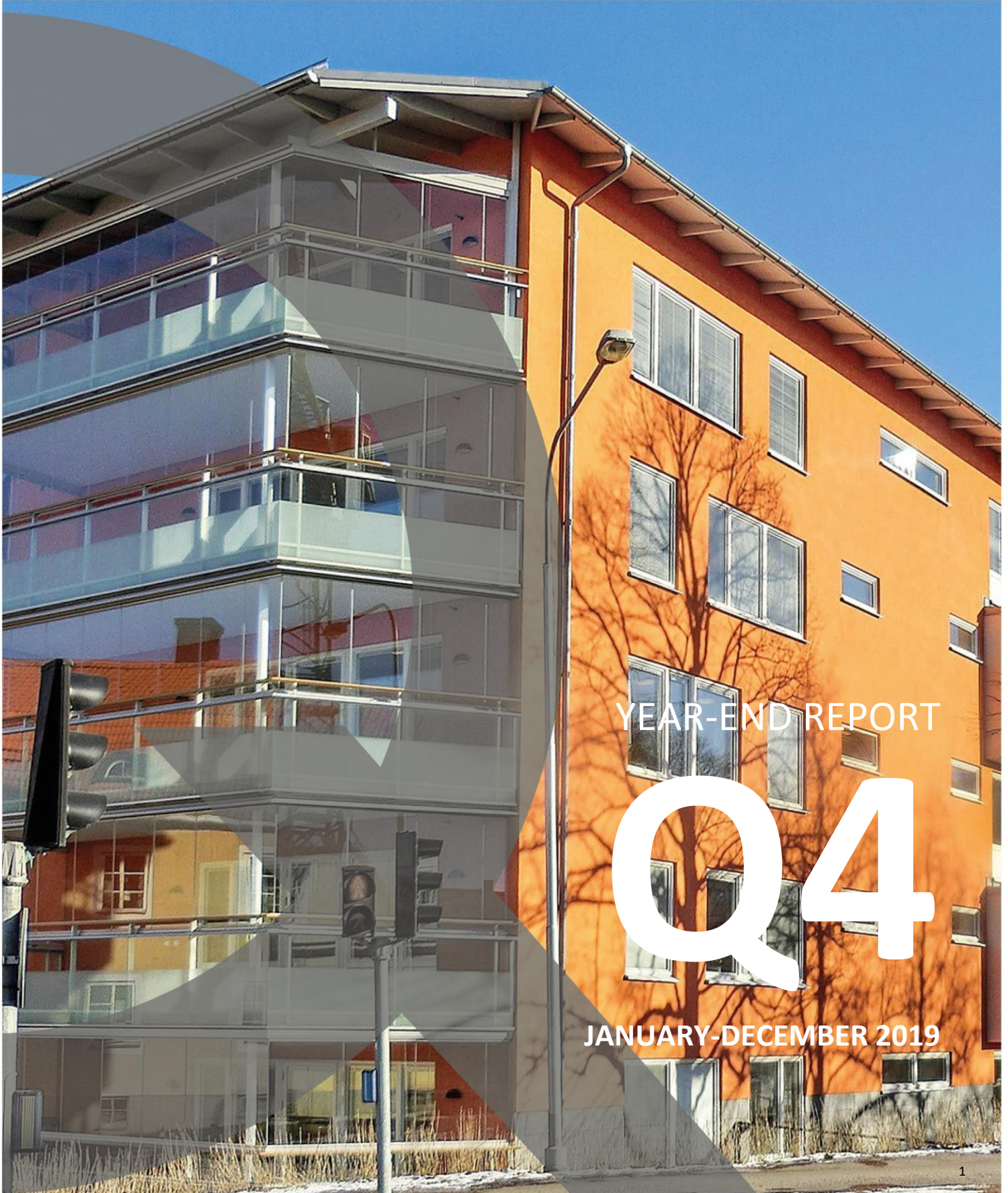




Samhällsbyggnadsbolaget

SAMHÄLLSBYGGNADSBOLAGET I NORDEN AB (PUBL)



YEAR-END REPORT

Q4

JANUARY-DECEMBER 2019

79,5 20,04

Properties' value, SEK billion

EPRA NAV, SEK/share

1 996

Rental income, SEK m

645

Profit from property management, SEK M

2 624

Interim profit, SEK m

FULL-YEAR

Year in brief

- Rental income increased to SEK 1,996m (1,680).
- The operating surplus increased to SEK 1,265m (1,071).
- Cash flow from operating activities before changes in working capital totalled SEK 745m (248).
- Profit before tax amounted to SEK 3,137m (1,904), of which:
 - Profit from property management was SEK 645m (321). The profit from property management includes costs for early redemption of loans and other non-recurring costs of SEK -300m (-147).
 - Unrealized changes in value on properties are included at SEK 2,453m (1,575), of which unrealized changes in value as a result of building rights are included at SEK 338m (177).
- Profit for the period amounted to SEK 2,624m (1,690) after deduction of deferred tax of SEK -479m (-212) and current tax of SEK -34m (-2), corresponding to earnings per ordinary A and B share of SEK 2.97 (2.07) before dilution.
- The value of the property portfolio amounted to SEK 79.5 billion (25.2).
- Long-term net asset value (EPRA NAV) increased to SEK 24,855m (8,736), corresponding to SEK 20.04 (11.55) per share.
- SBB's average interest rate in the past 12 months decreased from 2.44 percent to 1.76 percent.
- The company's board of directors proposes an initial dividend of SEK 0.60 (0.25) per ordinary A and B share, a dividend of SEK 2 (2) per D share and dividend of SEK 35 per preference share to be paid quarterly.

596

Rental income, SEK m

137

Profit from property management, SEK M

1 287

Quarterly profit, SEK m

FOURTH QUARTER

Important events during the fourth quarter

- On 15 November, SBB made a recommended public takeover bid to the shareholders of Hemfosa Fastigheter AB (publ) to acquire all shares of Hemfosa. At 31 December, 87.8 percent of the shares and 88.1 percent of the votes were controlled by SBB. The consideration for the shares consisted of newly issued shares and a cash consideration.
- SBB carried out a rights issue of Class B ordinary shares, which provided SBB with SEK 1.5 billion before issue expenses. In addition to this, a targeted issue of Class B ordinary shares was made to a volume of SEK 400m to Gösta Welandson.
- SBB acquired 1,560 apartments, of which the majority were in Växjö and Ronneby, from Amasten. SBB and Amasten also form a joint venture that will build housing in Nyköping. In addition to the acquisition, SBB also acquired 20 group homes and homes for the disabled in Sweden and Finland. Agreements were signed for the acquisition of 407 apartments from the Municipality of Kävlinge and 23 school properties from SISAB (owned by City of Stockholm).
- SBB made a voluntary repurchase offer of certain outstanding SEK hybrid bonds of around SEK 1.9 billion. At the same time, new hybrid bonds were issued to an amount of SEK 1,500m with an interest rate of Stibor 3m plus a margin of 3.50 percent.
- SBB was in December included in the property index FTSE EPRA Nareit Global Real Estate Index, which is one of the most renowned and used indexes for listed property investments

Significant events after the end of the period

- After the offer to Hemfosa's shareholders expired, SBB controlled 93.5 percent of the shares and 93.8 percent of the votes in Hemfosa. SBB has after that called for a compulsory purchase of the shares that have not been submitted in the offer.
- SBB issued a perpetual hybrid bond of EUR 500m with a fixed coupon of 2.624 percent and an unsecured bond of EUR 750m with a fixed coupon of 1 percent and a maturity of 7.5 years.
- LOI have been entered into for the sale of properties totaling SEK 11 billion.

SBB KEY RATIOS

	2019	2018	2019	2018
	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
Property-related key ratios				
Property value (market value), SEKm	79 542	25 243	79 542	25 243
Number of properties	1 394	570	1 394	570
Leasable area, sq.m., thousands	4 233	1 330	4 233	1 330
Surplus ratio, %	63	64	61	60
Yield, %	4,8	4,7	4,8	4,7
Economic letting ratio, %	94,8	96,2	94,8	96,2
WAULT, social infrastructure properties, yrs	7	7	7	7
Financial key ratios				
Rental income, SEKm	1 996	1 680	596	453
Net operation income, SEKm	1 265	1 071	362	274
Interim profit, SEKm	2 624	1 690	1 287	691
Cash flow from current operations, SEKm	745	248	238	-7
Equity excluding non-controlling interest, SEKm	24 304	9 009	24 304	9 009
Return on Equity, %	12	18	5	7
Loan-to-value ratio, %	41	53	41	53
Secured loan-to-value ratio, %	26	38	26	38
Equity ratio, %	30	41	30	41
Adjusted Equity ratio, %	33	44	33	44
Interest coverage ratio, times	2,6	1,8	N/A	N/A
Equity-related key ratios				
EPRA NNNNAV (actual net asset value), SEKm	22 298	7 838	22 298	7 838
EPRA NNNNAV (actual net asset value), SEK/share	17,97	10,37	17,97	10,37
EPRA NAV (long-term net asset value), SEKm	24 855	8 736	24 855	8 736
EPRA NAV (long-term net asset value), SEK/share	20,04	11,55	20,04	11,55
EPRA Earnings, SEKm	611	320	155	44
EPRA Earnings (EPS), SEK/share	0,80	0,43	0,20	0,06
EPRA Vacancy Rate	5,2	3,8	5,2	3,8
Earnings per ordinary class A and class B shares	2,97	2,07	1,51	0,83
Earnings per ordinary class D shares	2,00	0,50	0,50	0,50
Average number of ordinary class A and B shares	762 481 721	741 569 031	781 570 028	752 310 988
Average number of ordinary class D shares	65 967 084	918 854	76 801 786	3 645 452
Average number of preference shares	122 886	324 983	30 713	300 584
Number of ordinary class A and B shares	1 240 526 587	756 049 031	1 240 526 587	756 049 031
Number of ordinary class D shares	104 425 359	41 626 390	104 425 359	41 626 390
Number of preference shares	30 713	175 251	30 713	175 251

INFORMATION ON THE OPERATIONS IN SAMHÄLLSBYGGNADSBOLAGET I NORDEN

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

Property portfolio

In order to safeguard stability, a strength to act and strong cash flows, at least 80-90 percent of the portfolio must consist of social infrastructure properties in the Nordic region with long leases and rental apartments in Sweden. SBB has continuously exceeded its expectations. The 24th of September 2019 SBB presented the goal of the property portfolio amounting to SEK 55 billion in 2021 with a BBB+ rating". This goal has already been exceeded with the Hemfosa transaction. SBB aims to present updated growth goals on the Capital Markets Day in May 2020.

SBB is active in a market with stable and strong underlying driving forces. The property portfolio of the company is characterized by high letting ratio and long leases. Rental income is comprised of long, secure flows mainly from national and local government and from rental apartments.

Beyond growing through acquisitions, SBB also carries out value-creating activities, such as redevelopment and renovations of existing properties, as well as development of building rights. As of 31 December 2019, the property portfolio comprised 1,394 properties. The properties' value totalled SEK 79.5 billion, of which housing amounted to SEK 13.2 billion, community service properties SEK 61.5 billion, and other properties SEK 4.8 billion. The total area was approximately 4,233,000 sq.m. with a 12-month rolling rental income according to an earning capacity of SEK 5,217m.

Classification	Rental income, SEKm	Total, %
Residential	774	15
Group Housing	315	6
Government	2 462	47
Indirect government	1 060	20
Other	607	12
Total	5 217	100

Organisation

SBB's management team has significant experience in development and management of both residential and community service properties. The organization is made up of a team of employees where the focus lies on transactions, property development and cost effective management.

SBB works actively on improving cash flows in the existing property portfolio through efficient property management by a locally established management organization and an organization with extensive knowledge and experience of property development. Since the end of March 2018, SBB's property management organization is in-house. SBB operates a transaction-intensive business with the aim of creating the best long-term return.



THE ACQUISITION OF HEMFOSA

Transactions

In November 2019, SBB made a recommended public takeover bid to the shareholders of Hemfosa Fastigheter AB (publ) ("Hemfosa"). At 20 December 2019 when the acceptance deadline expired, SBB controlled 87.8 percent of the shares and 88.1 percent of the votes. The acceptance deadline for the offer was extended to 29 January 2020 and after that deadline expired, SBB controlled 93.5 percent of the shares and 93.8 percent of the votes in Hemfosa. SBB then called for compulsory redemption of the shares that had not been turned in for the offer and, at 31 January 2020, Hemfosa was delisted from trade on Nasdaq Stockholm. The acquisition was carried out through a mix of compensation in shares and compensation in cash. Read more on p. 34.

About Hemfosa

Hemfosa is a specialist in social infrastructure properties for public sector offices, schools, healthcare and adapted housing, as well as the judicial system in the Nordic region. Hemfosa is one of the largest private property owners of social infrastructure properties in Sweden. Police officers, teachers and doctors, among others, work in Hemfosa's premises and Hemfosa actively works to adapt its properties to their needs.

