

**SAMHÄLLSBYGGNADSBOLAGET I**

**NORDEN AB (publ)**

**ANNUAL REPORT | 2017**





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## VISION

Samhällsbyggnadsbolaget strives to be the best Nordic Real Estate company for community service properties and residential.

## BUSINESS CONCEPTS

Samhällsbyggnadsbolaget shall serve its shareholders and society by:

- Being a preferred and reliable partner for the public sector in the Nordic region, through ownership, management, renovation and building of community service properties over the long-term.
- Acquiring, developing, building and managing residential properties in Sweden.
- Acting as a community developer and long-term partner to municipalities, county councils and state authorities and work actively and purposefully to create building rights for residential.

## INFORMATION ABOUT THE GROUP

The annual report refers to Samhällsbyggnadsbolaget i Norden AB (publ), org. no. 556981-7660, hereinafter referred to as SBB or the Group or the Company. Ilija Batljan founded SBB in March 2016 with a vision to create the best Nordic property company focused on rent regulated residential properties and community service properties. The company's strategy is to have a long-term view on ownership, management and development of residential properties in Sweden and community service properties in the Nordics. Further the company aims to actively carry out property development where cash flow properties can be converted into residential building rights.

### REAL ESTATE PORTFOLIO

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

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

Classification	Rental income	Total
Residentials	501	32%
Group Housing (LSS)	141	9%
Government	676	43%
Indirect government	88	6%
Other	181	11%
<b>Total</b>	<b>1 588</b>	<b>100%</b>

### SELECTED KEY RATIOS

	2017	2016
Rental income, SEKm	1 339	187
Operating net, SEKm	877	91
Surplus ratio, %	66	49
Interim profit, SEKm	2 429	1 007
Yield, %	4,8	5,6
Cash flow from current operations, SEKm <sup>2)</sup>	360	28
Property value (market value), SEKm	23 001	7 572
Leasable area, sq.m., thousands	1 366	697
Occupancy ratio, %	96,8	98,3
WAULT, community service properties, years	7	10
Shareholders' equity, excl. non-controlling equity interests, SEKm	6 389	1 767
EPRA NAV (long-term net asset value), SEKm	7 120	1 973
EPRA NAV (long-term net asset value), SEK per share	9,65	E/T
EPRA NNNNAV (actual net asset value), SEKm	6 282	1 609
EPRA NNNNAV (actual net asset value), SEK per share	8,51	N/A
Return on Shareholders' equity, %	52	N/A
Loan-to-value ratio % <sup>1)</sup>	60	64
Equity ratio, %	32	21
Adjusted Equity ratio, %	36	33
Earnings per ordinary share, SEK	3,60	N/A
Average number of ordinary shares	653 360 953	7 230 434
Average number of preference shares	168 360	-
Number of ordinary shares	737 949 031	7 230 434
Number of preference shares	333 205	-

1) Excl. shareholder loans and convertible debentures

2) Before changes in working capital

See definitions of key ratios s.143

# BUSINESS MODEL

## ORGANIZATION

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

## TRANSACTIONS

SBB operates a transaction-intensive business with the aim to potentially create the best long-term return.

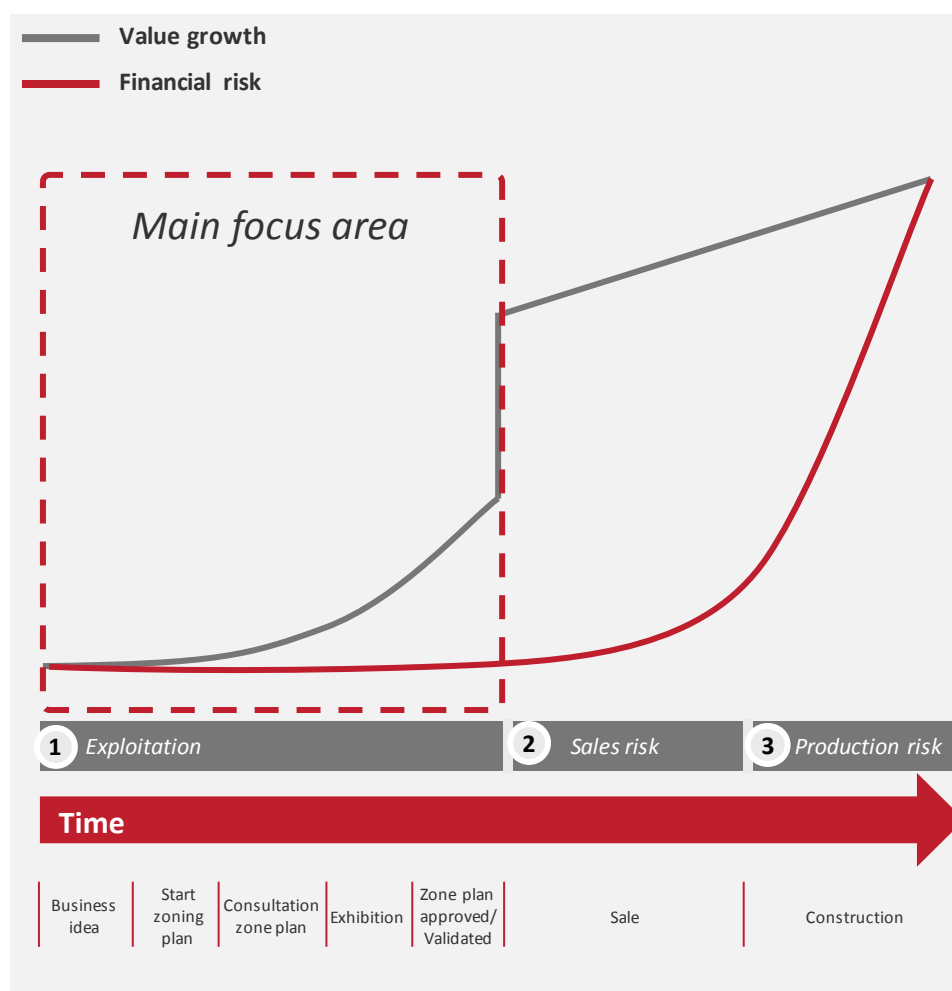
## MANAGEMENT

SBB's management focuses on active work with value-creating development and continuous maintenance of the existing portfolio. A high surplus ratio is one of the company's sustainability goals, and the company performs management operations with a focus on net operating income. This is partly done through energy-saving investments. New homes are created by improving and fine-tuning existing portfolio and renovating the current residential properties to modern standards. During 2017, Hestia Sambygg AB handled the majority of the property management. Its services included the local financial and technical management. The agreement was signed on market terms. Until 30 June 2017, the price was the cost price plus a margin of 7 percent, and from 1 July 2017 the remuneration is based on fixed price pr. sqm. Kuststaden and Högekullen were managed in-house. In 2018, the property management was moved in-house through the acquisition of the property management company Hestia Sambygg AB.



## PROPERTY DEVELOPMENT

Within property development, SBB works actively to find properties with a direct yield of approximately 5-7 percent, where SBB in the short and medium term (1-5 years) sees opportunity for development of building rights for residential and/or building rights for community properties. Prior to acquisition SBB determines, after discussions with the local municipality, what is required in order to get a new zoning plan approved. Immediately after taking possession, work is commenced to pursue a zoning plan to create building rights. SBB then seeks to make early sales of these building rights prior to the final approval of the zoning plan. These early sales create momentum for the zoning plan process and gives municipalities confidence to ensure that when the zoning plan is approved, construction will start immediately. SBB strives to minimize production risks and therefore divests the building rights before the start of production, either to a completely external partner or to a JV where SBB's counterpart is an experienced project developer who takes responsibility for the production risks.





## CEO ILIJA BATLIJAN

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

### RESPONSIBLE COMMUNITY BUILDER

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

### ATTRACTIVE AND STABLE PROPERTY PORTFOLIO WITH SAFE CASH FLOWS

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





### **STRONG FINANCIAL POSITION**

In the fourth quarter we have focused on consolidating our balance sheet and reducing the financial risk. As part of this work, we have repurchased approximately NOK 100 million of our Norwegian bond issued in IB Bostad 18, and we have also completed a number of refinancings. All though, these measures have had a negative impact on earnings, they have contributed to reducing the financial risk and will lead to stronger future earnings. We have received a quality stamp for this work through the BB rating from Standard & Poor's; as well as the two unsecured bond issues which significantly reduced the company's interest expenses. At the beginning of 2018 we presented an update of two of our financial goals:

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

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

### **STRONG OPERATING RESULT**

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

Stockholm 28 March 2018

Ilija Batljan  
*Founder and CEO*



*”I am very proud of my involvement together with an extremely competent board and management in creating one of the Nordic region's most interesting real estate company.”*

## TO SAMHÄLLSBYGGNADSBOLAGET'S SHAREHOLDERS

SBB's business strategy is to own, develop and manage community service properties in the Nordic region and rent regulated residential properties in Sweden. In addition, SBB carries out active property development focusing on the development of residential building rights.

During the fiscal year 2017, the property portfolio increased to SEK 23 billion. Approximately 90 percent of the rental income is classed as “safe” cash flows from government / municipalities or from regulated residential.

Despite extensive work, primarily with mergers and acquisitions during the first half of the year, an operating profit of SEK 338 million and profit before tax of SEK 3.1 billion was reported for the full year 2017. Based on SBB's property portfolio as of 31 December 2017 and according to earnings capacity, the 12-month rolling operation profit is SEK 582 million.

During the second half of 2017, the company focused on lowering financing costs, obtaining ratings from international rating agencies, and enhancing property management.

I am very proud of my involvement together with an extremely competent board and management in creating one of the Nordic region's most interesting real estate company.

### BOARD OF DIRECTORS

At the Annual General Meeting of April 27, 2017, the undersigned was re-appointed as Chairman of the Board and re-appointed directors: Ilija Batljan, Sven-Olof Johansson, Seth Lieberman and Hans Runesten. Eva Swartz Grimaldi was appointed as a director. On November 7, 2017 Anne-Grete Strom-Erichsen was appointed as a director.



#### **BOARD OF DIRECTORS WORK IN 2017**

During 2017, the board conducted 46 meetings, of which two were constitutive meetings. On the agenda for each ordinary board meeting, there are a number of issues for the directors to deal with: including the CEO's review of operations, acquisitions, divestments and investments, organization and organizational development and financial reporting. In 2017, the Board made decisions on several major acquisitions, divestments, investments, financing and refinancing. In addition, the Board has decided to issue B shares, preference shares and warrants in accordance with the authorization of the AGM.

