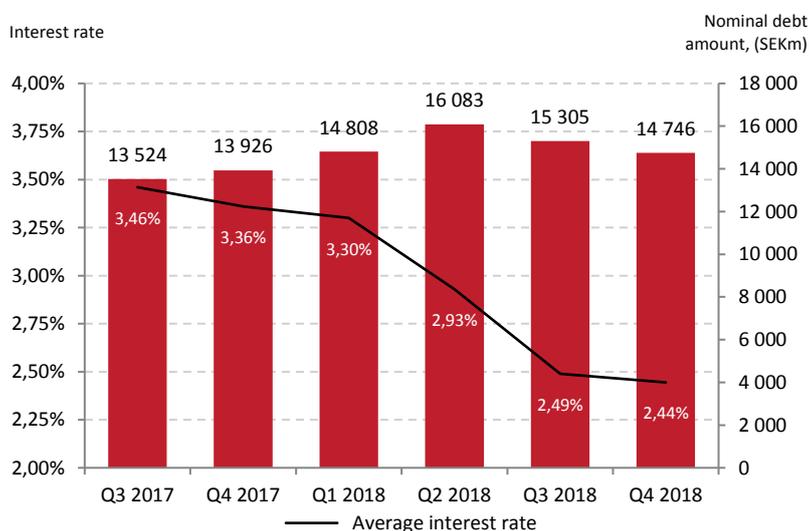
CAPITAL STRUCTURE



OUTSTANDING SENIOR UNSECURED BOND LOANS (INCLUDING HYBRID BONDS) 31-12-2018

ISIN-code	Currency	Nominal amount, SEKm	Of which bought back by SBB, SEKm	Maturity	Interest rate, %
SE0010869123	SEK	300	-	dec/2019	FXD 2,90
SE0009805468	SEK	1 500	1 354	apr/2020	FRN 6,00
SE0010414581	SEK	750	-	jan/2021	FRN 3,90
SE0010985713	SEK	250	48	may/2021	FRN 3,65
SE0011725514	SEK	1 000	-	mar/2022	No floor FRN 3,60
SE0011642776	SEK	1 200	-	Hybrid	No floor FRN 6,35
SE0010414599	SEK	1 000	300	Hybrid	FRN 7,00
TOTAL		6 000	1 702		

THE GROUP'S AVERAGE INTEREST RATE





Samhällsbyggnadsbolaget

TODAY'S COMMUNITY BUILDER FOR THE FUTURE NEEDS



A high population growth and an increased number of elderly people in Sweden lead to great needs for modern community service properties. Schools and retirement homes must be given priority in new construction, while many of the existing community service 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 community service properties throughout the Nordic region and has the basic idea of developing, owning and managing long term. As a partner to Sweden's municipalities, we want to contribute to creating suitable premises for welfare's most important activities.

THE SHARE

SBB's ordinary shares of class B, class D and preference shares are listed on Nasdaq First North Premier. As of December 31, 2018, the number of ordinary class B shares was 546,071,540 and the number of ordinary class D shares was 41,626,390. The preference shares totaled 175,251 and in addition, the company has 209,977,491 ordinary shares of class A which are not publicly traded. The price of the ordinary share of class B was SEK 10.68, class D was SEK 29.50 and for the preference share the price was SEK 583.20 per 31-12-2018. 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 8,075m, class D was SEK 1,228m and for the preference share SEK 102.2m.

PRICE TREND OF CLASS B SHARES PAST 12 MONTHS



TRADE IN THE SHARES ON THE NASDAQ FIRST NORTH

	Price paid, SEK	
	31 Dec 2018	31 Dec 2017
Class B shares	10.68	6.20
Class S shares ¹⁾	29.50	-
Preference shares	583.20	505.00

	Average trading volume per trading day, SEKm	
	Jan-Dec 2018	Jan-Dec 2017
Class B shares ²⁾	3.4	1.7
Class D shares ¹⁾	0.6	-
Preference shares ³⁾	0.4	0.7