Hemfosa divided its social infrastructure properties into four categories – Public Sector Offices, Healthcare and Adapted Housing, Schools and Judicial System. Geographically, the properties are in 109 municipalities in Sweden with an emphasis on the Stockholm, Gothenburg and Malmö region and the Norrland coast. In Norway, since the first acquisitions in 2015, Hemfosa has built up a portfolio located primarily in the Oslo region and Southern Norway, but since 2017 is also in Western Norway through an acquisition in Bergen. Finland is the third market that Hemfos established operations in with an emphasis on the greater regions

The merged company

The property value in SBB after the implementation of the acquisition of Hemfosa amounts to nearly SEK 80 billion. The company is thereby one of the largest listed property companies and the largest in social infrastructure in the Nordic region. The property portfolio has a clear focus on low-risk assets in social infrastructure with municipal and government tenants in the largest Nordic metropolitan regions, with a particularly strong position in Sweden. Through the acquisition, SBB will be able to realize financial and operational synergies.

An important goal for SBB is to achieve a BBB+ rating and the company has completed several activities after the implementation of the acquisition to achieve this in the long term. Declarations of intent regarding the sale of properties for a total value of around SEK 11 billion have been made, of which a major component is office properties from Hemfosa's portfolio – which further strengthens SBB's low-risk profile. Binding agreements are expected to be reached in March 2020. In addition, SBB has repaid secured bank loans totalling SEK 10 billion, which results in the financial costs on a 12-month rolling basis (with all else equal) decreasing by SEK 170m.

The "new" SBB is characterized by an attractive and stable property portfolio with exposure to Nordic welfare states with long leases, high letting ratios and a diversified base of tenants.

CEO ILIJA BATLIJAN



“SBB is now the social infrastructure property champion in the Nordics”

CASH FLOW INCREASED BY 201 PER CENT

After the acquisition of Hemfosa, Samhällsbyggnadsbolaget (SBB) is the Nordic region's largest and one of Europe's largest owners of social infrastructure. We continue to build a cash-flow machine through SBB's scalable platform staffed with some of the Nordic region's most experienced employees in the senior positions. Cash flow from operating activities before changes in working capital increased by 201 per cent to SEK 745m (248). Adjusted for non-recurring effects for the buyback of expensive loans, cash flow for the year ends up at SEK 942m (375).

NET ASSET VALUE INCREASED BY 73 PER CENT

In the past 12 months, the net asset value increased by SEK 16,1 billion, corresponding to 73 per cent per ordinary A and B shares. Net asset value EPRA NAV was SEK 20.04 per ordinary A and B share at the end of the fourth quarter.

Profit before tax was SEK 3,137m and profit after tax was SEK 2,624m. Adjusted for non-recurring costs for repayment of expensive loans and deductions for profit attributable to preference shares, D shares and hybrid bonds, earnings for the year were SEK 3.36 per ordinary A and B share.

EARNING CAPACITY FROM PROPERTY

MANAGEMENT INCREASED BY 126 PER CENT

SBB's 12-month rolling earning capacity from the management operations amounted to SEK 2,723m (770) at the end of 2019. Considering a theoretical cost because the company had a liquid position (available liquidity less deposited payment for the cash component of the Hemfosa deal) of SEK 6,930m, an adjusted earnings capacity would end up at SEK 2,845m, corresponding to an increase of 126 per cent per ordinary Class A and B share since the end of 2018 when earnings per share was SEK 1.02 per share.

The management earnings adjusted for non-recurring costs increased, compared with 2018, by 73 per cent to SEK 945m (468). In addition to costs for the repayment of loans, the non-recurring costs include SEK 10m in costs for the transition to renewable energy and SEK 10m for central administration. The strong net operating income combined with ever lower financial expenses are the main factors behind the strong increase in management earnings.

We see continued strong demand for rental apartments and extensive competition for both rental apartments and social infrastructure properties.

SBB's property value amounted to SEK 79.5 billion at the end of 2019. The total area of our property portfolio is 4.2m sq.m. with a rental income of SEK 5,217m based on a 12-month rolling earning capacity. Approximately 65 per cent of the value of our property portfolio is in the Nordic region's largest cities with Stockholm as the largest market (27 per cent of the value), with an average lease length of 7 years. If we adjust for signed but not yet closed leases, the average lease length would be nine years.

In connection with the acquisition of Hemfosa, SBB's portfolio with building rights under development increased by around 700,000 sq.m. GFA to a total of 1.8m sq.m. GFA. Converted to potential for new construction, these correspond to approximately 20,000 - 24,000 homes.

We continue to develop our joint venture collaborations. This is done both with respect to the sale of building rights to the joint ventures, but also focussing on having social infrastructure such as elderly homes and properties for the disabled delivered to us. In one of our joint ventures, a project engineering agreement has been signed with the Swedish Police Authority for the purpose of building a new police station in Västerås on a jointly owned property with an appraised rental value of SEK 630m during the 15-year term in the lease intended to be signed.

BBB+ RATING FOCUS IN THE NEXT 12 MONTHS

We are focusing on achieving a BBB+ rating in the next 12 months, which is a prerequisite for strong growth. In the long term, the goal is to achieve an A- rating.

We continued to strengthen equity, by SEK 20 billion during the year. Calculated on our earning capacity on a 12-month rolling basis, the interest coverage ratio ends up at a multiple of 4.3. At the end of the year our net debt proforma, adjusted for upcoming property divestments, through total capital in accordance with S&P's definition amounted to 54 per cent.

SUSTAINABILITY – A CENTRAL PART OF OUR BUSINESS MODEL

Sustainability is a natural part of SBB's business model and SBB strives to be the most sustainable property company in the world. In order to achieve this, SBB launched Vision 2030 which sets out clear goals. The overall goals presented in Vision 2030 are:

- Govern the company's operations in line with the UN global sustainable goals; (5), (7), (8), (11), (13), (15)
- 100 per cent climate neutral by 2030
- Minimize the risks to the company's assets by continuously reviewing the climate risks in the property portfolio
- Regularly improve, follow up and report on the company's sustainability efforts
- The company's Code of Conduct, which is based on the UN Global Compact, must be followed and understood by all employees and partners

SBB provides social infrastructure by ensuring access to appropriate and affordable premises for the most important welfare state services. As a long-term partner to the municipalities, we invest in CSR and cooperate with the municipalities by, for example, letting apartments to the municipalities for social purposes. One of our important goals is to offer summer jobs in our residential areas so that approximately 100 young persons get the opportunity to enter the job market. We invest in our

residential areas and, together with the municipalities, we are a player in sustainable urban planning and community development.

OUTLOOK

SBB's secure cash flows are only marginally affected by the economy and external factors. We provide a strong earnings capacity of SEK 2.29 per share from property management. In addition to this, we see good conditions to continue delivering further earnings from our three value-creating areas – renovations/investments in the existing portfolio, development of building rights and transactions. We previously communicated that "For 2019-2021, our assessment is that we will be able to deliver the highest annual increase in net worth among all Swedish listed property companies." We now have the outcome for 2019 and it is a high 73 per cent per ordinary A and B share.

SBB is now the leading property company in the Nordic region focused on social infrastructure. Our assessment is that we have the best conditions to continue developing our position. SBB's strength is clear from some of the events after the end of the fourth quarter. First off is naturally the major success with the offer to Hemfosa's shareholders, where SBB by the end of the offering period in January 2020 controlled 93.5 per cent of the shares and 93.8 per cent of the votes in Hemfosa. In addition, SBB issued a perpetual hybrid bond (equity) of EUR 500m with a fixed coupon of 2.624 per cent and, last, but not least, SBB's successful unsecured 7.5 year bond of EUR 750m with a fixed coupon of 1 per cent – the largest ever for a Nordic real estate company.

We are continuing to deliver shareholder value, good profitability and strong cash flows. SBB's new dividend policy entails a goal to generate a stable increasing annual dividend. The company's Board of Directors proposes an initial dividend in accordance with the new dividend policy of SEK 0.60 per ordinary A and B share for the 2019 financial year, to be paid out with SEK 0.15 quarterly.

Ilija Batljan

CEO and Founder



CONSOLIDATED INCOME STATEMENT

Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018	01-10-2019 31-12-2019	01-10-2018 31-12-2018
Rental income	1 996	1 680	596	453
Operating costs	-471	-386	-145	-111
Maintenance	-115	-100	-37	-35
Property administration	-104	-92	-36	-27
Property tax	-41	-31	-16	-6
Net operating income	1 265	1 071	362	274
Central administration	-136	-102	-51	-35
Acquisition and restructuring costs	-83	-	-83	-
Results from associated companies/joint ventures	92	13	35	10
Profit before financial items	1 138	982	263	249
Financial items				
Interest income and similar items	102	4	27	2
Interest expenses and similar items	-482	-538	-157	-110
Expenses for redeemed loans in advance	-197	-127	-67	-113
Translation gains/losses	91	-	76	-
Leasing costs	-7	-	-5	-
Profit from property management	645	321	137	28
Changes in value, property	2 453	1 575	1 317	671
Changes in value, derivatives	39	8	157	1
Profit before tax	3 137	1 904	1 611	700
Tax	-513	-214	-324	-9
NET PROFIT FOR THE PERIOD	2 624	1 690	1 287	691

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018	01-10-2019 31-12-2019	01-10-2018 31-12-2018
Net profit for the period	2 624	1 690	1 287	691
Translation gains/losses	163	-4	21	-197
COMPREHENSIVE INCOME FOR THE PERIOD	2 787	1 686	1 308	494
Earnings per ordinary share A and B before dilution	2,97	2,07	1,51	0,83
Earnings per ordinary share A and B after dilution	2,92	2,06	1,49	0,83
Earnings per ordinary share D (not subject for dilution)	2,00	0,50	0,50	0,50

COMMENTS ON THE INCOME STATEMENT

Net operating income

Rental income during the period amounted to SEK 1,996m (1,680). Of the rental income, SEK 707m pertained to residential properties, SEK 1,168m community service properties and SEK 121m other properties. The economic letting ratio at the end of the period was 94.8 percent (96.2). The average contract length for the community service properties was seven years (seven). Property costs amounted to SEK -731m (-609) during the period and SEK -234m (-179) for the quarter. The costs mainly consisted of tax-related costs, maintenance costs and management costs. The transition made to renewable electricity in the property portfolio led to non-recurring costs of around SEK 10m

Segment reporting

For reporting and follow-up, SBB has been divided into three segments: Residential, Social Infrastructure and Other/Property Development. The division is based on the differences in the nature of the segments and on the reporting the management obtains to follow up and analyse the business, and the information obtained to make strategic decisions.

Segment reporting 01-01-2019 – 31-12-2019

SEKm	Residential	Community service	Other	Total
Rental income	707	1 168	121	1 996
Property costs	-372	-298	-61	-731
Net operating income	335	870	60	1 265
Surplus ratio	47%	74%	50%	63%
Central administration				-136
Acquisition and restructuring costs				-83
Profit from associated companies/JV				92
Net financials				-493
Operating profit	335	870	60	645
Changes in value, property	1 188	1 143	122	2 453
Changes in value, derivatives				39
Tax				-513
Profit for the period	1 523	2 013	182	2 624
Investment properties	13 230	61 547	4 765	79 542
Value per sq.m. (SEK)	15 172	20 439	13 619	18 790

Segment reporting 01-01-2018 – 31-12-2018

SEKm	Residential	Community service	Other	Total
Rental income	565	982	133	1 680
Property costs	-294	-238	-77	-609
Net operating income	271	744	56	1 071
Surplus ratio	48%	76%	42%	64%
Central administration				-102
Profit from associated companies/JV				13
Net financials				-661
Operating profit	271	744	56	321
Changes in value, property	834	681	60	1 575
Changes in value, derivatives				8
Tax				-214
Profit for the period	1 105	1 425	116	1 690
Investment properties	6 720	16 435	2 088	25 243
Value per sq.m. (SEK)	13 381	25 338	11 650	18 979

Segment reporting 01-10-2019 – 31-12-2019

SEKm	Residential	Community service	Other	Total
Rental income	193	370	33	596
Property costs	-116	-101	-17	-234
Net operating income	77	269	16	362
Surplus ratio	40%	73%	48%	61%
Central administration				-51
Acquisition and restructuring costs				-83
Profit from associated companies/JV				35
Net financials				-126
Operating profit	77	269	16	137
Changes in value, property	600	617	100	1 317
Changes in value, derivatives				157
Tax				-324
Profit for the period	677	886	116	1 287
Investment properties	13 230	61 547	4 765	79 542
Value per sq.m. (SEK)	15 172	20 439	13 619	18 790

Segment reporting 01-10-2018 – 31-12-2018

SEKm	Residential	Community service	Other	Total
Rental income	161	264	28	453
Fastighetskostnader	-90	-75	-14	-179
Net operating income	71	189	14	274
Surplus ratio	44%	72%	50%	60%
Central administration				-35
Profit from associated companies/JV				10
Net financials				-221
Operating profit	71	189	14	28
Changes in value, property	237	441	-7	671
Changes in value, derivatives				2
Tax				-9
Profit for the period	308	630	7	691
Investment properties	6 720	16 435	2 088	25 243
Value per sq.m. (SEK)	13 381	25 338	11 650	18 979

Profit after tax

In total, the costs for central administration amounted to SEK -136m (-102) for the year. The costs were SEK -51m (-35) for the quarter. Central administration costs include costs for business development, transactions, property development and financial management. As a result of activities in the company, such as a change to Nasdaq's main market and the acquisition of Hemfosa, the company had some non-recurring costs during the period. As the acquisition of Hemfosa is classified as a so-called business combination, the transaction costs are to be recognized in profit or loss. In total, the non-recurring costs amount to around SEK -83m. In addition, the activities have also resulted in higher costs for central administration, amounting to around SEK -10m. Profit from associated companies and joint ventures was SEK 92m (13) for the period and SEK 35m (10) for the quarter. The largest part of the profit was attributable to the companies Klarabo Förvaltning AB and Valerum Fastighets AB, which own and manage investment properties.