#### **AUDIT COMMITTEE**

The Audit Committee works on an annual set agenda and is responsible for monitoring the company's financial reporting. The Audit Committee consists of the entire Board.

#### **REMUNERATION COMMITTEE**

The task of the Remuneration Committee is to prepare items of business concerning remuneration principles relating to the CEO and other senior executives. The Remuneration Committee consists of Board members Eva Swartz-Grimaldi (Chairman), Seth Lieberman and Lennart Schuss.

#### **OPERATING YEAR 2018**

We are looking forward to an extremely exciting 2018. SBB has a significant property portfolio that generates stable cash flows, our financing costs are significantly lower and the organization is competent and creative with a proven ability to deliver good return to our shareholders.

Stockholm 28 March 2018

Lennart Schuss  
*Chairman of the board*



## OPERATION

### SUSTAINABILITY

### MANAGEMENT REPORT

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# ECONOMY AND REAL ESTATE MARKET

## THE SWEDISH AND THE NORWEGIAN ECONOMY

The Nordic region is one of the world's economically strongest areas, characterized by high transparency and stable welfare states.

### THE SWEDISH ECONOMY

Sweden, with a population of about 10 million people, is a country with an open and strong economy. This includes a stable and transparent business climate, a high level of education, sound government finances, and high productivity. The Swedish economy is performing well with relatively strong GDP growth. The recent growth has been driven by investments, mainly in the construction and infrastructure sector, as well as private consumption. During late 2017, the prospects for housing construction were adversely affected, which could contribute to slightly lower GDP growth rates in the future. However, household optimism has not been significantly affected which could result in continued positive contribution from private consumption. Increased investments in infrastructure may also prevent further decline in housing construction. In addition, exports are expected to continue a relatively strong development. Although, the geopolitical concerns continue to dampen the mood and the long-term effects are hard to ignore; the Swedish labour market is positively affected by the good business cycle and unemployment is now at the lowest level since 2007. The unemployment level is expected to be marginally affected due to increases in labour supply and skill-shortage issues. The inflation has started to show signs of increasing and is now close to the Riksbank's target level of +2 percent. The development of the SEK exchange rate plays a key role in Swedish inflation since a weak exchange rate typically contributes to higher inflation. The SEK weakened (TWC-index) successively by the end of 2017 but remained relatively unchanged compared to the end of 2016.

### Interest and credit markets

In 2017, the Riksbank continued its focus on the 2 percent CPI target and its expansive monetary policy. Since February 2016, when the repo rate was lowered to a new historic low of -0.5 percent, the repo rate has remained unchanged even though the repo rate path has gradually been adjusted downward and increases have been postponed. The Riksbank has purchased large volumes of government bonds and announced continued purchases in the first half of 2018. The repo rate isn't expected to rise until the second half of 2018.

The 3-month STIBOR rate has moved within the range of -0.65 percent to -0.4 percent during the year with record lows around the turn of the year, which is influenced partly by market factors. The five-year interest rate swap in SEK was traded in the range of 0.2 percent to 0.5 percent and ended at 0.5 percent at the end of 2017. The spread between the short- and long-term interest rates has increased during the year, although long-term interest rates remained historically low. During the latter part of the year, development has mainly been driven by somewhat higher long-term interest rates, partly because of Trump's announced strong fiscal stimulus in the United States.

The access to bank financing and funding in the Swedish capital market is considered good. Credit margins had stabilized by the end of 2017 after a gradual decline over the year.

### THE NORWEGIAN ECONOMY

Norway is one of the world's richest countries, with both a strong mainland economy and a large oil reserve, and thus a strong oil economy. During 2017, the GDP growth in the mainland was 1.8 percent, which is a 1.0

percent increase from 2016. The unemployment rate decreased from 4.7 percent in 2016 to 4.2 percent in 2017.

### **Oil price**

Oil investments continued to decline throughout 2017. The decline in oil investments appears to have stabilized by the end of the year. Lower construction prices and an oil price that has fluctuated around 65 dollars a barrel during the winter has made several oil investments profitable again. Plans for new oil investments have been made for the next few years which will correspond to NOK 125 billion, starting in 2018. These investments are expected to lift the Norwegian economy.

### **Norwegian Krona**

The NOK/SEK exchange rate started 2017 at 1.06 SEK and has been declining throughout the year, and ended at 1.01 SEK. Norway is one of the few developed economies that does not have central government debt, but rather a wealth fund partly consisting of Norwegian foreign lending. This has risen to record high NOK 7,082 billion by year-end 2017.

### **Interest rates**

In Norway the Nibor-rate (3 months) has been traded in the range of 1.16 percent (2 January 2017) to 0.71 percent (20 November 2017) and ended the year at a level of 0.81 percent. The five-year swap rate in NOK rose sharply in early 2018. In mid-March, it was trading at 1.98 percent, a level about 0.3 percent higher than seen in 2017. Inflation ended 2017 at 1.8 percent and is expected to rise in 2018.

## **THE SWEDISH AND THE NORWEIGAN REAL ESTATE MARKETS <sup>1)</sup>**

### **THE SWEDISH REAL ESTATE MARKET 2017**

A strong December in the transaction market contributed to the full year final volume totaling SEK 147.5 billion (for transactions over SEK 40 million). The total transaction volume is lower than previous year's record volume of SEK 201 billion but is equal to the 2015 volume. December was an intensive transaction month, where the total transaction volume amounted to SEK 28.4 billion. Foreign investors accounted for 23 (19) percent of the transaction volume during the year, and were for the fifth consecutive year net purchasers in the Swedish market. There is still a clear interest from international capital as the Swedish market, among other things, offers a better risk adjusted return compared to several other markets in Europe.

The three metropolitan regions accounted for about 56 percent of the transaction volume. Geographically Stockholm accounted for the largest portion of total transaction volume and increased its portion from 33 percent in 2016 to 37 percent for the full year of 2017. During 2016, regional cities rose sharply and accounted for 28 percent of the transaction volume. This segment lost its portion in 2017 and that accounted for 24 percent. Gothenburg was a geographic segment that recovered during the year, accounting for 12 percent of the total volume of transactions, compared to 7 percent during 2016 when the market share was even lower than Malmö's.

1) Source: Newsec



An interesting observation on segments traded during the year is that the office segment declined the most. For the entire 2017, the segment accounted for 18 percent, which is the lowest level measured by Newsec. In 2016, offices held 30 percent share and the previous lowest level was in 2009 when offices accounted for 26 percent of the total transaction volumes. Housing segment recorded the most trades during the year with 26 percent of the volume, which is also in line with the previous year. Trade is another segment that remained at the same level as last year, and in 2017 accounted for 18 percent of the volume. Logistics and “other” segments accounted for 14 percent each – a sharp increase compared to the previous year at 8 percent. The segment “other” includes building rights and hotels, where the market for building rights were more active in the first half of 2017, while hotels were traded the most in December.

In December, D. Carnegie acquired 27 properties in Södertälje and Nynäshamn to an underlying property value of SEK 2.5 billion from Akelius, the largest real estate transaction of the year. In 2017, Akelius divested additional shares of its stock, for example 28 properties to Folksam and 34 properties to Willhem, all located in Helsingborg, for a purchase price totaling SEK 3.8 billion. “The million flats program” properties continue to be a popular investment option as it offers an opportunity to actively work with the property holdings, both in terms of building improvements and the social environment.

#### **THE NORWEIGAN REAL ESTATE MARKET 2017**

Thanks to favourable economic conditions, 2017 resulted in becoming a strong year for the Norwegian real estate market. The total transaction volume for the full year was approximately NOK 88 billion, distributed over a record high of 340 transactions. The volume for the year is almost NOK 10 billion higher than the volume in 2016. The office market dominated and accounted for almost 50 percent of the transaction volume. An interesting observation in 2017 was that an increasing number of investors were looking for secondary and tertiary markets, as the overall return dropped to 3.75 percent for the best office and retail assets.

In line with increased uncertainty for retail, many investors chose to diversify their real estate portfolios. This has led to industrial and logistic properties with long leases on the outskirts of Oslo being traded at new record levels. Geographically, Oslo accounted for half the transactions, however a greater interest in markets such as Trondheim and Stavanger were evident during the year. Additional factor contributing to the high volume of transactions during the year was the increased interest from international investors. International investors accounted for 20 percent of the transaction volume during the year, compared to 11 percent in 2016. The largest transaction of the year, measured in terms of transaction volume, occurred in the first quarter when SBB acquired DNB’s Midtbygget at a purchase price of SEK 4.3 billion.

## CURRENT EARNINGS CAPACITY

The current earning capacity for the Group on a 12-month basis is listed below. The earning capacity is based on the Group's real estate portfolio as of 31 December 2017. Current earning ability is not a forecast and should only be regarded as a hypothetical snapshot and is presented only to illustrate revenue and expenses on a yearly basis; given the real estate portfolio, financial costs, capital structure, and organization at a certain time. The impact of unrealized and realized value changes is not considered in the Group's earning capacity.

### THE GROUP'S EARNINGS CAPACITY

	SEKm
Rental income	1,588
Operating costs	-292
Maintenance	-100
Property Administration	-58
Property Tax	-27
<b>Net Operating Income</b>	<b>1,111</b>
Central Administration	-48
Profit from Joint Ventures	3
Net Financial Items	-484
<b>Profit From Property Management</b>	<b>582</b>

The current earning capacity is based on the following information:

- The property portfolios contracted rental income on a yearly basis (including add-ons and rental discounts) and other property related income from valid leases as of 31 December 2017.
- Maintenance and operating costs is based on the budget.
- The property tax is calculated from the properties current tax assessment value as of 31 December 2017.
- Costs for the administration is based on the current organisation.
- No financial profits have been included in the net financial items. Financial costs are calculated based on the current interest terms for external loans.

### RENTAL INCOME PER TENANT CATEGORY

SBB's rental income is mainly generated from housing properties and from operations financed by the municipalities and government. This brings a stable and predictable rental income.

Classification <sup>1)</sup>	Rental income, SEKm	Total, %
Residentials	501	32
Group Housing (LSS)	141	9
Government	676	43
Indirect government	88	6
Other	181	11
<b>TOTAL</b>	<b>1 588</b>	<b>100</b>

1) Classification made on contract level

## RENTAL INCOME PER PROPERTY TYPE

The strength in SBB's portfolio lies in the income from low risk tenants as well as segments that constitute important public operations and services.