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

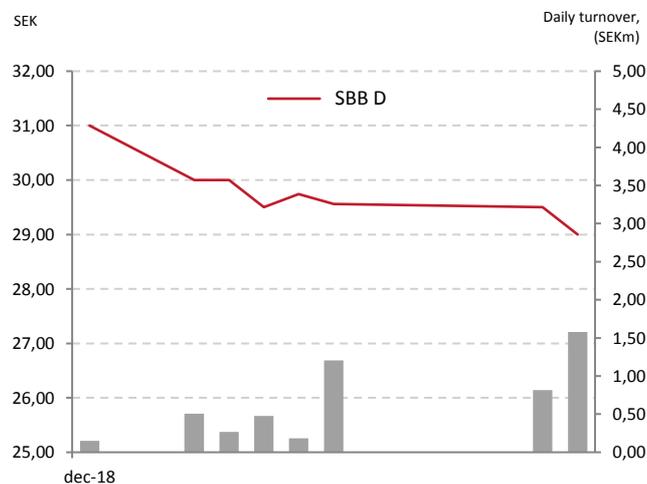
2) Price data is from January 17, 2017.

3) Price data is missing for the time before listing, which took place on October 12, 2017.

PRICE TREND OF PREFERENCE SHARES PAST 12 MONTHS



PRICE TREND OF CLASS D SHARES SINCE LISTING



	2018-12-31	2017-12-31
EPRA Earnings, SEKm	320	298
EPRA Earnings (EPS), SEK/share	0.43	0.46
EPRA NAV, SEKm	8 736	7 120
EPRA NAV, SEK/share ²⁾	11.55	9.65
EPRA NNNNAV, SEKm ¹⁾	7 838	6 282
EPRA NNNNAV, SEK/share ²⁾	10.37	8.51
EPRA Vacancy Rate, %	3.4	3.2

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

2) EPRA NAV/NNNAV SEK/share is calculated for the comparative period based on the number of shares decided.

SHAREHOLDERS

As of December 31, 2018, the share capital amounted to SEK 80,191,518 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. The largest shareholder is Ilija Batljan, who directly and indirectly holds 13.8 percent of the capital and 40.6 percent of the votes.

Shareholders	Amount Class A	Amount Class B	Amount Class D	Amount Pref. shares	Share of capital, %	Voting Share, %
Ilija Batljan Invest AB	63 495 701				8.0	23.6
Ilija Batljan (private and through companies)	45 558 167	1 137 606			5.9	17.0
AB Arvid Svensson	26 000 000	26 666 667			6.6	10.7
Compactor Fastigheter AB	21 997 977	25 405 525			5.9	9.1
Backahill AB	13 919 159	14 605 317			3.6	5.7
Dragfast AB	7 322 229	28 100 000	50 000		4.4	3.8
Meteva AS		77 029 772			9.7	2.9
Investmentaktiebolaget Cyclops	6 349 570	2 666 666			1.1	2.5
Assindia AB	4 762 186	2 928 164			1.0	1.9
AktFast Förvaltnings AB	4 762 186	2 237 814			0.9	1.9
Stiftelsen för Strategisk Forskning		42 651 810			5.3	1.6
Lennart Schuss (private and through companies)	2 634 957	15 424 060			2.3	1.6
Postens Pensionsstiftelse		40 551 810			5.1	1.5
HighHill Intressenter AB		40 701 897			5.1	1.5
Oscar Lekander	3 174 785	292 700			0.4	1.2
Krister Karlsson	3 174 785				0.4	1.2
Övriga	6 825 789	225 671 732	41 576 390	175 251	34.4	12.5
Total	209 977 491	546 071 540	41 626 390	175 251	100.0	100.0

In accordance with the decision at the annual general meeting in 2018, 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 2019.