Net financial items for the year amounted to an expense of SEK -493m (-661). Net financial items amounted to an expense of SEK -126m (-221) for the quarter. The financial costs are interest for external financing and other financial costs, such as arrangement fees. The financial costs include large non-recurring charges in the form of costs for early repayment of expensive loans of SEK -197m (-127) for the year and SEK -67m (-113) for the quarter.

The value changes for the properties amounted to SEK 2,453m (1,575) of which SEK -251m (58) comprised realized value changes and an SEK 2,704m

(1,517) comprised unrealized value changes. The unrealized value changes were part of the value creation of building rights of SEK 338m (177). The remaining part of the value changes is attributable to increased net operating income as a result of investments and leases in the property portfolio and reduced yield requirements. The realized value change included a decrease of SEK -272m for the sale of DNB's head office in Oslo. The sale was comprised of a value corresponding to the latest appraisal with a deduction for deferred tax, which in accounting terms leads to a negative value change as the reversal of booked deferred tax of around SEK 184m is recognized on the tax line. The property had at the same time been financed with a long bond loan of NOK 2,795m, which would have been expensive to repay early given SBB's financial development. In connection with the sale, a solution was negotiated to lower the agreed property value in the deal by around SEK 67m. This solution also affects the realized value change.

The profit after tax for the year was SEK 2,624m (1,690) and was charged SEK -513m (-214) in tax, of which SEK -34m (-2) refers to current tax and SEK -479m (-212) refers to deferred tax related to properties and loss carry-forwards. Around SEK 184m was recognized as a tax income as a result of the sale of DNB's head office. The Swedish government has decided to reduce 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 the deferred tax liabilities at 20.6 percent since they are not expected to be reversed to any significant extent in 2019 and 2020.

CONSOLIDATED BALANCE SHEET

Amount in SEKm	31-12-2019	31-12-2018
ASSETS		
Fixed assets		
Intangible assets		
Goodwill	6 687	24
Total intangible assets	6 687	24
Tangible assets		
Investment properties	79 542	25 243
Land lease agreements	445	-
Equipment, machinery and installations	21	5
Total tangible fixed assets	80 008	25 248
Financial fixed assets		
Shares in associated companies/joint ventures	909	213
Receivables from associated companies/joint ventures	1 142	583
Derivatives	73	-
Financial fixed assets at fair value	459	62
Other long-term receivables	24	11
Total financial fixed assets	2 607	869
Total fixed assets	89 302	26 141
Current assets		
Current receivables		
Accounts receivable	53	30
Receivables from associated companies/joint ventures	-	991
Other receivables	791	290
Prepaid expenses and accrues income	158	32
Total current receivables	1 002	1 343
Short-term investments	1 041	-
Cash and cash equivalents	12 858	157
Summa omsättningstillgångar	14 901	1 500
TOTAL ASSETS	104 203	27 641

Amount in SEKm	31-12-2019	31-12-2018
EQUITY AND LIABILITIES		
Equity	30 896	11 197
Long-term liabilities		
Liabilities to credit institutions	22 073	5 898
Bond loans	23 720	6 598
Derivatives	25	12
Deferred tax liabilities	6 237	1 047
Liabilities leasing	445	-
Other long-term liabilities	22	25
Total long-term liabilities	52 522	13 580
Current liabilities		
Liabilities to credit institutions	3 912	12
Commercial papers	4 944	1 840
Bond loans	1 442	327
Accounts payable	131	88
Current tax liabilities	126	19
Other liabilities	8 822	279
Accrued expenses and prepaid income	1 408	299
Total current liabilities	20 785	2 864
TOTAL EQUITY AND LIABILITIES	104 203	27 641

COMMENTS ON THE BALANCE SHEET

Investment properties

The value of the properties amounted to SEK 79.5 billion at 31 December 2019. The value of the property portfolio has been based on external valuations made by Newsec, JLL, Savills and Colliers Danmark. The valuations have been based on an analysis of future cash flows for each property, taking into account the current lease terms, market situation, rental levels, operating, maintenance and management costs, as well as need for investments. The return requirements used in the valuation are in the range of 2.30 percent to 15 percent. The value of the properties includes SEK 2,893m for building rights that have been valued by applying the local price method, which means that the assessment of the value is based on comparisons of prices for similar building rights. Fair value has thus been assessed in accordance with IFRS 13 level 3. Also refer to investment properties on p. 16.

Associated companies and joint ventures

SBB's involvement in associated companies and joint ventures consists of an ownership interest and, in some cases, financing for the companies. As at 31 December 2019, participations in associated companies and joint ventures amounted to SEK 909m (213) and receivables from associated companies and joint ventures amounted to SEK 1,142m (1,574). Some of the companies carry out property development projects, which are described in more detail on page 19, while other companies own investment properties. The largest part of the profit was attributable to the companies Klarabo Förvaltning AB and Valerum Fastighets AB, which own and manage investment properties.

Goodwill

Most of the goodwill item of SEK 6,687m is attributable to the acquisition of Hemfosa and is mostly comprised of synergies in the form of lower financing and administration costs. In addition to this, there is a recognized goodwill attributable to the difference between nominal tax and the calculated estimated tax that is applied in so-called business combinations, such as the acquisition of Hemfosa. For this accounted goodwill of SEK 2,368m there is a corresponding amount in the item deferred tax. The smaller part of the goodwill arose through the acquisition of the company SBB Förvaltning Sverige AB (formerly Hestia Sambygg AB) with 70 employees that was implemented in 2018. The goodwill item that arose during the acquisition is linked to the employees.

Equity

Equity amounted to SEK 30,896m (11,197) at 31 December 2019. Equity includes issued hybrid bonds at a book value of SEK 4,629m and preference shares in the Norwegian subsidiary Nye Barcode 121 Bidco AS and Karlbergsvägen 77 Fastighets AB (publ) of SEK 29m. As SBB does not own all shares in Hemfosa, there is a minority interest of SEK 1,934m.

During the period, SBB carried out a rights issue of Class B ordinary shares, which provided SBB with SEK 1.5 billion before issue expenses. In addition to this, a targeted issue of Class B ordinary shares was made to a volume of SEK 400m to Gösta Welandson. The non-cash issue carried out in connection with the acquisition of Hemfosa contributed around SEK 11 billion in equity.

The equity/assets ratio was 30 percent (41), the adjusted equity/assets ratio was 33 percent (44) and the loan-to-value ratio was 41 percent (53).

Deferred tax

Deferred tax is calculated with a nominal tax of 20.6 percent in Sweden on differences between reported and taxable value of assets and liabilities. The tax rates for Norway and Denmark is 22 percent and for Finland 20 percent. At 31 December 2019, the deferred tax liability amounted to SEK 6,237m (1,047) and is mainly attributable to investment properties and loss carry-forwards. Loss carry-forwards amount to SEK 3,9 billion at 31 December 2019. The new interest deduction limitation rules that was applied from 1 January 2019 resulted in non-deductible interest costs of SEK 200m in the tax calculation. As SBB estimates that the carry forwards of interest costs can be deducted in the future a reserve for deferred tax has been accounted.

Debt and cash and cash equivalents

Interest-bearing liabilities in the Group amounted to SEK 56,091m (14,675) at the end of the period, of which SEK 25,985m (5,910) pertained to liabilities to credit institutions, SEK 25,162m (6,925) pertained to bond loans and SEK 4,944m (1,840) pertained to commercial paper. Also refer to the section Financing on p. 14. Cash and cash equivalents amounted to SEK 12,858m (157). A large amount of the cash and cash equivalents consists of a reserve for the cash compensation in the Hemfosa acquisition.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount in SEKm

	Share capital	Other contributed capital	Retained earnings	Hybrid bonds	Non-controlling interest	Total equity
Total equity 01-01-2018	74	3 041	3 274	668	579	7 636
Share issue	6	1 374				1 380
Issue hybrid bonds				1 505		1 505
Issue warrants		9				9
Dividends			-100	-87	-38	-225
Redeemed preference shares		-79	-19			-98
Repurchased hybrid bonds			-17	-300		-317
Repurchased warrants			-93			-93
Acquired minority interests					13	13
Redeemed minority interests			-10		-288	-298
Net profit for the period			1 565	87	38	1 690
Other comprehensive income			-15		10	-5
Total equity 31-12-2018	80	4 345	4 585	1 873	314	11 197
Total equity 01-01-2019	80	4 345	4 585	1 873	314	11 197
Share issue	54	13 352				13 406
Issue hybrid bonds				4 600		4 600
Issue warrants		3				3
Dividends			-357	-198	-1	-556
Redeemed preference shares		-93	-54		-295	-442
Repurchased hybrid bonds			-283	-1 873		-2 156
Acquired minority interests					1 930	1 930
Tax effects equity		51		76		127
Net profit for the period			2 421	198	5	2 624
Other comprehensive income			200	-47	10	163
Total equity 31-12-2019	134	17 658	6 512	4 629	1 963	30 896

CONSOLIDATED CASH FLOW STATEMENT

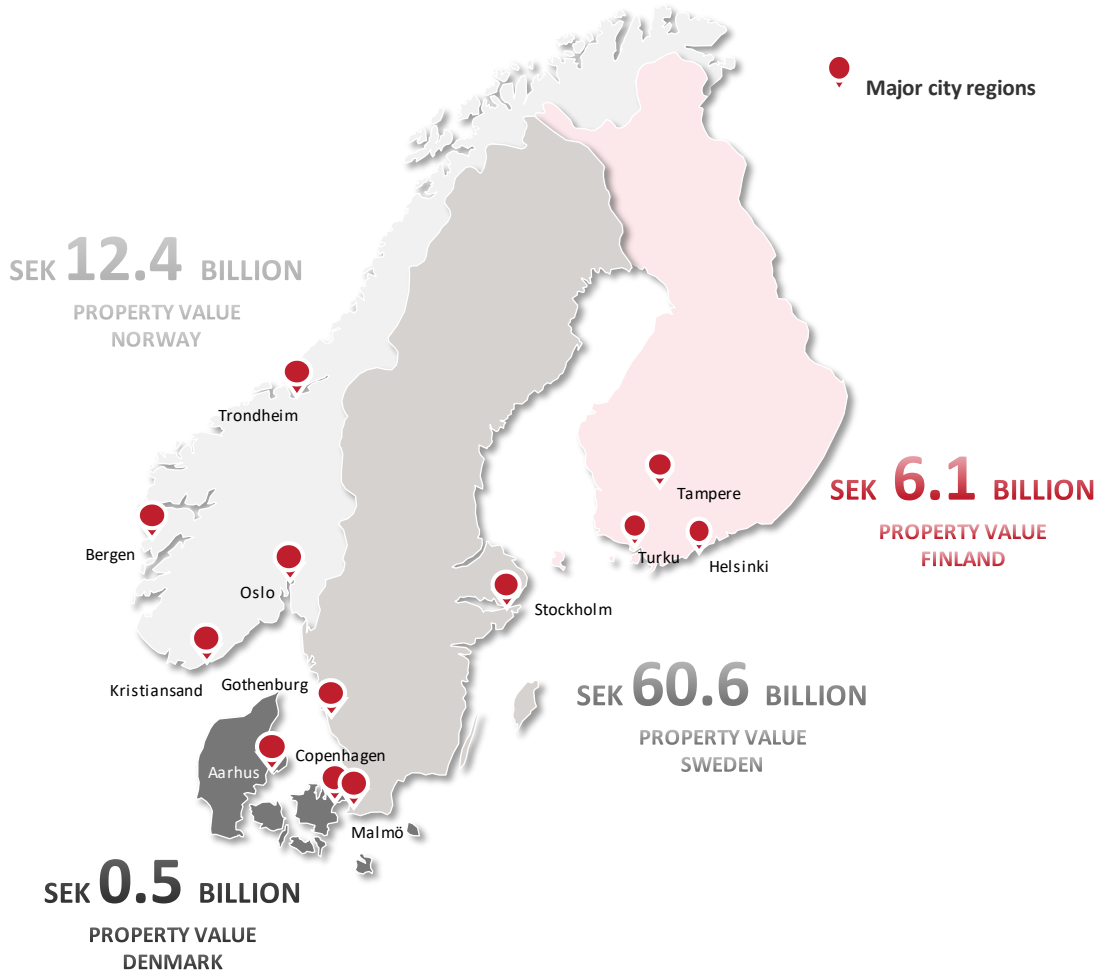
Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018	01-10-2019 31-12-2019	01-10-2018 31-12-2018
Operations				
Profit from property management	645	321	137	28
<i>Adjustments for non-cash flow items</i>				
Depreciations	3	2	2	1
Net financial items	493	661	126	221
Interest paid	-459	-739	-69	-275
Interest received	97	4	24	2
Income tax paid	-34	-1	18	16
Cash flow from operations before changes in working capital	745	248	238	-7
Cash flow from changes in working capital				
Changes in current receivables	-644	-6	-538	17
Changes in current liabilities	9 443	-402	9 338	-69
Cash flow from operations	9 544	-160	9 038	-59
Investment activities				
Investments in properties ¹⁾	-58 258	-3 908	-48 189	-1 324
Divestments in properties	6 672	3 417	648	1 422
Investments/divestments in equipment, machinery and installations	-19	5	-19	-1
Investments in associated companies/joint ventures	-698	-102	-377	-114
Investments in intangible fixed assets	-4 295	-24	-4 295	1
Changes in receivables from associated companies/joint ventures	432	-1 574	610	-292
Changes in financial assets	-1 459	-	-51	-
Changes in other long-term receivables	-13	-63	15	-36
Cash flow from investment activities	-57 638	-2 249	-51 658	-344
Financing activities				
Share issue ¹⁾	13 406	1 380	12 353	1 380
Issue hybrid bonds	4 600	1 504	1 485	201
Redeemed preference shares	-83	-98	10	-98
Repurchased hybrid bonds	-2 156	-316	-2 156	-317
Redeemed warrants	-	-93	-	-93
Issue warrants	3	9	3	-
Dividends paid	-426	-186	-74	-52
Acquired minority shares	1 930	13	1 930	13
Redeemed minority shares ¹⁾	-349	-299	-4	-171
New loans	53 766	7 516	32 377	1 696
Amortization of loans	-12 362	-6 895	-1 433	-2 027
Amortization of loans from shareholders	-	-74	-	-
Changes in loans from associated companies/joint ventures	-	-	-	-9
Changes in other long-term liabilities	2 467	12	2 459	-105
Cash flow from financing activities	60 796	2 473	46 950	418
Cash flow for the period	12 702	64	4 330	15
Cash and cash equivalents at the beginning of the period	157	93	8 532	143
Translation difference of cash and cash equivalents	-1	-	-4	-1
Cash and cash equivalents at the end of the period	12 858	157	12 858	157