Property type <sup>1)</sup>	Area, 000 sq.m.	Rental income, SEKm
Residentials	510	492
Group Housing (LSS)	121	155
Health care/Elderly care	210	197
Education	113	149
Justice	69	146
Office	125	288
Commercial	216	160
<b>TOTAL</b>	<b>1 366</b>	<b>1 588</b>

1) Classification made on property level

SBB's has focused on properties for public use with long leases and thus generating a long term stable and predictable rental income. This type of property accounts for 63 percent of the property value. Residential properties accounts for 26 percent of the property value, and other property types account for the remaining 11 percent of the property value. The Group's property holdings are currently located in Sweden (68%) and Norway (32%). In Sweden the Group's operations also include the development of building rights.

### A strong focus on the Swedish and Norwegian economies with a concentration on regional cities with strong fundamental demand

Within the residential segment, SBB focuses on Sweden. The Swedish residential market is characterized by strict rent regulation, a shortage of new constructions, and a strong increase in population. This has led to a shortage in housing in most Swedish municipalities. Sweden is predicted to have one of the highest population growths, both compared to the Nordic countries and to Europe. SBB is well positioned on a regional level and in municipalities with a strong predicted growth in population.

SBB focuses on community service properties in the Nordic region with current holdings in Sweden and in Norway. Community service properties include schools, nursing homes, elderly care, municipality houses, government agencies, and properties where the government owns 30 percent or more of the tenant. The demand for community service properties is highly likely to increase due to the strong growth in population combined with the growing share of the ageing population. Government and other tax-supported tenants generally reduce the counterpart risk for the property owner compared to other privately owned and financed tenants. Furthermore, Sweden and Norway are two countries with stable governments. The countries are financially strong with very low government debt.

### Focus on housing properties and community service properties, characterized by low tenant dependency, high occupancy rates, and long leases, generating a long term stable and predictable cash flow

SBB focuses primarily on residential properties in Sweden and properties for community service use in the Nordic countries. The company has identified these two types of properties to generate a high-risk adjusted return and the market for residential apartments is characterized by high demand and low supply which supports a low long-term vacancy rate. Properties for community services are usually highly adapted for the tenants' operations with long lease term thus also generating a low long-term vacancy rate. These types of properties account for 89 percent of the total property value.

Residentials rents in Sweden are negotiated between the landlord and the Swedish Tenants Association in accordance with the so called "utility value" system. If agreement is not met, the landlord can enter an agreement directly with the tenant. The Swedish rental regulations demands that the rent should be proportionate to the standard and location of the property. This rental regulation has resulted in below market rent levels, which in turn has led to fewer rental residentials units being built and an increased shortage in



municipalities with a growing population. Rental regulation results in lower risks for property owners in relation to vacancy rates and rental income. The total occupancy rate for SBB's residential rent properties is just over 98 percent.

Community service properties are characterized by low counterpart risk since the tenants' operations in general are financed by tax revenues and the premises are rented on longer lease terms than compared to other commercial properties. In addition to this, the occupancy rate for properties in public use are, due to high customization for tenant operations, higher than for other commercial premises. For example, SBB's properties for nursing homes and tenants with special needs are fully let and the total occupancy rate for SBB's portfolio of properties for public use is 97 percent.

### **Selective acquisitions**

SBB focuses on regulated residential properties and community service properties, sectors where the SBB management has long experience from both M&A and property management. Residential properties are only acquired in Sweden and are primarily located in municipalities with a growing population and low unemployment. Community service properties are acquired in Sweden and in the rest of the Nordic region with stable, tax-financed (direct or indirect) tenants as a counterparty.

SBB does not specifically target commercial real estate. However, such types of real estate may be acquired as a smaller part of a larger portfolio of residential properties, such as a ground floor with stores, or if there is clear potential for residential building rights in the long term.

SBB's a pre-acquisition analysis consisting of two main criteria. Firstly, analysis of the actual location and the long-term outlook for the municipality, focusing on population and demographics. Secondly, analysis of the property itself. These two combined factors must provide a sufficiently strong investment opportunity before a deeper analysis and due diligence is undertaken. Crucial factors in acquisitions can be different assessments of the property's technical condition after completing a technical survey, differing opinions on revenue risks or legal risks primarily related to tax.

## **KEY RATIOS BASED ON CURRENT EARNINGS CAPACITY**

### **RESIDENTIALS**

Property value, SEKbn	5.9
Number of apartments	6,801
Lettable area, 000 sqm	510
Rental income, SEKm	492
Net operating income, SEKm	259
Average rental income, SEK/sq.m.	964
Occupancy rate, %	98
Yield, % <sup>1)</sup>	4.4

1) Building rights totaling SEK 192m are excluded in the calculation.

### **COMMUNITY SERVICE PROPERTIES**

Property value, SEKbn	14.6
Lettable area, 000 sq.m.	639
Rental income, SEKm	935
Net operating income, SEKm	757
WAULT, years	7.1
Occupancy rate, %	97
Yield, %	5.2

## HOUSING AND CARE PROPERTIES FOR PEOPLE WITH SPECIAL NEEDS (LSS AND SOL)

SBB, through its subsidiary Högkullen, is the largest private operator in the Nordic region of housing and care properties for people with disabilities. Högkullen offers municipalities, county councils and private care companies various forms of care housing and facilities for daily activities and education. Högkullen was founded in 1992 and today holds Sweden's largest privately-owned portfolio of care properties regulated by the LSS and SoL legislation. At the year-end 2017, the stock comprised of 200 residential properties in 77 municipalities around the country.

The properties contain residential apartments, common areas and facilities for daily activities and education. Municipalities and private care companies are responsible for the operations based on two key pieces of legislation: LSS and SoL. The main governing legislation is LSS Act (Act on Support and Support for Some Disabled 1993: 387) which regulates help and service for people with disabilities. LSS accommodations are usually for smaller groups or service providers with access to professional assistants. The other act is SoL, Social Services Act (2001: 453). Homes with special service and also HVB homes (home for care or accommodation) are covered by this legislation. When Högkullen started operations, the LSS legislation was newly introduced, and many small-scale house manufacturers built several group housing projects.

Högkullen provides various types of housing with special services in the form of group housing, service housing or psychiatric housing. Group housing is designed to accommodate up to six people with access to community space usually directly adjacent to the apartments. The homes are designed to meet specific requirements which are set by LSS on personalized support, with staff on hand at all times of the day. At present, Högkullen has several types of service housing in different types of real estate. Service housing is built either as an entirely separate property or as a part of another property, such as a rental house. Service houses usually have space for ten to twelve residents. A psychiatrist can accommodate up to 25 people.

Högkullen's business model is simple and focuses on letting custom properties to municipalities and private care companies. Today, public operators rent 66 percent of the properties and the remaining 34 percent is rented by leading private care companies. About 96 percent of the properties are used for residential care within LSS/SoL, 2 percent are used for day care within LSS and the remainder for other forms of care or education for children and young people. The average contract period is 5.2 years. Tenants have remained essentially unchanged since the houses were built. The average rental time is 20 years.

Because LSS imposes high demands on the municipalities to be able to provide adequate support to those with significant difficulties in their daily lives, Högkullen's aim is to be an active partner who facilitates all stakeholders and drives projects forward in partnership with local municipalities and/or parent cooperatives. Högkullen is familiar with LSS legislation and its requirements on different types of accommodation.

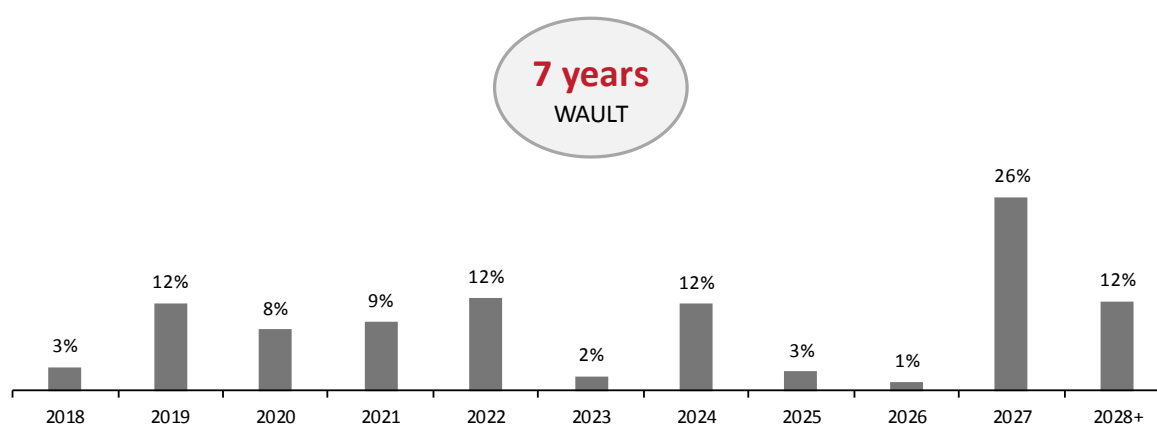
Initially customer requirements are identified and then Högkullen's role is defined with the scope of the offer. Thereafter, suggestions are made on home's appearance and location. This leads to either a new build on vacant land or an existing house that is suitable to rebuild and adapt to the requirements of the customer. The housing is let on a long-term contract, and tenants are municipalities as well as public and private care companies who, in turn, sublet to the residents. It is important to note that the residents have eviction protection.