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

CASH-FLOW ANALYSIS

STATEMENT OF GROUP'S CASHFLOW

IN THOUSANDS OF SEK	2018-01-01 2018-12-31	2017-01-01 2017-12-31	2018-10-01 2018-12-31	2017-10-01 2017-12-31
Cash flow from operations				
Net profit - property management	321 415	337 582	27 502	87 454
<i>Adjustments for non-cash items</i>				
Depreciation	1 393	2 144	730	832
Net interest	660 709	463 785	221 574	152 478
Interest paid	-738 556	-415 585	-274 392	-121 944
Interest received	4 211	12 282	1 731	681
Income tax paid	-1 425	-39 725	15 704	20 625
Cash flow from operations before changes in working capital	247 747	360 483	-7 151	140 126
Cash flow from changes in working capital				
Increase (-)/decrease (+) of receivables	-6 325	-180 535	17 374	-113 174
Increase (-)/decrease (+) of liabilities	-402 189	330 126	-69 179	116 007
Cash flow from operations	-160 766	510 074	-58 956	142 959
Cash flow from investing activities				
Investments in properties ¹⁾	-3 907 891	-13 679 013	-1 324 054	-981 335
Disposals of properties	3 417 516	737 071	1 422 790	306 575
Investments/disposals in equipment	4 476	-6 152	-1 226	564
Investments in associated companies/joint ventures	-102 142	-27 963	-114 444	-4 387
Investments in intangible assets	-23 679	-	1 233	-
Change in receivables associated companies/jv	-1 574 245	-	-292 129	-
Change in other long-term receivables	-62 918	3 131	-36 328	91 071
Cash flow from investing activities	-2 248 883	-12 972 926	-344 158	-587 512
Cash flow from financing activities				
Share Issue ¹⁾	1 379 867	2 832 167	1 379 867	4 202
Issue hybrid bond	1 504 451	668 387	201 150	-
Redeemed preference shares	-97 932	-	-97 932	-
Repurchased hybrid bonds	-316 500	-	-316 500	-
Redeemed warrants	-93 070	-	-93 070	-

Issue warrants	9 370	2 099	-	2 099
Paid dividend	-185 770	-70 845	-52 341	-34 034
Acquired minority interests	12 712	315 000	12 712	-
Redeemed minority interests ¹⁾	-298 442	-187 778	-171 220	-16 296
New loans	7 516 067	11 101 893	1 695 880	603 715
Amortisation of loans	-6 894 886	-1 846 342	-2 026 526	-51 854
Occupied debts to owners	-	73 600	-	-
Amortisation of debts to owners	-73 600	-793 954	-	-
New loans to Joint Ventures	-	-	-8 931	-
Change in other long-term liabilities	11 673	-45 014	-105 052	-72 004
Cash flow from financing activities	2 473 940	12 049 213	418 038	435 828
Cash flow for the period	64 290	-413 639	14 924	-8 725
Cash and cash equivalents at beginning of period	92 749	506 397	142 581	101 474
Exchange differences in cash and cash equivalents	-410	-9	-876	-
Cash and cash equivalents at end of period	156 629	92 749	156 629	92 749

1) The non-cash/ offsetting issues also include the issues that have not been made with the addition of cash. Investments in property also include the acquisitions paid for in issued shares.



Exterior view of the residential property Fregatten 16 in Karlskrona

INCOME STATEMENT OF PARENT COMPANY

INCOME STATEMENT OF PARENT COMPANY IN BRIEF

IN THOUSANDS OF SEK	2018-01-01 2018-12-31	2017-01-01 2017-12-31	2018-10-01 2018-12-31	2017-10-01 2017-12-31
Revenue	-	-	-	-
Personnel costs	-23 913	-13 486	-6 721	-5 813
Other operating expenses	-42 847	-29 192	-14 876	-8 157
Operating profit/loss	-66 760	-42 678	-21 597	-13 970
Profit/loss from financial items				
Profit from shares in group companies	6 706	3 062	-	3 062
Interest earnings and similar items	240 008	64 146	116 714	27 638
Interest payments and similar items	-248 889	-4 908	-163 333	-922
Profit/loss after financial items	-68 935	19 622	-68 216	15 808
Group contributions	-	-2 090	-	-2 090
Profit/loss before tax	-68 935	17 532	-68 216	13 718
Tax	15 954	-3 340	-3 358	-3 340
PROFIT FOR THE PERIOD	-52 981	14 192	-71 574	10 378

STATEMENT OF OTHER COMPREHENSIVE INCOME

IN THOUSANDS OF SEK	2018-01-01 2018-12-31	2017-01-01 2017-12-31	2018-10-01 2018-12-31	2017-10-01 2017-12-31
Profit or loss for the period	-52 981	14 192	-71 574	10 378
Other comprehensive income	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-52 981	14 192	-71 574	10 378