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

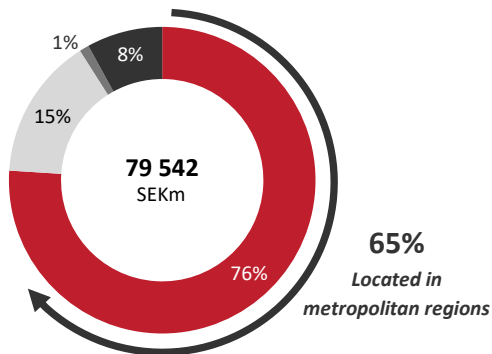
PROPERTY PORTFOLIO

PROPERTY VALUE BY GEOGRAPHY:

65 percent of the property portfolio is in the metropolitan regions

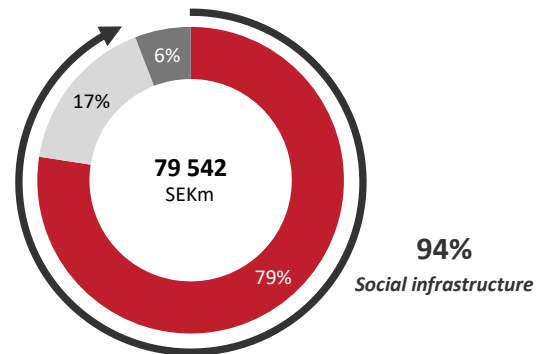


Property value, by country



■ Sweden ■ Norway ■ Denmark ■ Finland

Property value, by property type



■ Social infrastructure ■ Residentials ■ Other

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

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

SBB's strategy is the long-term ownership, management and development of social infrastructure. At the end of the period, community service properties in Sweden accounted for 52 percent of the company's property value; 16 percent of the company's property value was comprised of community service properties in Norway, 8 percent of community service properties in Finland and 1 percent of community service properties in Denmark. 17 percent of the property value was comprised of Swedish regulated rental apartments. The remaining 6 percent are properties outside the company's core holdings that were acquired in connection with large portfolio acquisitions and are intended to be divested soon or properties where the company conducts active property development work where cash flow properties are converted to building rights for social infrastructure – an important part of building social infrastructure. This makes SBB a very important society builder in times of an extensive demand for properties in social infrastructure.

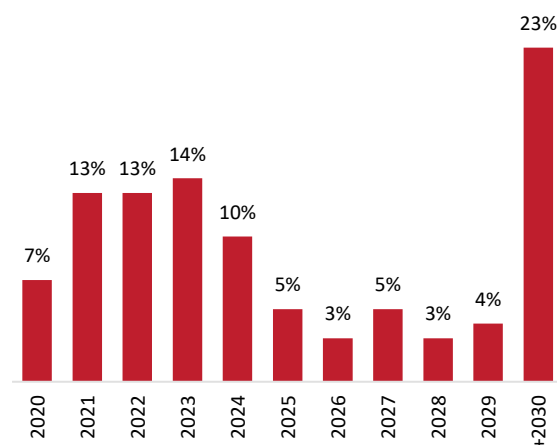
SBB's community service properties include properties that are used by tenants that are tax financed by the Nordic welfare states. The tenants conduct operations in education, elderly care, support for the disabled and other activities for healthcare and municipal and national administration. For example, SBB owns several municipal buildings, ministry buildings, a large number of elderly housing units, preschools and schools and is the Nordic region's largest actor in properties for support of the disabled with around 250 such properties.

SBB manages and refines homes in Swedish growth municipalities. Our properties are located in close vicinity to the town centre and with access to very good public transport. Community service properties, which together with Swedish regulated rental apartments are defined as social infrastructure, constitute SBB's core holdings and over time shall comprise around 90 percent of the company's total property value. The combination of regulated rental apartments and community service properties is unique among listed companies in the Nordic region. They are assets with minimal risk since the supply of rental apartments in Sweden is far below demand due to a regulated market and a growing population, at the same time that the need for community service properties is very extensive for demographic reasons in combination with tenants that are financed by the Nordic welfare states. SBB has among the longest average lease durations in the market for community service properties, around seven years, combined with a very low degree of relocation, which means that the actual duration is clearly longer than seven years.

Lease duration, community service properties

7 years

Average lease duration



Largest tenants

Tenants	Rental income	% of total ¹⁾
Swedish state	827	20,2
Norwegian state	246	6,0
Municipality of Härnösand	129	3,2
Norwegian National Association for Hearth and Lung Diseases	112	2,7
Academediä	87	2,1
Västra Götaland County Council	66	1,6
Municipality of Boden	63	1,5
Municipality of Haninge	61	1,5
Attendo	56	1,4
Internationella Engelska Skolan	54	1,3
Total 10 largest	1 700	41,6
Other	2 392	58,4
Total rental income	4 092	100,0

¹⁾ Based on the Social infrastructure property portfolio

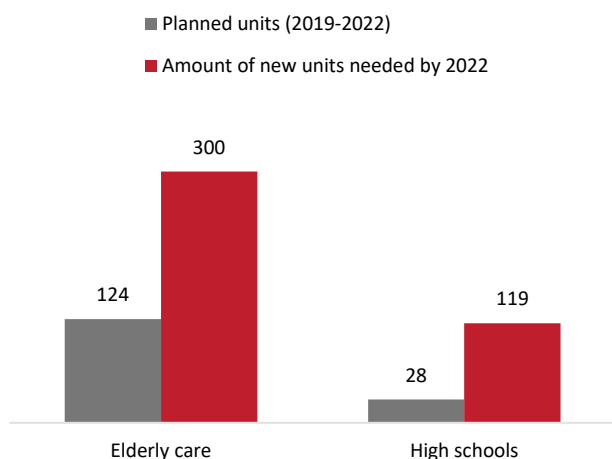
Supply and demand for social infrastructure

The need for community service properties is very large. The graph below illustrates the number of planned units of elderly housing and high-schools until 2022 in relation to the actual need. A large supply shortage also characterizes the market for Swedish regulated rental apartments where the average queue time for an apartment in the Stockholm region is around

ten years.

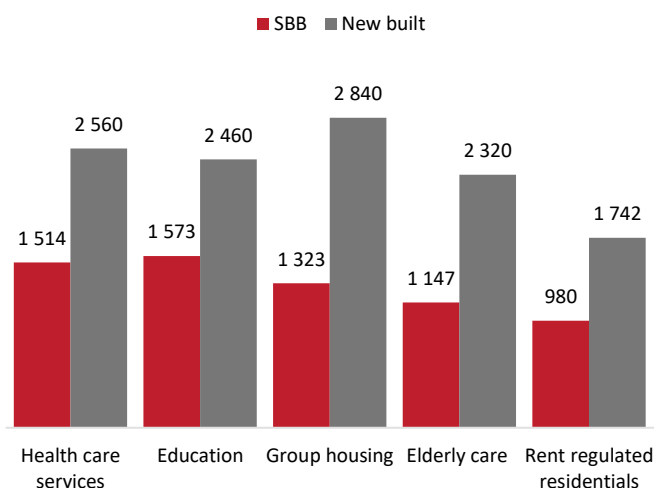
In addition to a large shortage of properties in social infrastructure, there is also a major rental potential in the existing portfolio. The leading property advisor Newsec analyzed rent levels for newly produced community service properties in Sweden in autumn 2019. The graph below shows rents in the new production analysis in relation to average rents for SBB's portfolio.

Need and planned community service properties



Source: SKL

Rent per sq.m. for new built compared with SBB's existing portfolio of community service properties



Source: Newsec

Sensitivity analysis

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

	Change	Value impact
Rental value	+/- 5 %	SEK 3 712 / -3 714 m
Estimated interest rate	+/- 0,25 %	SEK-2 020 / 2 173 m
Direct return requirements	+/- 0,25 %	SEK-2 370 / 2 525 m

Property portfolio change

Opening fair value 2019-01-01	25 243
Acquisitions	57 608
Investments	650
Sales	-6 917
Translation difference	254
Unrealized changes in value	2 704
Fair value at period end	79 542

ACTIVE MANAGEMENT

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

Property development

SBB works actively with property development, which entails development of building rights and participation in property development projects in joint ventures with a limited implementation risk for SBB. The company's strategy is that around 10 percent of the property portfolio's value is to be comprised of the Other property segment, which means cash flow properties with identified property development potential for social infrastructure or non-strategic properties acquired in larger portfolios and intended to be divested soon. Property development should generate earnings of SEK 250-400m per year on average over a business cycle. The acquisitions in property development are most often made off market after SBB has held a dialogue with the respective municipality to ensure that the property with the local area is prioritized for upcoming urban development.

SBB believes that sustainable urban development is based in the locations near public transport and that previously developed land is improved rather than claiming important green spaces for urban development. SBB is driven by residents of modern central housing being able to live without their own car and that transportation, local services, healthcare, schools and care are to be in the local area. Most of SBB's development properties are within the appointed priority transportation hubs, such as commuter rail stations and important railway stations for regional service.

SBB's property development organisation

SBB has the Nordic region's leading property development team and is led by Vice President Krister Karlsson. The organization develops 1,600,000 square metres of GFA in various phases of detailed development planning. SBB has extensive experience of initiating and implementing sales early in the planning process and has sold building rights to both cooperative companies, listed companies and public service housing companies. The organization is also responsible for project development that takes place within SBB's property management portfolio.

Building Rights

At 31 December 2019, SBB had development projects in various phases of detailed development planning regarding a total of around 1,800,000 sq.m. GFA. SBB divides the development process into four phases: *Project concepts (phase 1)*, *Prior to a decision on planning notification (phase 2)*, *With a planning notification (phase 3)* and *Legally enforceable detailed development plans (phase 4)*. SBB's various projects are presented below in table form. It should be noted that several projects in phases 1-3 already to some extent have legally enforceable detailed development plans, but where SBB identified potential in addition to what current detailed development plans allow. been vacated as of 31 December 2019 as all vacating terms (e.g. a legally enforceable detailed development plan) have not been met. SBB assess that the value of the building right portfolio in legally enforceable

detailed development plans will exceed the externally assessed value of the building right portfolio at 31 December 2019 by around SEK 1,5 billion, which is illustrated by the graph on the next page.