# TENANTS

## SBB'S 10 TARGET TENANTS WITHIN THE COMMUNITY SERVICE SEGMENT

Tenant	Rental income, SEKm
1. DnB Bank ASA	188
2. Statsbygg/Justis-ogberedskapsdepartementet	87
3. Nytida AB	43
4. Landstinget Dalarna	31
5. Västra Götalands Läns Landsting	28
6. Lunds Universitet	24
7. Borlänge Kommun	24
8. Kristiansand Kommune v/Kristiansand Eiendom	20
9. Pysslingen Förskolor och Skolor AB	17
10. Uddevalla kommun	16
<b>TOTAL</b>	<b>478</b>
<hr/>	
<b>TOTAL SBB COMMUNITY SERVICE PROPERTIES</b>	<b>935</b>
<i>Share</i>	<i>51,1%</i>
<hr/>	
<b>TOTAL SBB</b>	<b>1 588</b>
<i>Share</i>	<i>30,1%</i>

## MATURITY LEASE STRUCTURE COMMUNITY SERVICE SEGMENT



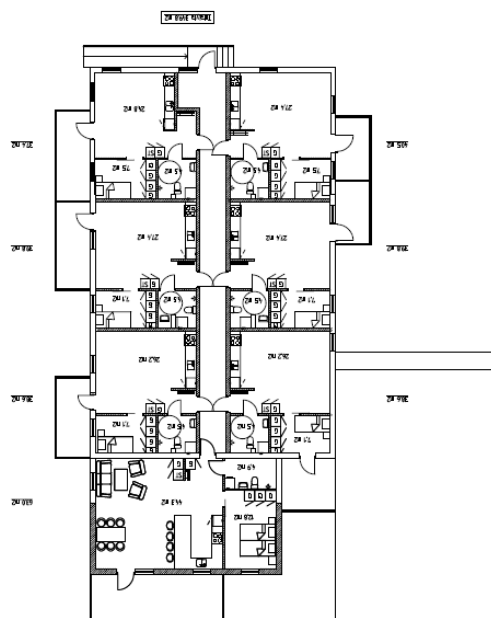


## VALUE CREATING PROPERTY MANAGEMENT

SBB's focus is long-term property management, primarily through improving occupancy rates, reducing costs and increasing rental income.

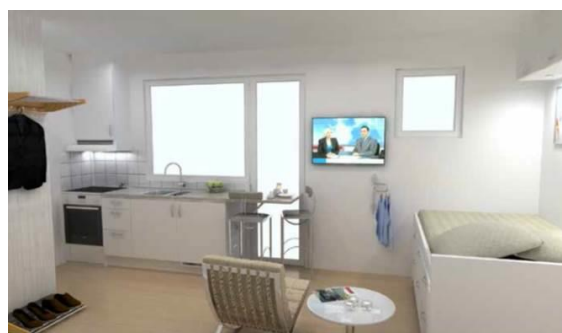
### Good cooperation with Oskarshamn Municipality

In 2016, SBB acquired the residential property Länsmansängen 1 in Oskarshamn. The property had about 400 sq.m. of vacant commercial space. SBB noted early in the acquisition process the possibility of establishing LSS housing in the property. In collaboration with Oskarshamn Municipality, SBB has created six homes for people with special needs and has signed a 15-year lease with the municipality. The good cooperation with Oskarshamn Municipality has continued and SBB has since developed six more apartments for special housing in the property Älvehult 2:18 in Påskallavik and also signed a 15-year lease.



### Cost-effective solution to housing shortage

In 2016, SBB acquired the residential property Kaffebryggaren i Nykvarn. The property contained three storage units on each floor of each residential building. These storage units have been developed into new apartments. A total of 36 studio apartments of around 16 sq.m. have been built. Half of these apartments are leased to Karolinska University Hospital, providing housing for healthcare professionals.



## RENOVATION

A large part of SBB's residential portfolio was built between the years 1960 and 1975 (often referred to as the "one million flats program") and need to undergo some refurbishment to meet current and future tenant requirements for quality and comfort. This is done by successive renovations coordinated with end of lease vacancy periods of the apartments. Prior to renovation, assessments are made as to whether additional value-creating changes can be made. For example, large-rooms of apartments are reconfigured to create extra rooms so that the property can be better utilized in the future. SBB aims to renovate to an attractive standard that appeals to both new and existing tenants. Once renovations are planned, SBB strives to always reach agreement with the tenant association on a new rent level that will recognise the renovation. SBB has already reached agreement for about 80 percent of the stock is planned to be renovated, and negotiations are underway for the remainder.



## BUILDING RIGHTS

SBB works actively with property development. The company's strategy is for 10-20 percent of the property portfolio to include the "Other" property segment. These are positive cash flow properties with development potential awaiting zoning plan, applications and development. The segment will generate a profit of SEK 250-400 million a year on average over a business cycle. During 2017, sales and continued work on outline planning applications resulted in a change in value of SEK 749 million. The acquisitions are usually made off-market and only after SBB has had a dialogue with the relevant municipality to ensure that the property and its immediate area is a priority for urban development.

### **SBB's property development organization**

SBB has a commercial project organization with strong experience in property development and transactions. The organization is headed by Deputy CEO Krister Karlsson and includes approximately 870,000 sq.m. in various planning stages. SBB works actively to create flexible and effective building rights (that enables for tenancy housing, tenant-owned apartments as well as community service buildings). SBB has developed building rights that suit a wide range of investors such as HSB, Riksbyggen, PEAB, Botrygg, K2A and Innovation Properties. SBB also has extensive experience in initiating and executing sales early in the planning process.

SBB believes that sustainable urban regeneration and development starts by finding an optimal location with strong transport links in proximity to public transportation. SBB believes that in the modern urban environment, living without a car should be possible with strong transport links and, leisure, healthcare and schools should be in the immediate vicinity. With this point of view, SBB has made the majority of its property development acquisitions in vicinity of railway-based stations. Majority of SBB's development areas lie within designated priority commutable positions, such as the Ostlänken, commuter train and Flytoget (Oslo).

### **Building rights**

SBB had approximately 40 ongoing development projects in various planning phases with a total of approximately 870,000 sq.m. at 31 December 2017. The planning process consists of 4 phases; Project idea and planning application (Phase 1), Planning notification (Phase 2), Procedure before approval of the zoning plan (Phase 3) and approval of the zoning plan (Phase 4). The table below summarizes SBB's various projects.

During 2017, building rights of a total of 240,000 sq.m. were sold, of which 178,000 sq.m. were sold to JVs. The sale relates to a total of ten transactions in Västerhaninge, Jordbro, Nyköping, Norrköping and Falun. The value of the sales amounted to SEK 826 million. Sales have not yet been reported as of 31 December 2017, as they are conditional on approval of the zoning plans. However, they have been taken into account in the valuation of the properties and thus impact the unrealised value changes. Since the year end, SBB has received positive planning notification for a further 25,000 sq.m. of building rights in Karlstad and Karlshamn. SBB estimates that the value of the building rights portfolio with approved zoning plans may exceed the book value of the building rights portfolio by SEK 500-900 million.



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

### Property development in Joint Ventures

As part of the sale transactions, SBB has in some instances entered into JVs with prospective buyers for the development of the building rights. Total building rights volume for JV co-operation is approximately 178,000 sq.m. with a profit potential for SBB of approximately SEK 500-700 million over a five-year period, after deduction for SBB's own investments in building rights. This profit potential is in addition to previously reported surplus values. SBB takes a very limited project risk as partner because the other JV parties (such as HSB or Botrygg) take responsibility for design, sales, production and project management. The profit potential has not been taken into account in any part of the financial statements.

### Examples of sales of building rights, where revenues from operations through Joint Ventures are expected in 2018

#### Realised building rights

##### Two sales of building rights from the property Falkenberg Bacchus 1



Illustration from IM to potential apartment buyer

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





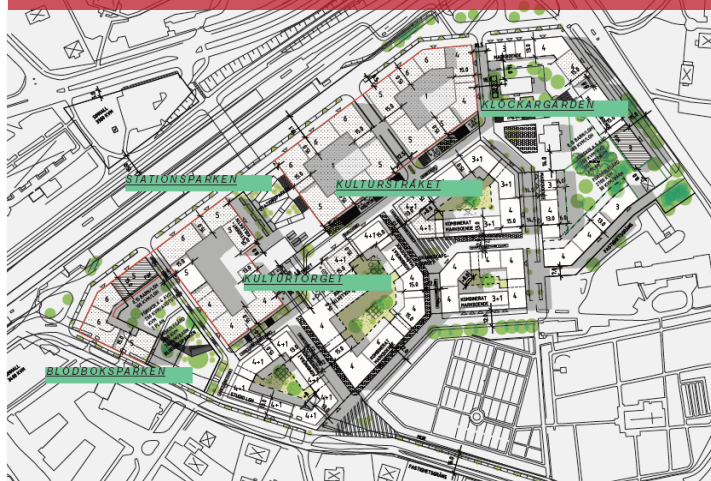
### Nöthagen (Raspen 1-3), Nyköping municipality

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

- 156,000 sq.m.
- 65,000 sq.m. sold
- Population Nyköping municipality, 55,329 persons

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

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



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

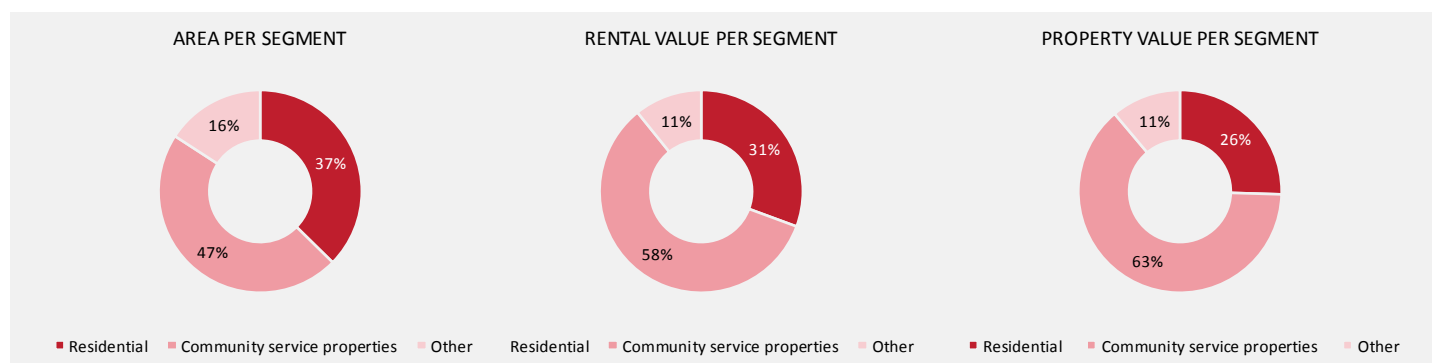
- 85,000 sq.m.
- 70,000 sq.m. sold
- Travel time to Stockholm C 29 min (with commuter train)



### Born (Falun 9:22), Falu municipality

- 100,000 sq.m.
- 28,000 sq.m. sold
- Population Falun municipality 57,433 persons