BALANCE SHEET OF PARENT COMPANY

BALANCE SHEET OF PARENT COMPANY IN BRIEF		
IN THOUSANDS OF SEK	2018-12-31	2017-12-31
ASSETS		
Fixed assets		
Financial assets		
Shares in group companies	3 699 596	3 441 984
Receivables from group companies	7 893 321	1 600 341
Receivables from associated companies	137 286	-
Deferred tax receivables	15 954	-
Other long-term receivables	63 137	-
Total financial assets	11 809 294	5 042 325
Total fixed assets	11 809 294	5 042 325
Current assets		
Short-term receivables		
Accounts receivable	1 029	183
Other receivables	9 917	5 000
Accruals and prepaid expenses	2 107	10 357
Total short-term receivables	13 053	15 540
Cash and cash equivalents	5 865	3 372
Total current assets	18 918	18 912
TOTAL ASSETS	11 828 212	5 061 237
EQUITY AND LIABILITIES		
Equity	7 167 425	5 033 754
Untaxed reserves	2 090	2 090
Long-term liabilities		
Liabilities to credit institutions	150 000	-
Bond loans	2 460 647	-
Other loans	87 630	-
Total long-term liabilities	2 698 277	-
Short-term liabilities		
Commercial papers	1 840 417	-
Accounts payable	15 767	9 799
Current tax liabilities	1 381	1 381
Other liabilities	46 260	10 301
Accruals and Deferred Income	56 595	3 912
Total short-term liabilities	1 960 420	25 393
TOTAL EQUITY AND LIABILITIES	11 828 212	5 061 237

CHANGES IN EQUITY

PARENT COMPANY'S REPORT OVER CHANGES IN EQUITY

IN THOUSANDS OF SEK

	Share Capital	Share Premium	Balanced result	Total Equity
Opening Equity 2017-01-01	723	21 877	3 514	26 114
Share issue	73 105	4 270 799		4 343 904
Issue hybrid bond		668 387		668 387
Issue warrants			5 000	5 000
Dividend		-23 843		-23 843
Net result for the year			14 192	14 192
Other comprehensive income for the year			-	-
Closing Equity 2017-12-31	73 828	4 937 220	22 706	5 033 754
Opening Equity 2018-01-01	73 828	4 937 220	22 706	5 033 754
Share issue	5 973	1 373 642		1 379 615
Issue hybrid bond		1 504 722		1 504 722
Dividend		-190 183		-190 183
Redeemed preference shares	-16	-97 916		-97 932
Repurchased hybrid bonds		-316 500		-316 500
Redeemed warrants			-93 070	-93 070
Net result for the year			-52 981	-52 981
Other comprehensive income for the year			-	-
Closing Equity 2018-12-31	79 785	7 210 985	-123 345	7 167 425

GROUP COMPANY INCOME STATEMENT AND BALANCE SHEET COMMENTS

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 -66.8 (-42.7).

During the year, SBB issued a hybrid bond of SEK 1.0bn within the framework of SEK1.5bn and new ordinary class D shares. After the issues the number of shares amounted to 797,850,672 shares and share capital to SEK 79,785,068.

CASH FLOW STATEMENT OF PARENT COMPANY

CASH FLOW STATEMENT OF PARENT COMPANY

IN THOUSANDS OF SEK	2018-01-01 2018-12-31	2017-01-01 2017-12-31	2018-10-01 2018-12-31	2017-10-01 2017-12-31
Operating activities				
Profit after net financials	-68 935	19 622	-68 216	15 808
Net interest	8 881	-59 238	46 619	-26 716
Interest paid	-248 889	-4 908	-173 233	-922
Interest received	240 008	64 146	116 714	27 638
Tax paid	-	-3 340	-	-3 340
Cash flow from operating activities before changes in working capital	-68 935	16 282	-78 116	12 468
Cash flow from changes in working capital				
Increase (-)/decrease (+) of receivables	2 487	-12 125	81 567	1 717
Increase (-)/decrease (+) of liabilities	94 610	18 951	96 737	7 791
Cash flow from operating activities	28 162	23 108	100 188	21 976
Investment activities				
Investment in subsidiaries	-257 612	-3 440 251	-257 125	-24 914
Loans to affiliated undertakings	-6 292 980	-1 580 993	-1 695 970	7 591
Change in receivables from associated companies	-137 286	-	-99 648	-
Change in other long-term receivables	-63 137	-	-63 137	-
Cash flow from investment activities	-6 751 015	-5 021 244	-2 115 880	-17 323
Financing Activities				
Share Issue	1 379 615	4 346 708	1 379 615	20 473
Issue hybridbond	1 504 722	668 387	201 422	-13 063
Repurchased hybrid bonds	-316 500	-	-316 500	-
Issue warrants	-	2 099	-	2 099
Redeemed warrants	-93 070	-	-93 070	-
Redeemed preference shares	-97 932	-	-97 932	-
Paid dividend	-190 183	-17 643	-61 710	-15 004
New loans / Repaid loans	4 538 694	-	1 005 075	-
Cash flow from financing activities	6 725 346	4 999 551	2 016 900	-5 495
Cash flow for the period	2 493	1 415	1 208	-842
Liquidity at beginning of period	3 372	1 957	4 657	4 214
Liquidity at end of period	5 865	3 372	5 865	3 372