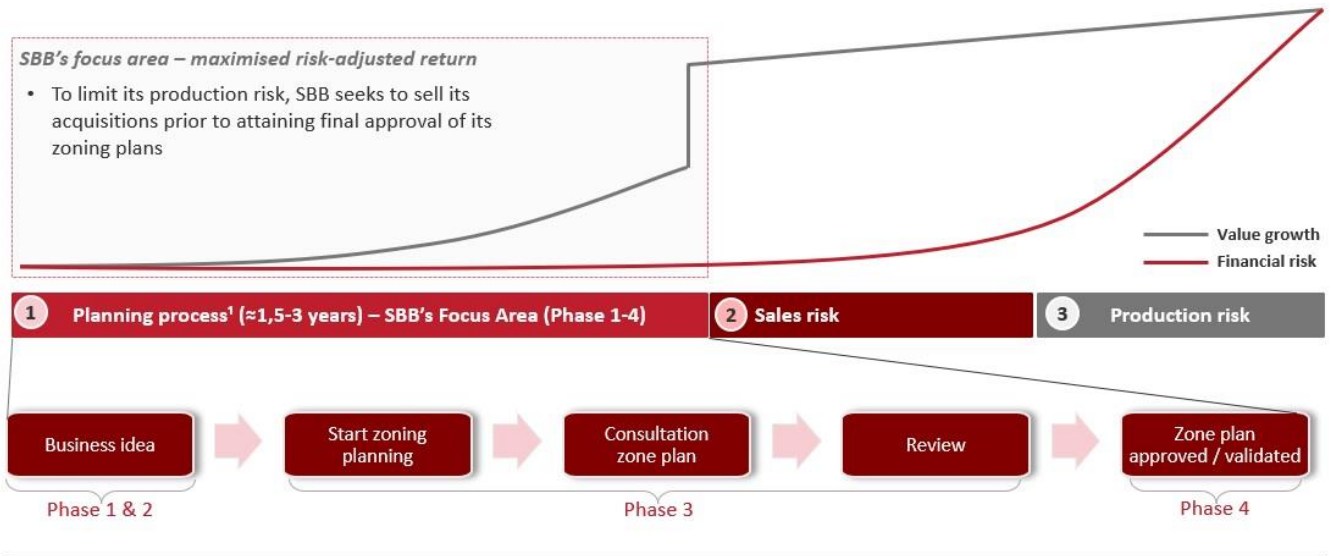
Planning phase	GFA building rights (sq.m.)	Value according to external appraisal (SEK m)	per sq.m.
Phase 1 – Project concepts	603 052	772	1 279
Phase 2 – Prior to a decision on planning notification	70 000	119	1 705
Phase 3 – With planning notification	690 029	884	1 280
Phase 4 – Legally enforceable detailed development plans	392 462	1 118	2 849
Total	1 755 543	2 893	1 648

Sales status	GFA building rights (sq.m.)	Value, (SEK m)	per sq.m.
Sold, but not vacated building rights	444 350	1 546	3 479
Unsold building rights	1 311 193	4 411	3 364
Total	1 755 543	5 957	3 393

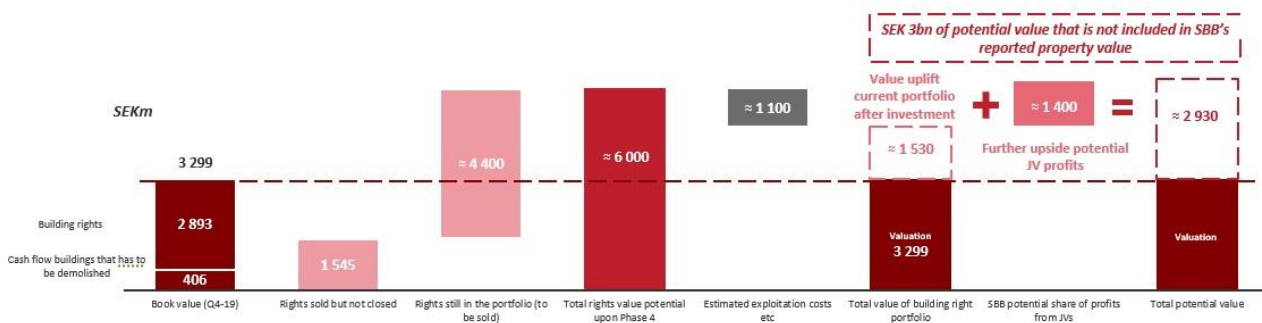
Property development in joint ventures

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

Illustrative model of SBB's strategy for property development



Illustrative model of SBB's current property development portfolio



Important events during the fourth quarter of 2019:

- In connection with the acquisition of Hemfosa, SBB's portfolio with building rights under development increased by around 700,000 sq.m. GFA.
- In a joint venture, SBB and KSA signed a project engineering agreement with the Swedish Police Authority for the purpose of building a new police station in Västerås on a jointly owned property with an appraised rental value of SEK 630m during the 15-year term in the lease intended to be signed.
- Acquisitions of large investment property portfolio in social infrastructure in university cities in the Nordic region with an assessed development potential of around 100,000 sq.m. GFA
- Sale of 50,000 sq.m. GFA building rights with possession after a legally enforceable detailed development plan in Nyköping Raspen 1 to a newly formed joint venture between Amasten and SBB.
- Sale of the development property Västerås Allmogekulturen 5
- Detailed development plan development:
 - Decision on acceptance for Vaxjö Hov Dalbogård 3 & 4, Borlänge Kvarnsveden 3:196-197. Totalling 28,000 sq.m. GTA
 - Decision on review for Nyköping Raspen 1-3. Totalling 165,000 sq.m. GTA
 - Decision on consultation for Sundsvall Härsta 9:3 and Sundsvall Västland 26:39. Totalling 24,000 sq.m. GTA

- Decision on planning notification for Stockholm Sättra Gård 1. Totalling 8,000 sq.m. GTA

Investments/renovations

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

In 2019, SBB renovated 562 apartments and at year-end, 194 apartments had terminated leases to be able to be renovated in the first quarter of 2020. During the year, the renovation team was expanded, meaning that SBB now has the staffing to meet a higher renovation rate in a growing portfolio. Two energy projects in Tidaholm and Skara and one energy project in Motala were commissioned at the end of the year. The results in these properties show that energy consumption decreased according to the estimates made before project start, meaning a reduction of purchased energy by 30 percent in the properties Stensiken 1 in Tidaholm and Yggdrasil 1 & 2 in Skara and a reduction of purchased energy by around 50 percent in the property Tellus 1 in Motala.

In addition to renovations in apartments, renovations of and investments in community service properties are under way, including the construction of a new building for the social services in central Västerås, the construction of a school and elderly home for the Municipality of Haninge and the conversion and extension of the municipal building in Nykvarn. As the Nordic region's large actor in properties for the disabled, SBB has multiple housing units for the support of the disabled under construction.

this, it can be noted that Vice President Lars Thagesson's compiled a transaction volume over nearly 50 years in the industry of more than SEK 2,500 billion.

Transaction

SBB actively works on transactions and value creation through active portfolio management. The transaction team led by Business Development Director Oscar Lekander has carried out transactions for nearly SEK 150 billion throughout the Nordic region since 2010, of which around half has been with public sector clients. Since 2017, SBB has acquired and sold properties for a total gross value of around SEK 85 billion. In addition to

The property Skellefteå Perseus 6 – newly signed 50-year lease agreement with Skellefteå municipality. Closing will take place at the completion of the building, which is expected to be in 2021.



FINANCING

FINANCING HIGHLIGHTS

41% Loan-to-value ratio

26% Secured loan-to-value ratio

1.76% Average interest

BBB- Positive outlook (S&P)

Interest-bearing liabilities

Interest-bearing liabilities in the Group amounted to SEK 56,091m (14,675) at the end of the period, of which SEK 25,985m (5,910) pertained to liabilities to credit institutions, SEK 25,162m (6,925) pertained to bond loans and SEK 4,943m (1,840) pertained to commercial paper. The loan-to-value ratio was 41 percent (53). The secured loan-to-value ratio was 26 percent (38). The fair value of the liabilities and other financial instruments as of 31 December 2019 is deemed to correspond to the carrying amount. The average interest rate for the interest-bearing liabilities amounted to 1.76 percent (2.44). Excluding Hemfosa, SBB had an average interest rate of 1.38 percent. The average period of fixed interest for all interest-bearing liabilities was 2.8 years (2.6) and the average period capital was tied-up was 3.4 years (4.6). Excluding Hemfosa, SBB had an average period of fixed interest of 3.9 years and an average period capital was tied-up of 4.1 years. The structure of tied-up capital for the interest-bearing liabilities is presented by the tables at the right. Excluding commercial paper, SEK 5,388m falls due within one year. To manage the refinancing risks, commercial paper has been secured through back-up facilities, which at all times covers all outstanding commercial paper.

SBB has assets in Sweden, Norway, Finland and Denmark, which means that the company is exposed to currency risks. SBB hedges mainly currency risks by having assets and interest-bearing liabilities in the same currency.

At the end of the period, the proportion of capital market financing amounted to 53 percent of the total interest-bearing liabilities. SBB has also issued hybrid bonds of SEK 1,500m and EUR 300m, which in the balance sheet are classified as equity.

SBB continues to work to lower the average interest rate for the interest-bearing liabilities. At 31 December 2019, the proportion of interest-bearing liabilities with fixed interest was 79 percent and with variable interest was 21 percent. At 31 December 2019, the proportion of interest-bearing liabilities for SBB excluding Hemfosa with fixed interest amounted to 96 percent and with variable interest to 4 percent.

SBB has continued to repay expensive loans from credit institutions and repurchased bonds during the year. In order to limit the interest rate risk for loans with variable interest and increase predictability in the company's profit from property management, interest-rate swaps are used with a total nominal value of SEK 17,898m with a duration of between one and ten years. Through interest-rate swaps, caps and loans with fixed interest, SBB has hedged 80 percent of the variable liabilities, which comprises loans with variable interest and commercial paper, as well as liabilities that expires within one year. SBB has entered EUR/SEK FX derivatives of EUR 300m to hedge currency risk. The interest-rate derivatives and FX

derivatives had a fair value of SEK 46m at the end of the period.

Rating

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

Structure of tied-up capital (excluding commercial paper)

Maturity year	Nominal amounts, SEKm	Percentage
< 1 år	5 388	10%
< 2 år	8 444	16%
< 3 år	8 063	17%
< 4 år	10 852	21%
< 5 år	6 264	12%
> 5 år	12 360	24%
Total	51 374	100%

Structure of tied-up capital (including commercial paper)

Maturity year	Nominal amounts, SEKm	Percentage
< 1 år	10 332	18%
< 2 år	8 445	15%
< 3 år	8 063	15%
< 4 år	10 852	19%
< 5 år	6 265	11%
> 5 år	12 361	22%
Total	56 318	100%

Significant events during the fourth quarter of 2019

SBB issued an unsecured bond of SEK 500m of two years with a variable interest of Stibor 3 months plus 0.66 percent. This was SBB's lowest interest expense to-date for a loan of two years.

On 18 November 2019, Standard & Poor's revised SBB's rating to positive, after the announcement of SBB's bid for Hemfosa.

In the fourth quarter, SBB repaid all outstanding SEK hybrid bonds (ISIN SE0010414599 and ISIN SE0011642776).

Working capital and liquidity

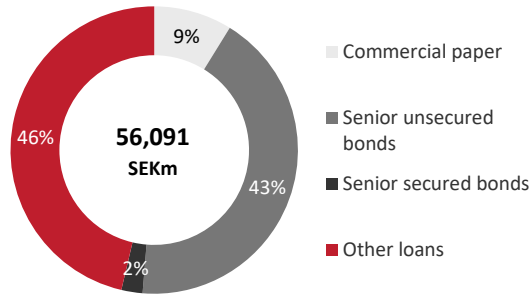
SBB's available liquidity amounted to SEK 12,858m and financial investments amounted to around SEK 1,396m. In addition to this, SBB has SEK 7,103m in the form of unutilized credit facilities. No further securities need to be pledged for the use of the credit facilities.

Listed bonds as at 30.12.2019

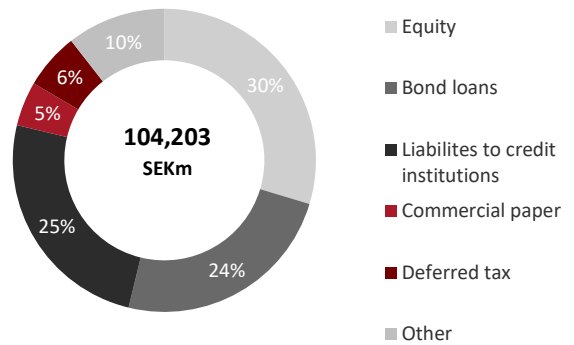
Issuer	Maturity	SEKm	Repurchased by SBB (SEKm)	Interest	Maturity date	ISIN code	Green/Secured
SBB	2017-2020	1500	1434	Stibor 3M + 6,00%	2020-04-06	SE0009805468	
SBB	2018-2022	1000	904	Stibor 3M + 3,60%	2022-10-03	SE0011725514	
SBB	2018-2021	474	466	Stibor 3M + 3,65%	2021-05-12	SE0010985713	
SBB	2018-2021	750	710	Stibor 3M + 3,90%	2021-01-29	SE0010414581	
SBB	2019-2024	500		Stibor 3M + 3,30%	2024-02-14	SE0012256741	Green
SBB	2019-2024	200		Stibor 3M + 3,25%	2024-02-19	SE0012313245	
SBB	2019-2025	600		Stibor 3M + 1,90%	2025-01-14	XS1997252975	
SBB	2019-2023	200		Stibor 3M + 1,40%	2023-05-22	XS2000538699	
SBB	2016-2021	683		Stibor 3M + 1,85%	2021-12-23	NO963342624	Secured
SBB	2019-2022	500		Stibor 3M + 1,20%	2022-07-22	XS2021634675	Green
SBB	2019-2021	1960		Stibor 3M + 0,93%	2021-07-05	XS2022418243	
SBB	2019-2023	500		Stibor 3M + 1,150%	2023-09-06	XS2050862262	Green
SBB	2019-2022	600		Stibor 3M + 0,95%	2022-10-03	XS2059787049	
SBB	2019-2023	1000		Stibor 3M + 1,01%	2023-02-01	XS2066041661	
SBB	2019-2022	300		0,85%	2022-03-11	XS2078676322	
SBB	2019-2021	500		Stibor 3M + 0,7%	2021-11-08	XS2078691123	
SBB	2019-2023	600		1,072%	2023-05-11	XS2078737306	
SBB	2019-2021	800		Stibor 3M + 0,66%	2021-11-08	XS2078371486	
SBB	2019-2020	400		0,80%	2020-04-14	XS2093118953	
SBB	2019-2024	1000		1,66%	2024-11-28	XS2085870728	
Hemfosa	2017-2020	1000		Stibor 3M + 2,75%	2020-09-01	SE0009664337	
Hemfosa	2019-2022	1300		Stibor 3M + 2,40%	2022-05-16	SE0012596203	Green
Hemfosa	2019-2022	800		Stibor 3M + 2,10%	2022-10-03	SE0013109444	Green