## REGIONS



### EARNINGS CAPACITY PER REGION AND PROPERTY SEGMENT<sup>1)</sup>

	Rental income, SEKm	Operating expenses, SEKm	Net operating income, SEKm	Net operating income, %
Stockholm	226	-69	158	70
Malmö	173	-54	119	69
Gothenburg	92	-32	60	65
Middle Sweden	348	-151	197	57
Dalarna	237	-93	145	61
Nothorn Sweden	128	-58	70	55
Oslo	296	-13	284	96
Bergen & Kristiansand	87	-7	80	92
<i>Residential</i>	<i>492</i>	<i>-233</i>	<i>259</i>	<i>53</i>
<i>Community service properties</i>	<i>935</i>	<i>-178</i>	<i>757</i>	<i>81</i>
<i>Other</i>	<i>160</i>	<i>-66</i>	<i>95</i>	<i>59</i>
<b>TOTAL</b>	<b>1 588</b>	<b>-476</b>	<b>1 111</b>	<b>70</b>

### KEY RATIOS PER REGION AND PROPERTY SEGMENT<sup>1)</sup>

	Property value, SEKm	Area, 000 sq.m.	Rental value, SEKm	Occupancy rate, %
Stockholm	3 769	185	230	98
Malmö	2 443	156	185	93
Gothenburg	1 124	116	100	92
Middle Sweden	4 198	387	361	96
Dalarna	2 647	248	249	95
Nothorn Sweden	1 439	133	132	97
Oslo	6 037	82	296	100
Bergen & Kristiansand	1 344	58	87	100
<i>Residential</i>	<i>5 859</i>	<i>510</i>	<i>503</i>	<i>98</i>
<i>Community service properties</i>	<i>14 583</i>	<i>639</i>	<i>961</i>	<i>97</i>
<i>Other</i>	<i>2 559</i>	<i>216</i>	<i>177</i>	<i>91</i>
<b>TOTAL</b>	<b>23 001</b>	<b>1 366</b>	<b>1 641</b>	<b>97</b>

<sup>1)</sup> Based on current earnings capacity per 31-12-2017.



# STOCKHOLM

The Stockholm region consists of Stockholm County and nearby municipalities like Uppsala and Västerås.

Stockholms county's population at end of 2017 totalled around 2.3 million inhabitants. Over the past 10 years, the population has grown by more than 350,000 inhabitants, corresponding to approximately 18 percent growth. Stockholm County accounts for about 30 percent of Sweden's total GDP and more than third of Sweden's businesses are located in the region. Together with several government institutions, Stockholm County is Sweden's largest labour market. In total, approximately 100,000 people travel daily to work in the County and there are 21 established universities and other educational institutions.

In the region, which is expanding expansively, SBB operates 6 different development projects in locations with good communication in Haninge, Nyköping and Nykvarn. In total, SBB targets to create 388,700 sqm building rights in the region.

SBB owns a total of 107 properties in the region with a total rentable area of 185 tkvm. In addition, the company owns 434 apartments in the region.

The 3 largest tenants in the region are Västerås City, Pysslingen Preschools and Skolor AB and Nytida AB. In total they represent approximately 29 percent of the total rental income for community service properties in the region.

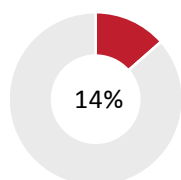




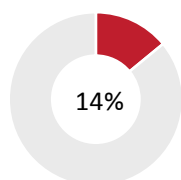
Exterior view from the property Ormen Långe 9 in Huddinge, Stockholm.

#### SHARE OF SBB

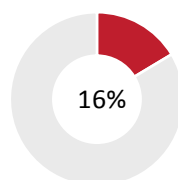
LETTABLE AREA



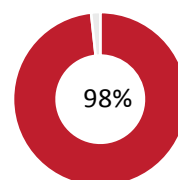
RENTAL VALUE



PROPERTY VALUE



OCCUPANCY RATE



#### KEY RATIOS REGION STOCKHOLM PER 31 DECEMBER 2017

Municipality	Lettable area, 000 sq.m.	Rental value, SEKm	Property value, SEKm	Occupancy rate, %
Stockholm county	71	113	2 034	99
Nyköping	53	34	561	97
Västerås	19	33	474	100
Uppsala	8	14	259	100
Other	33	37	441	95
<b>REGION STOCKHOLM</b>	<b>185</b>	<b>230</b>	<b>3 769</b>	<b>98</b>
<b>SBB</b>	<b>1 366</b>	<b>1 641</b>	<b>23 001</b>	<b>97</b>

# MALMÖ

The Region of Malmö consists mainly of the municipality of Malmö, the municipality of Lund and the municipality of Karlskrona and neighboring municipalities.

Malmö and Lund municipalities lie in the south, which is also part of the metropolitan area of Malmö-Copenhagen region. This area is characterized by research and an expansive business environment. Within the region there are more than 14,000 researchers, 190,000 students, 19 innovation hubs and research parks as well as 17 universities and other educational institutions. Two of Europe's largest research institutes are established in Lund, Max-Lab IV and ESS, which further helps to strengthen the attractiveness of the region. Karlskrona is located in the eastern part of the region. Karlskrona has a long marine history and is classified as a World Heritage Site by UNESCO.

Karlskrona is the regional city of Blekinge County with an active business community and a growing university. The municipality currently hosts around 5,000 companies and is actively working to further develop as a business destination. Blekinge University of Technology (BTH) is a college with distinctive focus on IT and innovation for sustainable growth. BTH has about 6,000 registered students and Karlskrona municipality has approximately 66,000 inhabitants. Over the past decade, the annual population has increased by around 1 per cent, or 500 per year. In the last two years, annual population growth has been around 1.5 percent, which is comparable to the average 1.3 percent in the country.

SBB owns a total of 59 properties in the region with a total rentable area of 156 thousands sq.m. The company also owns 243 rent apartments in the region.

The 3 largest tenants in the region are Lund University, Norlandia and Karlskrona Municipality. Together they represent about 40 percent of the total rental income for community service properties in the region.



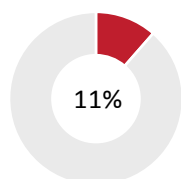




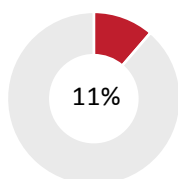
Exterior view from the residential property Gullbernahult 31, Karlskrona.

#### SHARE OF SBB

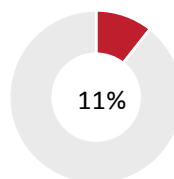
LETTABLE AREA



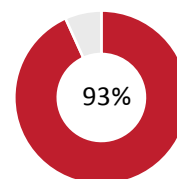
RENTAL VALUE



PROPERTY VALUE



OCCUPANCY RATE



#### KEY RATIOS REGION MALMÖ PER 31 DECEMBER 2017

Municipality	Lettable area, 000 sq.m.	Rental value, SEKm	Property value, SEKm	Occupancy rate, %
Malmö/Lund	80	99	1 432	91
Karlskrona	60	69	849	97
Other	17	18	162	88
<b>REGION MALMÖ</b>	<b>156</b>	<b>185</b>	<b>2 443</b>	<b>93</b>
<b>SBB</b>	<b>1 366</b>	<b>1 641</b>	<b>23 001</b>	<b>97</b>



# GOTHENBURG

Region Gothenburg includes the municipality of Gothenburg and nearby municipalities and the municipality of Falkenberg.

Gothenburg is Sweden's second largest city, and greater Gothenburg's population has increased by almost 16 percent in the 21st century. Today there are approximately one million inhabitants, of which 557,000 live in the Gothenburg municipality. The forecast for the Gothenburg region is an increase of approximately 10,000 inhabitants per year. The region is expected to have an additional 180,000 inhabitants and 110,000 jobs by 2030. All municipalities in Västra Götaland report an acute shortage of housing, especially rental flats. The waiting-time for a tenancy permit through the municipal housing agency Boplats is on average approximately 1,600 days in the municipality of Gothenburg.

Gothenburg has a long history of international exchange, and today, 30 percent of Swedish foreign trade passes through Gothenburg.

Internationalization is also evident in the labour market as several major global companies are established in the city, such as Volvo Cars and Astra Zeneca.

SBB owns a total of 22 properties in the region, with a total rental area of 116 tkvm. The company also owns 156 apartments in the region.

The 3 largest tenants in the region are Västra Götaland County Council, Uddevalla Municipality and Borås Municipality. Together they represent approximately 74 percent of the total rental value of community service properties in the region.

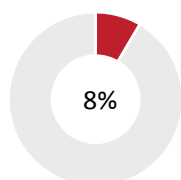




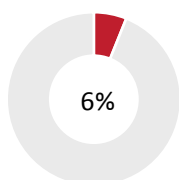
*Exterior view from the property Klöver 7, Vänersborg.*

#### SHARE OF SBB

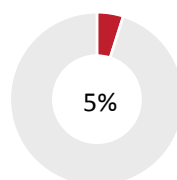
LETTABLE AREA



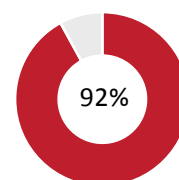
RENTAL VALUE



PROPERTY VALUE



OCCUPANCY RATE



#### KEY RATIOS REGION GOTHENBURG PER 31 DECEMBER 2017

Municipality	Lettable area, 000 sq.m.	Rental value, SEKm	Property value, SEKm	Occupancy rate, %
Gothenburg	62	68	780	94
Falkenberg	54	32	344	87
Other	-	-	-	-
<b>REGION GOTHENBURG</b>	<b>116</b>	<b>100</b>	<b>1 124</b>	<b>92</b>
<b>SBB</b>	<b>1 366</b>	<b>1 641</b>	<b>23 001</b>	<b>97</b>

# MIDDLE SWEDEN

Region Middle Sweden consists of several municipalities between the regions of Stockholm, Gothenburg, Malmö and Dalarna, and include Oskarshamn, Motala and Karlstad.

Skövde/Skaraborg is the largest administrative area in the region. And Högskolan i Skövde is located in the region. Högskolan i Skövde conducts outstanding research in five specializations areas: Information Technology, System Biology, Virtual Engineering, Health and Learning, and Entrepreneurship of the Future

Oskarshamn Municipality is the second largest municipality in the region. Oskarshamn is an important port city with ferry traffic to Visby in Gotland and Byxelkrok in Öland. Oskarshamn's port also has extensive freight traffic both national and international. The city is also a genuine industrial city with many successful industries. Among the major industries are Scania, the OKG, SA FT AB nuclear power plant (battery manufacturing) and Liljeholmens Stearinfabriks AB.