ADDITIONAL INFORMATION

General information

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

ACCOUNTING AND REPORTING STANDARDS

Basis for the consolidated accounts

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

The same accounting and valuation principles have been applied as in SBB's Annual Report 2017, pages 55-140, with the following exceptions:

Goodwill

Goodwill arising from the preparation of consolidated accounts is the difference between the acquisition value and the Group's share of the fair value of the acquired subsidiaries' identifiable net assets on the acquisition date. During the period, SBB acquired the company Hestia Sambygg AB with 70 employees. The goodwill items that arose during the acquisition are linked to the employees and their skills. At the acquisition date, goodwill is reported at cost. Thereafter, it is reported at cost less any impairment losses. Goodwill is tested annually or more often if there is an indication that the reported value may not be recoverable.

Hedge accounting

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

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

INFORMATION ABOUT NEW STANDARDS

IFRS 9, Financial Instruments

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

IFRS 15, Revenues

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

INFORMATION ON FUTURE STANDARDS

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

IFRS 16, Leases

This Standard enters into force on January 1, 2019, 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. In 2018, SBB conducted an analysis of the effects the new standard is expected to have on the Group's financial position. During the analysis, the following significant leasing agreements have been identified; land lease agreements and leases for vehicles and premises. The significant lease agreements will be reported as a lease asset and a lease liability in the balance sheet at the time of transition to IFRS 16 as at 1 January 2019. The lease asset / liability is estimated at approximately SEK 100m. The income statement will be affected by the fact that land lease payments are reported as an interest expense instead of an operating cost.

PLEGDED ASSETS AND CONTINGENT LIABILITIES

Group	2018-12-31	2017-12-31
Pledged assets		
Mortgages	10 970 138	12 170 445
Shares in subsidiaries	1 790 315	2 056 399
Total	12 760 453	14 226 844
Contingent liabilities		
Guarantees	-	-
Total	-	-
Parent company		
Pledged assets		
Shares in subsidiaries	-	-
Total	-	-
Contingent liabilities		
Guarantees	4 713 456	3 065 546
Total	4 713 456	3 065 546

HEDGE ACCOUNTING

Since 1 January 2018, the Group has applied hedge accounting for a currency loan. As of 25th September 2018, the loan does not exist in the Group anymore. Upon that date, the loan amounted to NOK 86m, which was used as hedge against net assets in Norway. The effect of the hedge accounting is that the unrealized exchange rate difference of SEK 7m when converting the loan at the balance sheet date has been reported in other comprehensive income.

SBB has also issued a commercial paper in EUR, which is used as a hedge against net assets in Finland. The effect of the hedge accounting is that the unrealised exchange rate difference of SEK 2m when converting the loan at the balance sheet date has been reported in other comprehensive income.

TRANSACTIONS WITH RELATED PARTIES

The company's transactions with related parties involve loans from the company's shareholders and loans accruing interest. Shareholder loans are subordinated and accrue on 5 percent interest paid quarterly. All shareholders loans are repaid.