Issuer	Maturity	EURm	Repurchased by SBB (SEKm)	Interest	Maturity date	ISIN code	Green/Secured
SBB	2019-HYB	300	0	4,625%	Hybrid	XS1974894138	
SBB	2019-2025	550	3	1,75%	2025-01-14	XS1993969515	
SBB	2019-2026	500	0	1,125%	2026-09-04	XS2049823680	
Maturity NOKm	Maturity NOKm	Maturity NOKm	Maturity NOKm	Maturity NOKm	Maturity NOKm	Maturity NOKm	Maturity NOKm
SBB	2016-2023	620	0	3,00%	2023-11-01	NO0010777683	Secured

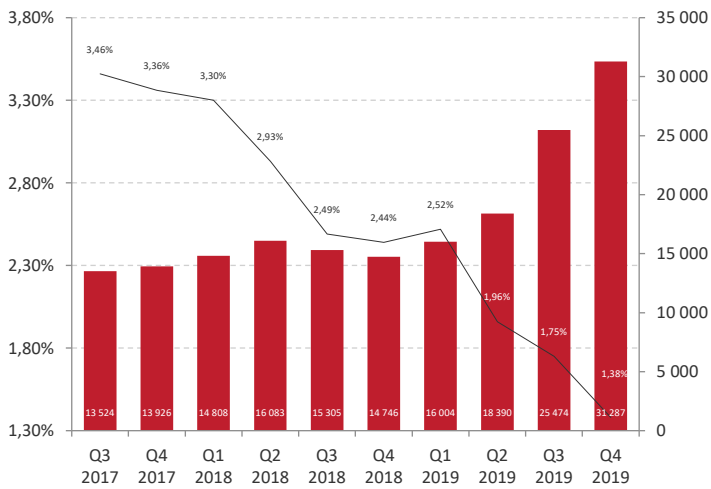
Distribution of interest-bearing liabilities



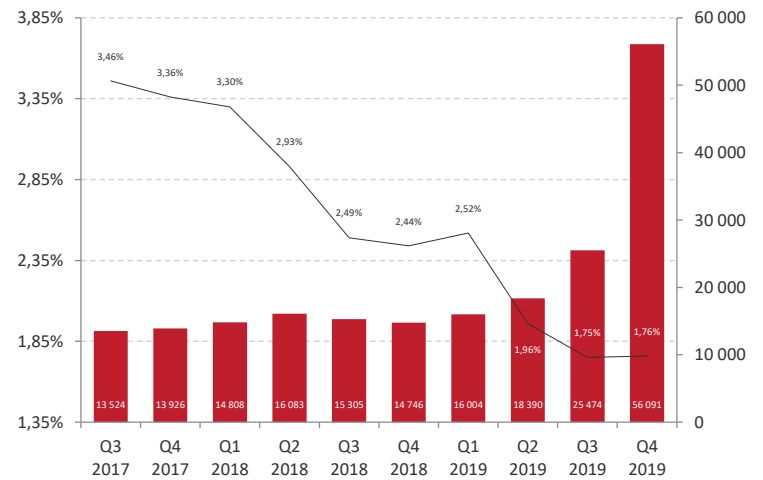
Capital structure



Development of the group's average interest rate excl. Hemfosa



Development of the group's average interest rate incl. Hemfosa



Today's society builder for tomorrow's needs

A high rate of population growth and an increasing number of elderly in the Nordics are leading to extensive needs for modern community service properties.

Schools and elderly homes must begin to be prioritized in new construction, at the same time that many of the existing community service properties built in the 1970s and 1980s need to be modernized.

Here, SBB is an important partner to municipalities in the Nordics.

SBB owns residential in Sweden and community service properties throughout the Nordic region and has the basic concept of long-term development, ownership and management. As a partner to Sweden's municipalities, we want to contribute to creating suitable premises for the most important welfare activities.



SUSTAINABILITY VISION 2030

SBB owns community service properties in the Nordic region and rental apartments in growing cities in Sweden with the basic concept of long-term ownership and management. Through the company's extensive social involvement, municipalities and other stakeholders will find a long-term partner in the company.

At the UN summit in September 2015, the world's national leaders adopted 17 global sustainable development goals. The countries of the world have committed to lead the world to a sustainable and fair future from 1 January 2016 until 2030. The 2030 Agenda for Sustainable Development covers the three dimensions of sustainability: social, economic and environmental – Eradicating extreme poverty, reducing inequality and injustice, solving the climate crisis. Sustainability is a natural part of our business model and we strive to be the most sustainable property company in the world.

OVERALL OBJECTIVES

- Govern the company's operations in line with the UN global sustainable development goals: (5), (7), (8), (11), (13), (15)
- 100 percent climate neutral by 2030
- Minimizing the risks to the company's assets by continuously reviewing the climate risks in the property portfolio
- Regularly improving, following up and reporting the company's sustainability work
- The company's Code of Conduct, which is based on the UN Global Compact, must be followed and understood by all employees and cooperative partners.

Ecological sustainability

The climate issue is one of humanity's greatest challenges and we have a responsibility to future generations to contribute solutions and reduce our own climate impact. We want to act strongly in the climate transformation and SBB has therefore adopted the goal of climate neutrality by 2030 in the entire value chain, as an important part of our promise to build a better society. And we want to do it together with our tenants, customers, suppliers and other stakeholders.

Goals:

- 100 percent renewable electricity in the entire property portfolio and minimizing carbon dioxide emissions by reducing the emissions by at least 5 percent per year
- Continuing to contribute to innovations in environmental technology
- Responsibly and effectively using natural resources and building and managing with a life-cycle mind-set (among other things by promoting construction with wood)
- Promoting renovation instead of demolition of buildings in the management portfolio. All properties held for more than three years must be environmentally inventoried and these inventories are to be done at least every ten years
- At least 50 percent of SBB's new production is to be comprised of buildings built of wood
- Continuing to contribute to reduced water consumption in our properties with the goal of 1 percent water savings per year
- Managing and creating housing in locations close to public transport, which contributes to reducing the transport sector's environmental impact
- Contributing to greater biodiversity and limiting the use and spread of environmentally hazardous products
- Responsible management of waste by acting for the minimization of waste, preventing pollution and viewing waste as a resource for re-use and recycling.

Social sustainability

Social sustainability is an important part of our promise to build a better society. The growing gaps in health and living conditions between different groups of society and residential areas are one of our major challenges in Sweden today. The property industry has a major impact and extensive potential to contribute solutions for greater cohesion, belief in the future, health and trust. We consider it to be crucial that our business and industry understand and can address social challenges today.

Goals:

- Continuing to be a member of Public Housing Sweden and participating in the residential social work of the municipalities
- Continuing to contribute to young people's occupation by offering at least 100 summer jobs every year to young people who live in our residential areas
- Offering adapted apartments for people with disabilities in inclusive environments and owning and managing apartments that can also be rented by people with fewer financial resources
- Annually contributing at least 10 Better Shelter refugee homes and 100 tents through the UNHCR to help improve the housing situation for refugees
- Continuing to support organizations, such as Mentor and Låxhjälpen (homework help), that contribute to giving young people a better start in life
- Being an attractive and inclusive employer for the best and most professional employees, regardless of gender or background
- Actively working to create environments where tenants and employees feel safe

Economic sustainability

Our goal is to have good financial growth without it entailing consequences to the climate and the social environment. By being profitable, we create conditions for driving and developing sustainable management and construction. Through low financial and operational risk, SBB shall provide a strong, risk-adjusted growth in value with increasing cash flows and a growing dividend to its shareholders.

Goal:

- SBB has the goal of achieving an investment grade rating of BBB+ in the short term and A- in the long term

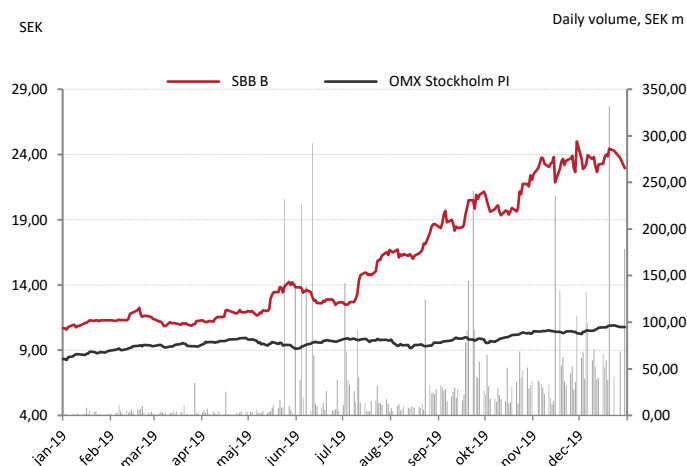


THE SHARE

SBB's Class B share (ticker SBB B) and Class D share (ticker SBB D) are traded on Nasdaq Stockholm, Large Cap. The company's preference share (ticker SBB PREF) is traded on Nasdaq First North Premier Growth Market. As of 31 December 2019, the number of ordinary Class B shares stood at 1 030 549 096 and the Class D at 104 425 359. The preference shares totalled 30,713 and in addition, the company had 209,977,491 ordinary

Class A shares. The price of the ordinary share of Class B was SEK 22.95, Class D was SEK 34.89 and for the preference share the price was SEK 756.00 at 30 December 2019. The market capitalization of the ordinary Class B share (including the value of unlisted Class A ordinary shares at the same price) was SEK 28 470m, Class D was SEK 3 643m and for the preference share was SEK 23m.

CLASS B SHARE DEVELOPMENT LAST 12 MONTHS, TRADING WITH THE SHARES ON NASDAQ & FIRST NORTH



	Share price, SEK	
	30 Dec 2019	30 Dec 2018
Class B	22,95	10,68
Class D ¹⁾	34,89	29,50
Preference shares	756,00	583,20

	Average trading volume per trading day, SEK m	
	jan-Dec 2019	Jan-Dec 2018
Class B	28,7	3,4
Class D ¹⁾	19,5	-
Preference shares	0,1	0,4

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

PREFERENCE SHARE DEVELOPMENT LAST 12 MONTHS



CLASS D SHARE DEVELOPMENT SINCE LISTING



Ownership

Share capital amounted to SEK 134,498,265.90 on 31 December 2019, with a quotient value of SEK 0.10. Shareholding entitles the holder to one vote per Class A ordinary share and 0.1 votes per Class B ordinary share, Class D ordinary share and preference share at the General Meeting. The preference shares have a preferential right over the ordinary shares to an annual dividend of SEK 35 per preference share divided into quarterly payments. Holders of the ordinary shares of Class D are entitled to five times the total dividend on the ordinary shares of Class A and B, however no more than SEK 2 per share and year

Sammanställningen nedan avser ägarstrukturen exkl. de aktier som emitterades i apportemissionen vid förvärvet av Hemfosa.

Shareholders	Class A shares	Class B	Class D shares	Preference shares	Share capital, %	Votes, %
Ilija Batljan (privately/ companies)	109 053 868	10 192 373			13	39,2
Dragfast & Marjan Dragicevic	27 164 652	77 285 000			11,4	12,4
AB Arvid Svensson	26 000 000	39 513 367			7,2	10,7
Sven-Olof Johansson (companies)	22 315 456	29 481 315			5,6	9
Erik Paulsson (companies)	13 919 159	16 799 507			4,9	5,6
Michael Cocozza		44 237 537			4,8	1,6
Lennart Schuss (privately/ companies)	2 634 957	17 036 419			2,2	1,6
Swedish Foundation for Strategic Research		42 651 810			4,7	1,5
Oscar Lekander	3 174 785	1 931 348	275 500		0,6	1,2
Krister Karlsson	3 174 785	53 172			0,4	1,1
Joakim Bill	1 904 871				0,4	0,7
Postens pensionsstiftelse		19 004 310			2,1	0,7
Highhill Intressenter AB		18 701 897			2	0,7
Gösta Welandson with companies		18 181 819			2,1	0,7
Avanza Pension		9 257 438	4 393 899	1613	1,5	0,5
Other	634 958	285 369 108	71 828 831	29 100	34,1	12,8
Total	209 977 491	629 696 420	76 498 230	30 713	100	100

In accordance with the decision of the Annual General Meeting 2019, the shareholders have appointed the following persons: Mia Batljan (chairman), Rikard Svensson, Sven-Olof Johansson and Lennart Schuss to constitute nomination committee for the time until a new nomination committee has been appointed according to the mandate from the Annual General Meeting 2020.