The city of Karlstad in the region is home to Sweden's youngest university with about 16,000 resident students in addition to teachers, civil engineer, economist and nurse. It also hosts a large central hospital and several authorities, including the Consumer Agency and the Authority for Social Protection and Preparedness.

SBB owns a total of 217 properties in the region with a total rental area of 387 sq.m. The company also owns 2 878 apartments in the region.

The 3 largest tenants in the region are Västra Götaland County Council, Skara Municipality and Nytida AB. Together they represent approximately 26 percent of the total rental value of community service properties in the region.



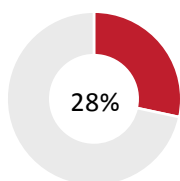




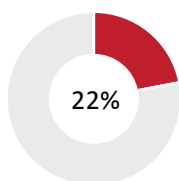
*Exterior view from the residential area Rud, Karlstad.*

#### SHARE OF SBB

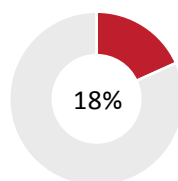
##### LETTABLE AREA



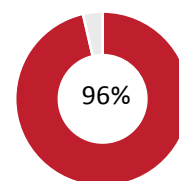
##### RENTAL VALUE



##### PROPERTY VALUE



##### OCCUPANCY RATE



#### KEY RATIOS REGION MIDDLE SWEDEN PER 31 DECEMBER 2017

Municipality	Lettable area, 000 sq.m.	Rental value, SEKm	Property value, SEKm	Occupancy rate, %
Skövde/Skaraborg	118	105	977	91
Oskarshamn	84	77	827	99
Linköping/Motala	55	50	583	99
Kalmar/Västervik	47	43	559	100
Karlstad	31	34	534	99
Norrköping	16	13	229	92
Jönköping/Växjö	17	16	225	100
Other	20	22	263	97
<b>REGION MIDDLE SWEDEN</b>	<b>387</b>	<b>361</b>	<b>4 198</b>	<b>96</b>
<b>SBB</b>	<b>1 366</b>	<b>1 641</b>	<b>23 001</b>	<b>97</b>



# DALARNA

Region Dalarna consists of Dalarna County, and mainly includes Falun, Borlänge and Ludvika municipalities.

Traditionally Borlänge has been characterized as a heavy industrial city, mainly steel and paper manufacturing. Today it is predominantly dominated by SSAB Tunnpå Borlänge and Stora Enso Kvarnsveden. In recent decades, industrial dominance has declined, and today Borlänge also has a well-developed private and public service sector. Borlänge also houses University of Dalarna's one of two campus areas. Both the Swedish Transport Administration and the Transport Agency are headquartered in the municipality. Borlänge is also the center of the county's wholesale and retail, road and rail and air transport. Population development in Borlänge has been steadily rising, and is expected to continue until 2025 when the population is predicted to be around 54,500 inhabitants.

Falun is capital city of Dalarna County. The city is built around the copper mine which for centuries was Sweden's foremost business activity. The Falun's population totalled 57,685 in 2016, which represents about 20.3 percent of the population in the county. The population in Falun increased by 1.6 percent between 2013-2016. Falun hosts the second campus for the University of Dalarna.

During the period, SBB acquired housing and community service properties in Borlänge and Falun municipalities totalling 66,000 square meters. The company owns a total of 144 properties in the region with a total rental area of 248 sq.m. SBB also owns 1,667 apartments in the region.

The 3 largest tenants in the region are the County Council of Dalarna, Borlänge Municipality and the Transport Agency. They represent approximately 62 percent of the total rental value of community service properties in the region.

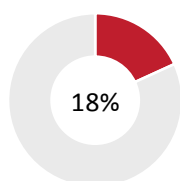




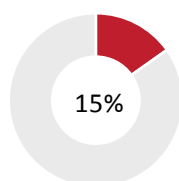
Exterior view from the property Spännaren 10, Borlänge.

#### SHARE OF SBB

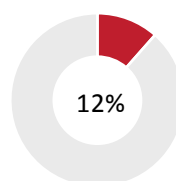
LETTABLE AREA



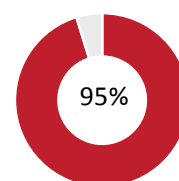
RENTAL VALUE



PROPERTY VALUE



OCCUPANCY RATE



#### KEY RATIOS REGION DALARNA PER 31 DECEMBER 2017

Municipality	Lettable area, 000 sq.m.	Rental value, SEKm	Property value, SEKm	Occupancy rate, %
Borlänge	116	46	1 294	96
Falun	47	48	725	94
Ludvika	49	44	369	94
Other	37	112	260	95
<b>REGION DALARNA</b>	<b>248</b>	<b>249</b>	<b>2 647</b>	<b>95</b>
<b>SBB</b>	<b>1 366</b>	<b>1 641</b>	<b>23 001</b>	<b>97</b>

# NORTHERN SWEDEN

The region of northern Sweden consists of all municipalities north of the county of Dalarna.

Sundsvall is in an expansive phase with a target of 100,000 inhabitants in 2021. The municipality has zoning plans for the development of up to 10,000 new homes to meet both the expected population growth and the current housing shortage. The plans clarify that housing construction is largely to increase density of already existing residential areas. The construction of the Sundsvalls bridge enabled E4 to move and release urban and seaside land for the development of new commercial, residential and recreation areas. Sundsvall has a strategic location for road, rail, boat and air traffic. The first stage extension for double track on the Sundsvall-Gävle railway line will provide great opportunities to attract new residents and business establishments.

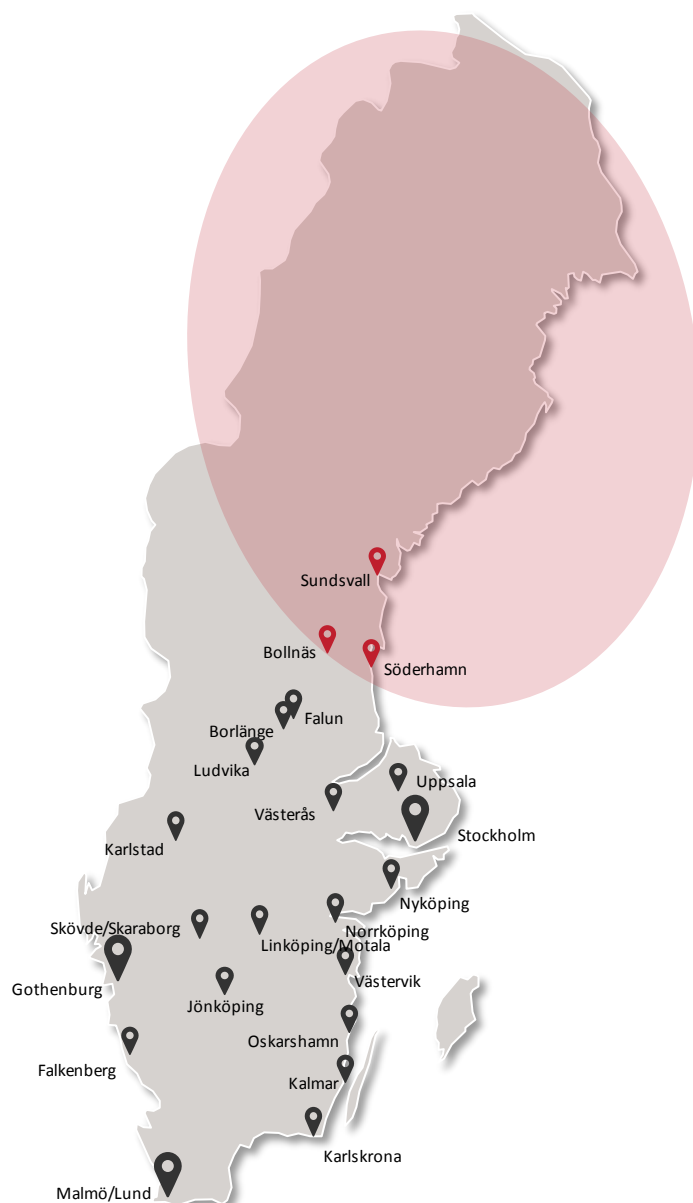
Bollnäs is the second largest municipality in the region, the municipality has approximately 27,000 inhabitants and has experienced a population growth of about 2 percent over the last three years.

SBB has signed a letter of intent with the municipality of Bollnäs to construct a new sports hall in Bollnäs with a 25-year lease.

SBB owns a total of 182 properties in the region with a rental area totalling 133 sq.m.

The company also owns 1,423 apartments in the region.

The 3 largest tenants in the region are Sundsvall municipality, Nytida AB and Pysslingen Preschools and Skolor AB. In total they represent approximately 74 percent of the total rental value of community service properties in the region.



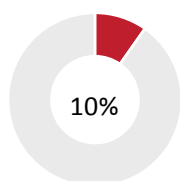




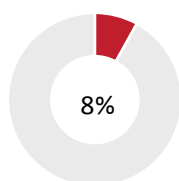
Exterior view from the property Härsta 9:5, Sundsvall.

#### SHARE OF SBB

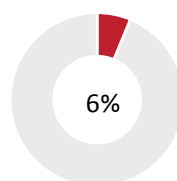
LETTABLE AREA



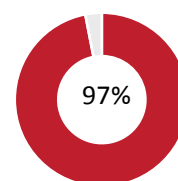
RENTAL VALUE



PROPERTY VALUE



OCCUPANCY RATE



#### KEY RATIOS REGION NORTHERN SWEDEN PER 31 DECEMBER 2017

Municipality	Lettable area, 000 sq.m.	Rental value, SEKm	Property value, SEKm	Occupancy rate, %
Sundsvall	54	57	713	100
Bollnäs	45	43	380	93
Söderhamn	17	16	161	98
Other	16	16	185	96
<b>REGION NORTHERN SWEDEN</b>	<b>133</b>	<b>132</b>	<b>1 439</b>	<b>97</b>
<b>SBB</b>	<b>1 366</b>	<b>1 641</b>	<b>23 001</b>	<b>97</b>

# OSLO



The Oslo region includes the city of Oslo and neighbouring municipalities.