SBB acquired the company Hestia Sambygg AB on March 26, 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 November 7th 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 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, 20 February 2019

Lennart Schuss
Chairman of the Board

Ilija Batljan
Chief Executive Officer

Sven-Olof Johansson
Member of the Board

Hans Runesten
Member of the Board

Fredrik Svensson
Member of the Board

Eva Swartz Grimaldi
Member of the Board

Anne-Grete Strøm Erichsen
Member of the Board

This information is information that Samhällsbyggnadsbolaget i Norden AB is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication (Swedish version), through the agency of the contact persons set out below at 08.00 CET on 20 February 2019.

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

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

Calendar

Year-End Report 2018	20-02-2019
Interim Report Jan-March 2019	29-04-2019
Annual General Meeting 2018	29-04-2019
Interim Report Jan-June 2019	10-07-2019
Interim Report Jan-Sept 2019	29-10-2019

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 related to the ordinary shares of class A and B, excluding equity relating to the preference shares and ordinary class D shares, non-controlling interest and hybrid bond, with reversal of reported deferred tax liability and derivatives.

EPRA NNAV (Actual net asset value), SEK

Reported equity related to the ordinary shares of class A and B, excluding equity relating to the preference shares and ordinary class D shares, non-controlling interest and hybrid bond, adjusted with estimated deferred tax of 5.5 percent.

EPS (Earnings Per Share)

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.

Net interest-bearing liabilities

Interest-bearing liabilities less cash and cash equivalents.

Outstanding number of preference shares

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

Loan to value ratio, %

Net interest-bearing liabilities as a percentage of total assets at the end of the period.

Outstanding number of shares

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

Return on equity, %

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

PROPERTY-RELATED DEFINITIONS

Economic occupancy rate, %

Rental income in relation to rental value.

EPRA Earnings, SEK

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

EPRA Vacancy rate, %

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

Market value of investment properties, SEK

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

Net operating income, SEK

Refers to rental income minus property costs.

Number of properties

Number of properties at the end of the period.

Number of square meter (sq.m.)

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

Rental income, SEK

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

Rental value, SEK

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

Surplus ratio, %

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

Weighted average unexpired lease term for community service properties, years

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

Yield, %

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

APPENDIX 1 – CURRENT EARNINGS CAPACITY

Below is the current earnings capability for the Group for 12 months, taking into account the Group's property portfolio as of 31-12-2018. The current earnings capacity is not a forecast but only to be regarded as a hypothetical snapshot and presented solely to illustrate revenue and expenses on a yearly basis, given the real estate portfolio,

financial costs, capital structure and organization at a certain time. The Group's earnings capacity does not include the result effect of unrealized and realized value changes.

THE GROUP'S EARNINGS CAPACITY

	SEKm
Rental income	1 585
Operating costs	-307
Maintenance	-88
Property administration	-52
Property tax	-26
Net operating income	1 112
Central administration	-74
Profit from Joint Ventures	65
Financial income from Joint Ventures	27
Financial costs	-360
Operating profit	770

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 31-12-2018.

- Operating and maintenance costs consist of budget of 2018 year's operating costs and maintenance measures.

- Property tax has been calculated based on the property's current tax assessment value per 31-12-2018.

- Property administration costs have been calculated based on existing organisation.

- No financial income has been included in the net financials. Financial expenses have been calculated based on contracted interest rates and include interest on external loans.

Net asset yield and long-term changes in value

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

SENSITIVITY ANALYSIS

	Building rights profit = SEK 250m			Building rights profit = SEK 400m		
	Change in value			Change in value		
		-1%-point	+1%-point		-1%-point	+1%-point
Operating profit, rolling 12 months	770	770	770	770	770	770
Profit from creation of building rights	250	250	250	400	400	400
Change in property value (10-years average CPI)	300	48	553	300	48	553
D:o %	1,2%	0,2%	2,2%	1,2%	0,2%	2,2%
Current tax, 10%	-78	-78	-78	-78	-78	-78
Profit after tax	1 243	991	1 496	1 393	1 141	1 646
Profit SEK/share	1,64	1,31	1,98	1,84	1,51	2,18
Return on actual long-term net asset value	14,2%	11,3%	17,1%	16,0%	13,1%	18,8%
Profit / share price per 30-06-2018	15,4%	12,3%	18,5%	17,3%	14,1%	20,4%
P/E	6	8	5	6	7	5

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Samhällsbyggnadsbolaget