INCOME STATEMENT OF PARENT COMPANY

Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018	01-10-2019 31-12-2019	01-10-2018 31-12-2018
Net sales	-	-	-	-
Personnel costs	-31	-24	-9	-7
Other operation expenses	-147	-43	-105	-15
Operating profit	-178	-67	-114	-22
Financial items				
Profit from shares in group companies	-44	7	-44	-
Interest income and similar items	831	240	319	117
Interest expenses and similar items	-626	-249	-199	-163
Changes in value, derivatives	21	-	103	-
Profit after financial items	4	-69	65	-68
Appropriations	453	73	451	73
Profit before tax	457	4	516	5
Tax	-81	1	-93	-18
NET PROFIT FOR THE PERIOD	376	5	423	-13

STATEMENT OF COMPREHENSIVE INCOME OF PARENT COMPANY

Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018	01-10-2019 31-12-2019	01-10-2018 31-12-2018
Net profit for the period	376	5	423	-13
Other comprehensive income	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	376	5	423	-13

BALANCE SHEET OF PARENT COMPANY

Amount in SEKm	31-12-2019	31-12-2018
ASSETS		
Fixed assets		
Financial fixed assets		
Shares in group companies	24 232	3 700
Receivables from group companies	18 822	7 948
Receivables from associated companies/joint ventures	-	156
Deferred tax assets	45	1
Financial fixed assets at fair value	239	62
Derivatives	21	-
Other long-term receivables	1	1
Total financial fixed assets	43 360	11 868
Total fixed assets	43 360	11 868
Current assets		
Current receivables		
Accounts receivable	-	1
Other receivables	18	10
Prepaid expenses and accrues income	5	2
Total current receivables	23	13
Short-term investments	1 041	-
Cash and cash equivalents	11 664	6
Total current assets	12 728	19
TOTAL ASSETS	56 088	11 887
Amount in SEKm	31-12-2019	31-12-2018
EQUITY AND LIABILITIES		
Equity	22 917	7 226
Untaxed reserves	-	2
Long-term liabilities		
Liabilities to credit institutions	-	150
Bond loans	20 387	2 461
Liabilities to associated companies/joint ventures	287	-
Other long-term liabilities	-	88
Total long-term liabilities	20 674	2 699
Current liabilities		
Bond loans	444	-
Commercial papers	3 486	1 840
Accounts payable	12	16
Current tax liabilities	-	1
Other liabilities	8 103	46
Accrued expenses and prepaid income	452	57
Total current liabilities	12 497	1 960
TOTAL EQUITY AND LIABILITIES	56 088	11 887

STATEMENT OF CHANGES IN EQUITY OF PARENT COMPANY

Amount in SEKm				
	Share capital	Share premium	Retained earnings	Total equity
Total equity 01-01-2018	74	4 937	23	5 034
Share issue	6	1 374		1 380
Issue hybrid bonds		1 505		1 505
Dividends		-190		-190
Redeemed preference shares		-98		-98
Repurchased hybrid bonds		-317		-317
Repurchased warrants			-93	-93
Net profit for the period			5	5
Other comprehensive income			-	-
Total equity 31-12-2018	80	7 211	-65	7 226
Total equity 01-01-2019	80	7 211	-65	7 226
Share issue	54	13 352		13 406
Issue hybrid bonds		4 600		4 600
Redeemed preference shares		-93		-93
Dividends		-569		-569
Repurchased hybrid bonds		-1 873	-283	-2 156
Tax effects equity			127	127
Net profit for the period			376	376
Other comprehensive income			-	-
Total equity 31-12-2019	134	22 628	155	22 917

COMMENTS ON THE PARENT COMPANY'S INCOME STATEMENT AND BALANCE SHEET

The Parent Company's operations consist of Group-wide functions, such as business development, transactions, property development and financial management. The company has 10 employees. The costs including personnel costs during the period amounted to SEK 178m (67). As a result of the extraordinary activities in the company, such as a switch to Nasdaq's main market and the acquisition of Hemfosa, the company had some non-recurring costs of around SEK 83m during the period.

During the period, SBB carried out a rights issue of Class B ordinary shares, which provided SBB with SEK 1.5 billion before issue expenses. In addition to this, a targeted issue of Class B ordinary shares was made to a volume of SEK 400m to Gösta Welandson. The non-cash issue carried out in connection with the acquisition of Hemfosa contributed around SEK 11 billion in equity.

CASH FLOW STATEMENT OF PARENT COMPANY

Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018	01-10-2019 31-12-2019	01-10-2018 31-12-2018
Profit after financial items	4	-69	65	-68
Net financial items	-205	9	-202	47
Interest paid	-449	-249	-92	-174
Interest received	831	240	320	117
Cash flow from operations before changes in working capital	181	-69	91	-78
Cash flow from changes in working capital				
Changes in current receivables	-10	2	20	81
Changes in current liabilities	8 120	95	8 137	97
Cash flow from operations	8 291	28	8 248	100
Investment activities				
Investments in subsidiaries	-20 532	-258	-	-257
Claims incurred by group companies	-10 874	-6 347	-2 591	-1 750
Changes in receivables from associated companies/joint ventures	156	-156	67	-119
Changes in asset at fair value	-1 239	-62	170	-62
Changes in other long-term receivables	-	-1	36	-1
Cash flow from investment activities	-32 489	-6 824	-2 318	-2 189
Financing activities				
Share issue	13 406	1 380	12 353	1 380
Issue hybrid bonds	4 600	1 505	1 485	202
Repurchased hybrid bonds	-2 156	-317	-	-317
Redeemed warrants	-	-93	-	-93
Redeemed preference shares	-93	-98	-	-98
Group contributions	453	73	-	73
Dividend paid	-419	-190	-47	-62
Changes in loans	20 065	4 539	6 386	1 005
Cash flow from financing activities	35 856	6 799	20 178	2 090
Cash flow for the period	11 658	3	26 107	1
Cash and cash equivalents at the beginning of the period	6	3	7 786	5
Cash and cash equivalents at the end of the period	11 664	6	33 893	6

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

SUPPLEMENTAL INFORMATION

General information

Samhällsbyggnadsbolaget i Norden AB (publ) (SBB), corp. ID no. 556981-7660, with its subsidiaries conducts operations in property management and property development. The Parent Company is a limited liability company registered in Sweden and based in Stockholm.

Accounting principles

Principles for the consolidated accounts

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRIC). In addition, the Swedish Annual Accounts Act and "RFR1 Supplementary Accounting Rules for Groups" have been applied. The Parent Company applies the same accounting principles as the Group with the exceptions and additions stated in the recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. This interim report was prepared in accordance with IAS 34 Interim Reporting. The same accounting and valuation principles were applied as in the latest Annual Report; refer to SBB's 2018 Annual Report, pages 57-142, except that stated below.

Information on new standards

IFRS 16 Leases

that lessees report assets and liabilities attributable to all leases, with the exception of contracts that are shorter than 12 months and/or pertain to small amounts. Accounting for lessors will essentially remain unchanged. Upon introduction of IFRS 16 on 1 January 2019, SBB recognized a leasing asset and a lease liability in the balance sheet attributable to leaseholds. The asset is recognized in the item "Land lease agreements". The income statement was affected by the fact that land lease payments are reported in net financial items instead of as an operating cost. SBB has chosen to apply the simplified transition method and will not apply the standard retroactively.

Pledged assets and contingent liabilities

Group	2019-12-31	2018-12-31
Pledged assets		
Mortgages	101 914	26 763
Shares in subsidiaries	13 161	1 790
Total	115 075	28 553
Contingent liabilities		
Guarantees for liabilities in jv/associated companies	273	-
Guarantees for commitments in jv/assoc. companies	6	-
Total	279	-
Parent company		
Pledged assets		
Shares in subsidiaries	-	-
Total	-	-
Contingent liabilities		
Guarantees	6 014	4 713
Total	6 014	4 713

Hedge accounting

Since 1 January 2018, the Group applies hedge accounting for currency loans. Currency loans issued in EUR have been used as hedges against net assets in Finland. The effect of the hedge accounting is that the unrealized exchange rate differences of SEK 22m net after tax in the translation of the loan at the closing day rate were recognized in other comprehensive income. In the Swedish Group, there is also a currency loan in NOK that is used as a hedge against net assets in Norway. The effect of the hedge accounting is that the unrealized exchange rate differences of SEK 6m net after tax in the translation of the loan at the closing day rate were recognized in other comprehensive income.

Related-party transactions

In addition, SBB acquired the company Hestia Sambygg AB on 26 March 2018, of which 49 percent was previously owned 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 consulting services relating to financial and technical property management from the company. The pricing for the services was based on a market-based square metre price. After the acquisition, these services are conducted in-house.

SBB has an incentive programme for the company's current and future employees, which comprises 20,000,000 warrants that entitle the holder to subscribe for the corresponding number of Class 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 last price during the 10 trading days from 24 October 2017 through 6 November 2017. Subscription of B shares on the basis of warrants may take place in the period from on 1 October 2020 until 31 October 2020.

Business Combination

The acquisition of Hemfosa is classified, from an accounting point of view, as a business combination in accordance with IFRS 3. This means that assets acquired, liabilities assumed and contingent liabilities are assumed to be measured at their fair value at the acquisition date. The difference between the cost for the acquired assets and the real value of the acquired assets is allocated to goodwill.

As at 31 December 2019, SBB controlled 87.8 per cent of the shares and 88.1 per cent of the votes. The purchase price consisted of a consideration of SBB common shares of series B and D amounting to SEK 10.6 billion and a cash consideration of SEK 7.9 billion. In addition, SBB purchased shares amounting to SEK 2 billion in the open market. The value of the share consideration was based on the average share price as at 20 December 2019 which was SEK 24,0533 for the common share of series B and SEK 34,7785 for the common share of series D. The cash consideration was paid on 3 January 2020 and is reported as other current liabilities in the year end accounts.

ACQUIRED NET ASSETS AT CLOSING

Tangible fixed assets	45 238
Leasing assets	301
Financial fixed assets	502
Account receivables and other receivables	192
Cash and cash equivalents	749
Non-controlling interests	-1 930
Interest bearing liabilities	-24 931
Deferred tax	-4 809
Account payables and other liabilities	-1 416
Identified net assets	13 896
Goodwill	6 663
Total purchase price	20 559

In connection with the acquisition, goodwill arose amounting to SEK 6 663m in terms of the difference between the acquired shares and the net assets. Goodwill comprises of two parts. It mostly comprises of the synergy effects resulting from lowered financial- and administration costs. This part amounts to SEK 4 295m. In addition, there is a reported goodwill attributable to the difference between nominal tax that must be reported in business combinations and the deferred tax that is calculated when acquiring properties through acquiring the shares. For this accounting goodwill amounting to SEK 2 368m there is an equivalent amount in deferred tax.

Transaction costs related to the acquisition amounted to SEK 70m and are accounted for under the line item Acquisition- and restructuring costs in the profit and loss accounts. The transaction costs amounting to SEK 85m and which are directly attributable to the issue of own shares have been reported against equity.

THE IMPACT OF THE ACQUISITION ON THE CASH FLOW

Cash consideration	9 946
Minus:	
Cash and cash consideration (acquired)	-749
Net cash flow	9 197

From the acquisition date as at 23 December 2019 to 31 December 2019, Hemfosa contributed with SEK 74m to the Group's income and SEK 31m to the Group's profit after tax. If the acquisition had taken place at the beginning of the financial year, SBB estimates that Hemfosa had contributed SEK 2 884m to the Group's revenues and SEK 2 390 to the Group's profit after tax.

CHANGE IN GOODWILL

Opening balance	24
Acquisition	6 663
Reported value	6 687

The Board of Directors and CEO provide their assurance that this interim report provides an accurate overview of the operations, position and performance of the Group and the Parent Company, and that it also describes the significant risks and uncertainty factors that affect the Parent Company and the companies within the Group.

Stockholm, 19 February 2020

Lennart Schuss
Chairman of the Board

Ilija Batljan
CEO

Sven-Olof Johansson
Board Member

Fredrik Svensson
Board Member

Hans Runesten
Board Member

Eva Swartz Grimaldi
Board Member

Anne-Grete Strøm Erichsen
Board Member

This information is such that Samhällsbyggnadsbolaget i Norden AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted by the below contact persons for publication on 19 February 2020 at 8:00 a.m. CET.

Ilija Batljan, CEO, ilija@sbbnorden.se

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

Certified advisor for the company's preference share is Erik Penser Bank AB (www.penser.com).

DEFINITIONS

Financial definitions

Actual net asset value (EPRA NNAV), SEK

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

Number of preference shares outstanding

The number of preference shares outstanding at the end of the period.

Number of ordinary shares outstanding

The number of ordinary shares outstanding at the end of the period.

Return on equity, %

Net profit for the period in relation to average equity for the period.

The key figure shows SBB's return on equity during the period.

Loan-to-value ratio, %

Net debt in relation to total assets. *The key figure is used to illustrate SBB's financial risk.*

EPRA

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

EPRA Earnings, SEK

Profit from property management less estimated current tax attributable to the profit from property management. Taxable profit from property management refers to profit from property management less tax deductible depreciation and renovations. *The key figure provides information on profit from property management calculated in a uniform manner for listed property companies.*

Profit from property management

Profit before changes in value and tax.

The key figure provides a measurement of the operations' profit generation regardless of value changes.

Average number of preference shares

The number of preference shares outstanding weighted over the period.

Average number of ordinary shares

The number of ordinary shares outstanding weighted over the period.

Average interest, %

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

Average fixed interest term, years

Average remaining duration until an interest-adjustment point for interest-bearing liabilities.

The key figure is used to illustrate SBB's financial risk.

Adjusted equity/assets ratio, %

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

Tied-up capital, year

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

Cash flow from operating activities, SEK

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

Long-term net asset value (EPRA NAV), SEK

Recognized equity attributable to the ordinary share, excluding equity associated with preference and D shares, non-controlling interests and the hybrid bond, adding back deferred tax liability, goodwill attributable to deferred tax and interest rate derivatives. *The key figure provides an adjusted and complementary measure of the size of equity calculated in a manner consistent with listed property companies.*

Net debt, SEK

Interest-bearing liabilities less cash and cash equivalents.