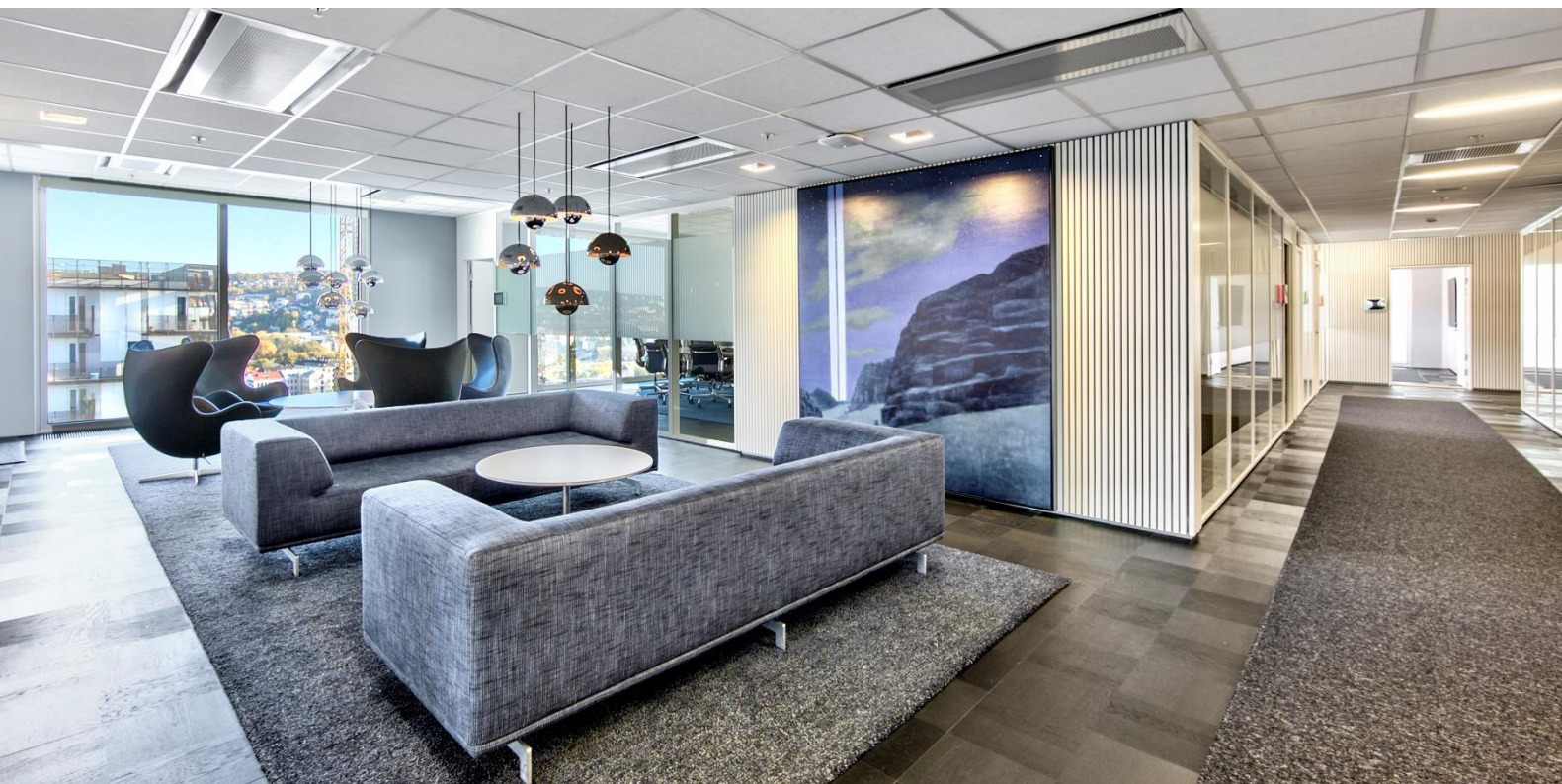
Oslo is the political and economic center of Norway. The region has a population of 1.2 million inhabitants. In 2017, Oslo's population increased by around 1 percent. Oslo has experienced a strong economic development in recent decades, partly due to major oil exploration since the late 1960s. Today the city is placed in the top category by the UN in their wealth barometer, together with cities like London, Zurich and Tokyo.

Greater Oslo is Norway's and one of the Nordic countries most expansive regions. The population in the city of Oslo has increased by more than 161,000 people since 2002, corresponding to an increase of 31.4 percent. The strong population increase is expected to continue over the next ten-year.

During the first quarter, SBB acquired Barcode 121, which houses DNB's headquarters on a leased area of just over 49,000 sq.m. During the fourth quarter, two additional community service properties were acquired, totalling approximately 12,000 sq.m.

The 3 largest tenants in the region are DNB, the Ministry of Justice and Sarpsborg Police. Together they represent approximately 95 percent of the total rental value of community properties in the region.

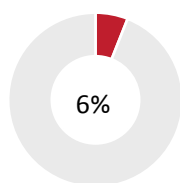




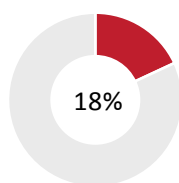
Interior view from DNB HQ in the Barcode area, Oslo.

#### SHARE OF SBB

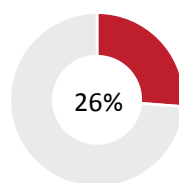
LETTABLE AREA



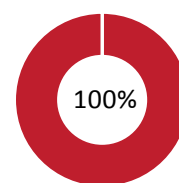
RENTAL VALUE



PROPERTY VALUE



OCCUPANCY RATE



#### KEY RATIOS REGION OSLO PER 31 DECEMBER 2017

Municipality	Lettable area, 000 sq.m.	Rental value, SEKm	Property value, SEKm	Occupancy rate, %
Oslo	70	275	5 661	100
Drammen	5	11	230	100
Sarpsborg	7	10	146	100
Other	-	-	-	-
<b>REGION OSLO</b>	<b>82</b>	<b>296</b>	<b>6 037</b>	<b>100</b>
<b>SBB</b>	<b>1 366</b>	<b>1 641</b>	<b>23 001</b>	<b>97</b>

# BERGEN & KRISTIANSAND



Region Bergen & Kristiansand consists of Bergen and Kristiansand and nearby municipalities.

The largest part of the region is Kristiansand, which is a regional city in West Agder County, in southern Norway. Kristiansand is Norway's fifth largest city and sixth largest municipality. Kristiansand is characterized by the numerous research and education institutions in the region. Kristiansand also has an international port that supplies the Norwegian oil industry and the renewable energy industry with service, personnel and equipment.

Bergen is a regional city in Hordaland County and is a seat of several major international companies. In research and industry, the region is prominent in shipping, energy and aquaculture, which means that Hordaland County has the highest exports in Norway. The region is also characterized by a distinguished university, the University of Bergen, with 17,000 students and is a workplace for more than 3,600 people.

SBB owns a total of 12 properties in the region with a lease area totaling 58,000 sq.m.

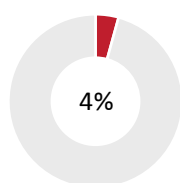
The 3 largest tenants in the region are Kristiansand Municipality, Vest Agder County Municipality and NAV Vest Agder. In total they represent about 55 percent of the total rental value of community service properties in the region.



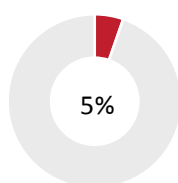
Exterior view from the property Vestre Strandgate 21 where Customs Agency of Kristiansand is tenant.

#### SHARE OF SBB

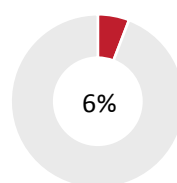
LETTABLE AREA



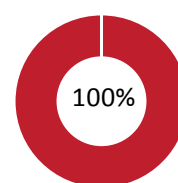
RENTAL VALUE



PROPERTY VALUE



OCCUPANCY RATE



#### KEY RATIOS REGION BERGEN & KRISTIANSAND PER 31 DECEMBER 2017

Municipality	Lettable area, 000 sq.m.	Rental value, SEKm	Property value, SEKm	Occupancy rate, %
Kristiansand	54	80	1 238	100
Bergen	5	7	106	100
Other	-	-	-	-
<b>REGION BERGEN &amp; KRISTIANSAND</b>	<b>58</b>	<b>87</b>	<b>1 344</b>	<b>100</b>
<b>SBB</b>	<b>1 366</b>	<b>1 641</b>	<b>23 001</b>	<b>97</b>

# TRANSACTIONS

During the period, SBB acquired 400 properties with a total rentable area of 741,000 sq.m. Sales were signed for a total of 240,000 building rights, sales are subject to approved zoning plans. In addition, 17 cash flow properties were divested with a leasable area of 27 sq.m.

## ACQUISITIONS

Municipality	Property	Category	Rental income, kSEK	Lettable area, sq.m.	Closing
Borlänge	Veteaxet 1	Residential	724	672	Q1
Borlänge	Ärtskidan 1	Residential	3 657	3 370	Q1
Borlänge	Klövervallen 1	Residential	9 811	10 144	Q1
Borlänge	Lisselhaven 4	Residential	9 781	5 951	Q1
Borlänge	Tyra 13 & 14	Community service	10 231	6 469	Q1
Borlänge	Sigge 5	Community service	5 734	3 942	Q1
Borlänge	Skräddaren 2	Community service	3 834	3 174	Q1
Oslo	Barcode 121	Community service	187 891	49 169	Q1
Bergen	Blådalen 39	Community service	6 690	4 790	Q1
Kristiansand	Tangen Næring Eiendom	Community service	13 413	7 182	Q1
Enköping	Gröngarn 1:5	Community service	842	585	Q1
Sunne	Åmberg 6:251	Community service	496	444	Q1
Hagfors	Löparen 2	Community service	456	444	Q1
Heby	Heby 4:49	Community service	592	475	Q1
Hässleholm	Pärlemon 1 o 2	Community service	359	405	Q1
Gullspång	Hova 3:95	Community service	249	330	Q1
Grästorp	Örnen 7	Community service	257	330	Q1
Karlstad	Moroten 7	Community service	486	403	Q1
Karlstad	Björknäs 37:3	Community service	486	403	Q1
Karlstad	Skåre 1:397	Community service	615	451	Q1
Filipstad	Björnen 1	Community service	371	403	Q1
Årjäng	Silbodals Prästg1:173	Community service	422	403	Q1
Kil	Stenåsen 1:316	Community service	465	400	Q1
Sunne	Åmberg 6:232	Community service	516	451	Q1
Hammarö	Götetorp 3:180	Community service	475	403	Q1
Hässleholm	Södergården 1	Community service	429	403	Q1
Hässleholm	Södergården 2	Community service	429	403	Q1
Hässleholm	Länsmansgården 1	Community service	429	403	Q1
Hässleholm	Vittsjö 118:1	Community service	429	403	Q1
Uppsala	Berthåga 28:5	Community service	437	380	Q1
Uppsala	Sunnersta 171:6	Community service	437	380	Q1
Uppsala	Sunnersta 185:7	Community service	437	380	Q1
Uppsala	Sävja 5:51	Community service	437	380	Q1
Enköping	Gånsta 60:1	Community service	503	380	Q1
Tibro	Tapetsören 21	Community service	445	403	Q1
Östersund	Pärilspridaren 1	Community service	345	350	Q1
Östersund	Ponnyn 1 o 2	Community service	342	350	Q1
Flen	Illern 1	Community service	606	479	Q1
Flen	Rådjuret 1	Community service	606	479	Q1
Katrineholm	SköldingeRams1:180	Community service	595	479	Q1
Katrineholm	Sjöstjärnan 1	Community service	593	479	Q1
Åstorp	Björken 9	Community service	429	403	Q1
Hässleholm	Kajan 4	Community service	429	403	Q1
Hässleholm	Vittsjö 117:1	Community service	429	403	Q1
Borås	Borgstena 5:53	Community service	574	804	Q1
Borås	Tummarp 1:189	Community service	875	807	Q1
Värnamo	Västhörja 12:68	Community service	552	381	Q1
Växjö	Tätörten 1	Community service	1 048	663	Q1
Ljungby	Cedern 2	Community service	576	450	Q1
Ljungby	Granen 6	Community service	576	450	Q1