Earnings per ordinary share A and B, SEK

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

Interest-coverage ratio, multiple

Profit from property management (past 12 months) after return of financial costs in relation to financial costs excluding costs for early repayment of loans and leasing costs. *The key figure is used to illustrate financial risk.*

Equity/assets ratio, %

Reported equity as a percentage of total assets. The key figure is used to illustrate SBB's financial stability.

Secured loan-to-value ratio, %

Secured liabilities as a percentage of the total assets. The key figure is used to illustrate SBB's financial stability.

Property-related definitions

Number of properties

Number of properties at the end of the period

Number of sq.m.

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

GFA

Gross floor area

Net operating income, SEK

Rental income less property costs.

Economic occupancy ratio, %

Rental income in relation to rental value.

The key figure is used to illustrate the level of return on the operating net in relation to the value of the properties

EPRA Vacancy rate, %

The rental value of available leases divided by the rental value of the entire portfolio.

The key figure is calculated in accordance with the EPRA definition, which enables comparison with other companies.

EPRA Earnings, SEK

Profit from property management less estimated current tax attributable to the profit from property management. Taxable profit from property management refers to profit from property management less tax deductible depreciation and renovations.

The key figure provides information on profit from property management calculated in a uniform manner for listed property companies.

Average contract length of social infrastructure properties, years

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

The key figure aims to illustrate SBB's rental risk.

Rental income, SEK

Charges for the period with deductions for rental losses.

Rental value, SEK

Contracted rents plus market value for vacant areas.

Market value of properties, SEK

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

Surplus ratio, %

Net operating income as a percentage of rental income for the period. The key figure shows how much of the rental income remains after direct property costs.

Yield, %

Net operating income (rolling 12 months) in relation to the sum of the properties fair value at the end of the period excl. the value for building rights.

The key figure is used to illustrate the level of return on the net operating income in relation to the value of the properties.

CALCULATION OF ALTERNATIVE PERFORMANCE MEASURES

Return on equity

Amount in SEKm	01-01-2019	01-01-2018	01-10-2019	01-10-2018
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Net profit for the period	2 624	1 690	1 287	691
IB Equity	11 197	7 636	15 940	9 852
OB Equity	30 896	11 197	30 896	11 197
Average equity	21 047	9 417	23 418	10 525
Return on Equity	12%	18%	5%	7%

Loan-to-value ratio

Amount in SEKm	01-01-2019	01-01-2018	01-10-2019	01-10-2018
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Liabilities to credit institutions	25 985	5 910	25 985	5 910
Bond loans	25 162	6 925	25 162	6 925
Commercial papers	4 944	1 840	4 944	1 840
Cash and cash equivalents	-12 858	-157	-12 858	-157
Net debt	43 233	14 518	43 233	14 518
Total assets	104 203	27 641	104 203	27 641
Loan-to-value ratio	41%	53%	41%	53%

Economic letting ratio

Amount in SEKm	01-01-2019	01-01-2018	01-10-2019	01-10-2018
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Rental income in current earnings capacity	5 217	1 585	5 217	1 585
Rental value in current earnings capacity	5 502	1 648	5 502	1 648
Economic letting ratio	94,8%	96,2%	94,8%	96,2%

EPRA Earnings

Amount in SEKm	01-01-2019	01-01-2018	01-10-2019	01-10-2018
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Profit from property management	645	321	137	28
Income tax paid	-34	-1	18	16
EPRA earnings	611	320	155	44

Adjusted equity ratio

Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018	01-10-2019 31-12-2019	01-10-2018 31-12-2018
Equity	30 896	11 197	30 896	11 197
Deferred tax excl. deferred tax related to goodwill	3 869	1 047	3 869	1 047
Sum	34 765	12 244	34 765	12 244
Total assets	104 203	27 641	104 203	27 641
Adjusted Equity ratio	33%	44%	33%	44%

Earnings per ordinary Class A and Class B shares

Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018	01-10-2019 31-12-2019	01-10-2018 31-12-2018
Net profit for the period	2 624	1 690	1 287	691
Net profit attributable to preference shares	-11	-47	-1	-8
Net profit attributable to ordinary class D shares	-150	-21	-52	-21
Net profit attributable to hybrid bonds	-198	-86	-47	-35
Net profit attributable to non-controlling interest	-4	-	-4	-
Net profit attributable to ordinary class A and B shares	2 261	1 536	1 183	627
Average number of ordinary class A and B shares	762 481 721	741 569 031	781 570 028	752 310 988
Earnings per ordinary class A and class B shares	2,97	2,07	1,51	0,83

Interest coverage ratio, times

Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018
Profit from property management (rolling 12 months)	645	321
Interest expenses and similar items (rolling 12 months)	482	538
Expenses for redeemed loans in advance (rolling 12 months)	197	127
Translation gains/losses (rolling 12 months)	-91	-
Land lease expenses (rolling 12 months)	7	-
Sum	1 240	986
Interest expenses and similar items (rolling 12 months)	482	538
Interest coverage ratio, times	2,6	1,8

Equity ratio

Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018	01-10-2019 31-12-2019	01-10-2018 31-12-2018
Equity	30 896	11 197	30 896	11 197
Total assets	104 203	27 641	104 203	27 641
Equity ratio	30%	41%	30%	41%

Net asset value

Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018	01-10-2019 31-12-2019	01-10-2018 31-12-2018
<i>Equity excluding non-controlling interest</i>				
Equity	30 896	11 197	30 896	11 197
Hybrid bonds	-4 629	-1 873	-4 629	-1 873
Non-controlling interest	-1 963	-315	-1 963	-315
Equity excluding non-controlling interest	24 304	9 009	24 304	9 009
Equity attributable to Preference share investors	-15	-88	-15	-88
Equity attributable to D-share investors	-3 255	-1 244	-3 255	-1 244
Goodwill attributable to deferred tax	-2 368	-	-2 368	-
Reversal of deferred taxes	6 237	1 047	6 237	1 047
Deferred tax deduction (5.5%)	-2 604	-886	-2 604	-886
Current net assets value (EPRA NNAV)	22 298	7 838	22 298	7 838
<i>Current net assets value (EPRA NNAV), SEK/share</i>	<i>17,97</i>	<i>10,37</i>	<i>17,97</i>	<i>10,37</i>
Derivation of derivatives	-48	12	-48	12
Reversal of deferred tax deduction (5.5%)	2 604	886	2 604	886
Long-term net asset value (EPRA NAV)	24 855	8 736	24 855	8 736
<i>Long-term net asset value (EPRA NAV), SEK/share</i>	<i>20,04</i>	<i>11,55</i>	<i>20,04</i>	<i>11,55</i>
Number of ordinary class A and B shares	1 240 526 587	756 049 031	1 240 526 587	756 049 031

Secured Loan-to-value

Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018	01-10-2019 31-12-2019	01-10-2018 31-12-2018
Liabilities to credit institutions	25 985	5 910	25 985	5 910
Secured bond loans	1 334	4 552	1 334	4 552
Total secured loans	27 319	10 462	27 319	10 462
Total assets	104 203	27 641	104 203	27 641
Secured loan-to-value ratio	26%	38%	26%	38%

Surplus ratio

Amount in SEKm	01-01-2019 31-12-2019	01-01-2018 31-12-2018	01-10-2019 31-12-2019	01-10-2018 31-12-2018
Net operating income	1 265	1 071	362	274
Rental income	1 996	1 680	596	453
Surplus ratio	63%	64%	61%	60%

APPENDIX 1 – CURRENT EARNINGS CAPACITY FROM PROPERTY MANAGEMENT

The current earning capacity for the Group for 12 months is presented below and takes into account the Group's property portfolio at 31 December 2019. The current earning capacity is not a forecast, but only to be viewed as a hypothetical snapshot and is presented only to illustrate income and expenses on an annual basis, given the property portfolio, financial costs, capital structure and organization at a set point in time. The Group's earning capacity does not include the earning impact of unrealized and realized value changes.

The following information forms the basis for the calculation of the earning capacity:

- Contracted rental income on an annual basis (including supplements and rental discounts) and other property- related revenues on the basis of current lease contracts as of 31 December 2019.
- Operating and maintenance costs are based on budget.
- The property tax is calculated from the properties current tax assessment value as of 31 December 2019.
- Cost for central administration is based on the current organization.
- No financial profit has been assumed in the net financial items. Financial expenses are based on contracted interest rates and include interest on external loans.

THE GROUP'S EARNINGS CAPACITY

Numbers in SEKm	Community service	Residential	Other	Total	Adjusted ¹⁾
Rental income	4 092	853	272	5 217	5 217
Operating costs	-544	-263	-74	-881	-881
Maintenance	-264	-79	-19	-362	-362
Property administration	-87	-40	-13	-139	-139
Property tax	-90	-15	-16	-121	-121
Net operating income	3 107	456	150	3 713	3 713
Central administration				-150	-150
Result from Joint Ventures				77	77
Financial income				68	68
Financial costs				-985	-863 ¹⁾
Operating profit before dividend				2 723	2 845
<i>per Class A and B shares</i>				2,20	2,29
Result from synergies with Hemfosa				300	300
Dividend hybrid bonds				-197	-197
Dividend Class D shares				-209	-209
Dividend Preference shares				-1	-1
Operating profit attributable to ordinary shareholders				2 616	2 738
<i>per Class A and B shares</i>				2,11	2,21

1) Adjusted for non-long-term surplus liquidity held by the Group at the end of the period with an estimated average interest rate of 1.75%, which is the weighted average in the debt portfolio as of 31-12-2019.

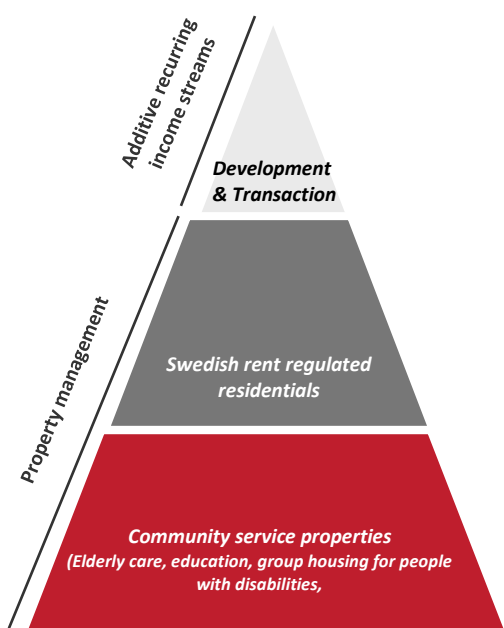
APPENDIX 2 – CURRENT EARNINGS CAPACITY INCLUDING ADDITIVE RECURRING INCOME STREAMS

THE GROUP'S EARNINGS CAPACITY OF ADDITIVE RECURRING INCOME STREAMS

Numbers in SEKm	Total	Adjusted ¹⁾
Operating profit attributable to ordinary shareholders	2 616	2 738
<i>per Class A and B shares</i>	2,11	2,21
Result from property development	400	400
Result from transaction	400 ²⁾	400 ²⁾
Result from renovations/investments	600	600
Adjusted operating profit to ordinary shareholders with additive income streams	4 016	4 138
<i>per Class A and B shares</i>	3,24	3,34

1) Adjusted for non-long-term surplus liquidity held by the Group at the end of the period with an estimated average interest rate of 1.75%, which is the weighted average in the debt portfolio as of 31-12-2019.

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



Sensitivity analysis

Return asset value and earnings including long-term value change

Return asset value and earnings including long-term value change in companies that manage so-called real assets, such as properties; the profit from property management only reflects a part of the overall earnings. The definition of real assets states that they are value-protected, meaning over time and with good maintenance they have a value growth trend that compensates for inflation. The net asset value, i.e. the denominator in the return ratio profit/capital, is adjusted annually through the IFRS rules with regard to value changes. To provide a correct return, the numerator, i.e. profit, must also be adjusted in the same way. The recognized profit from management operations must accordingly be supplemented with a value change component and effective tax to provide an accurate picture of profit and return.

One problem is that value changes can vary strongly between years and quarters and entail volatile results. For a long-term actor with a stable cash flow and a well-composed property portfolio, the long-term value change (or when lacking this, the long-term average inflation rate) can be used to adjust the numerator in the equation. Given our brief history, we have chosen to use inflation averages for the previous ten years.

	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)	2 723	2 723	2 723	2 723	2 723	2 723
Profit from creation of building rights	250	250	250	400	400	400
Change in property value (10 years average CP)	955	159	1 750	955	159	1 750
D:o %	1,20%	0,20%	2,20%	1,20%	0,20%	2,20%
Current tax, 10%	-272	-272	-272	-272	-272	-272
Profit after tax	3 655	2 860	4 451	3 805	3 010	4 601
Profit per share	2,95	2,30	3,59	3,07	2,43	3,71
Return on net asset value	14,70%	11,50%	17,90%	15,30%	12,10%	18,50%
Profit/share price	13,42%	10,04%	15,63%	13,36%	10,57%	16,15%
P/E	7	10	6	7	9	6



UPCOMING REPORT DATES

Interim report Jan-Sept 2019 29/10/2019

Year-end report 2019 19/02/2020

Interim report Jan-March 2020 27/04/2020

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