<b>Municipality</b>	<b>Property</b>	<b>Category</b>	<b>Rental income, kSEK</b>	<b>Lettable area, sq.m.</b>	<b>Closing</b>
Växjö	Saxofonen 4	Community service	371	228	Q1
Vaggeryd	Älgåsen 4	Community service	283	352	Q1
Ljungby	Gymnasiet 2	Community service	1 644	1 280	Q1
Hörby	Hjularöd 2	Community service	967	456	Q1
Kalmar	Förmannen 1	Community service	758	1 267	Q1
Kalmar	Vallby 8:8 och 8:22	Community service	569	550	Q1
Linköping	Mekanikern 21	Community service	412	340	Q1
Lycksele	Kyrkan 4	Community service	433	700	Q1
Täby	Löttinge 9:27	Community service	722	383	Q1
Othem	Kilå kern 3	Community service	362	278	Q1
Hemse	Storken 11	Community service	253	358	Q1
Klinte	Odvalds 1:3	Community service	287	367	Q1
Klinte	Sicklings 5:22	Community service	294	367	Q1
Visby	Melonen 3	Community service	655	735	Q1
Visby	Buntmakaren 6	Community service	377	307	Q1
Visby	Korgmakaren 5	Community service	438	307	Q1
Västervik	Lingonet 18	Community service	1 237	560	Q1
Höör	Komministern 15	Community service	1 814	1 616	Q1
Sollentuna	Tidrymden 9	Community service	647	325	Q1
Botkyrka	Skäcklinge Gård 11	Community service	312	216	Q1
Haninge	Svartbäcken 2:6	Community service	358	300	Q1
Haninge	Svartbäcken 2:7	Community service	320	218	Q1
Norrtälje	Äggsvampen 1	Community service	571	442	Q1
Nykvarn	Ärtsinglet 4	Community service	1 502	1 222	Q1
Sollentuna	Reflexen 13	Community service	581	376	Q1
Stockholm	Adeln 22	Community service	544	413	Q1
Stockholm	Bäckaskiftet 10	Community service	387	273	Q1
Stockholm	Fjällglimmen 2	Community service	593	410	Q1
Stockholm	Serenaden 17	Community service	554	304	Q1
Stockholm	Siken 24	Community service	1 125	475	Q1
Stockholm	Vägmätaren 1	Community service	1 155	785	Q1
Upplands-Bro	Ekhammar 4:405	Community service	242	219	Q1
Upplands-Bro	Ekhammar 4:408	Community service	294	219	Q1
Upplands Väsby	Eds Prästgård 1:81	Community service	270	200	Q1
Upplands Väsby	Eds Prästgård1:92	Community service	467	302	Q1
Vallentuna	Bällsta 2:827	Community service	392	244	Q1
Österåker	Berga 6:76	Community service	740	510	Q1
Stockholm	Sätra Gård 1	Community service	4 092	2 430	Q1
Stockholm	Singoalla 45	Community service	317	215	Q1
Botkyrka	Akvarellen 10	Community service	300	180	Q1
Stockholm	Lönnholmen 1	Community service	482	335	Q1
Stockholm	Rhenguldet 20	Community service	695	208	Q1
Stockholm	Älgholmen 1	Community service	356	253	Q1
Kalmar	Julgrisen 1	Community service	469	539	Q1
Jönköping	Oskar 4	Community service	719	581	Q1
Götene	Gitarren 2 & 3	Community service	404	355	Q1
Skövde	Ryd 15:69	Community service	741	793	Q1
Borgholm	Vitsippan 6	Community service	422	371	Q1
Borgholm	Rödhaken 2	Community service	537	436	Q1
Skövde	Frösve 13:2	Community service	595	179	Q1
Skövde	Värsås 8:93	Community service	800	594	Q1
Jönköping	Trånghalla 3:497	Community service	406	366	Q1
Nyköping	Grindäng 1:13	Community service	494	364	Q1
Eksjö	Åängen 6	Community service	556	400	Q1
Götene	Källby 7:84 & 85	Community service	460	395	Q1
Falköping	Blåhaken 2	Community service	442	482	Q1
Nyköping	Sandstenen 4	Community service	654	437	Q1
Skövde	Ryd 15:72	Community service	605	694	Q1
Borgholm	Högrums 5:116	Community service	786	588	Q1
Falköping	Friggeåker 27:2	Community service	646	580	Q1
Götene	Sil 18:2	Community service	522	494	Q1
Forshaga	Risätter 5:22	Community service	360	437	Q1
Eda	Svanen 1	Community service	561	441	Q1
Skövde	Kupan 1	Community service	627	358	Q1
Mariestad	Muggebo 1:19	Community service	546	537	Q1

<b>Municipality</b>	<b>Property</b>	<b>Category</b>	<b>Rental income, kSEK</b>	<b>Lettable area, sq.m.</b>	<b>Closing</b>
Katrineholm	Lejonet 21	Community service	769	536	Q1
Forshaga	Östra Dejeffors 1:18	Community service	484	432	Q1
Kristinehamn	Rudsnäset 2:48	Community service	719	614	Q1
Kalmar	Åby 31:1	Community service	633	460	Q1
Torsby	Västanvik 1:672	Community service	480	441	Q1
Hammarö	Götetorp 3:182	Community service	460	441	Q1
Nyköping	Flockliljan 1	Community service	453	398	Q1
Nyköping	Nälberga 1:246	Community service	499	398	Q1
Karlstad	Tjärveden 1	Community service	568	457	Q1
Kristinehamn	Vänersvik 6:93	Community service	459	521	Q1
Säffle	Långseruds Backa 1:58	Community service	677	563	Q1
Hammarö	Bråten 1:65	Community service	609	538	Q1
Säffle	Ökne 3:17	Community service	545	453	Q1
Kalmar	Källtorp 8:6	Community service	443	328	Q1
Haninge	Hammar 1:92	Community service	938	461	Q1
Haninge	Ålsta 1:59	Community service	802	401	Q1
Borgholm	Öland 4	Community service	762	621	Q1
Säffle	Skumplogen 1	Community service	612	409	Q1
Nynäshamn	Gryt 4:12	Community service	808	436	Q1
Torsby	Västanvik 1:690	Community service	625	395	Q1
Kalmar	Råby 3:19	Community service	798	550	Q1
Nynäshamn	Torp 5:14	Community service	1 490	780	Q1
Malmö	Tväråkern 16	Community service	920	672	Q1
Malmö	Idrotten 12	Community service	649	540	Q1
Kalmar	Dragkroken 10	Community service	412	316	Q1
Växjö	Betesvallen 1	Community service	787	479	Q1
Malung-Sälen	Lunden 1	Community service	590	392	Q1
Linköping	Norrberga 4:82	Community service	440	345	Q1
Nyköping	Grottan 2	Community service	534	429	Q1
Kil	Prästbol 1:76	Community service	393	449	Q1
Säffle	Jätten 1	Community service	480	449	Q1
Falun	Sandsberg 6:67	Community service	451	379	Q1
Täby	Stilgutaren 1	Community service	1 344	558	Q1
Tomelilla	Tomelilla 237:116	Community service	1 464	1 058	Q1
Mölnadal	Stretered 1:180	Community service	499	272	Q1
Mölnadal	Stretered 1:186	Community service	499	272	Q1
Borlänge	Urberget 3	Community service	350	347	Q1
Mölnadal	Stretered 1:187	Community service	216	210	Q1
Malung-Sälen	Passaren 9	Community service	404	316	Q1
Karlstad	Västby 1:117	Community service	378	429	Q1
Falun	Bäckehagen 54:386	Community service	420	347	Q1
Simrishamn	Rabban 3	Community service	528	401	Q1
Simrishamn	Solrosen 11	Community service	620	393	Q1
Simrishamn	Stiby 150:4	Community service	417	401	Q1
Simrishamn	Stiby 150:5	Community service	478	401	Q1
Kristinehamn	Balder 2	Community service	1 999	753	Q1
Mellerud	Vespern 8	Community service	460	364	Q1
Västerås	Skyttegillet 7	Community service	1 032	668	Q1
Västerås	Brottberga 6:30	Community service	3 219	1 418	Q1
Västerås	Martinprocessen 9	Community service	1 017	510	Q1
Flen	Kovan 14	Community service	736	465	Q1
Jönköping	Berget 1:355	Community service	1 231	997	Q1
Jönköping	Berget 1:26	Community service	200	219	Q1
Jönköping	Berget 1:31	Community service	275	460	Q1
Jönköping	Berget 1:252	Community service	189	160	Q1
Jönköping	Berget 1:392	Community service	313	465	Q1
Jönköping	Hålan 6:6	Community service	862	661	Q1
Jönköping	Berget 1:405	Community service	189	160	Q1
Jönköping	Berget 1:6	Community service	432	652	Q1
Jönköping	Berget 1:9	Community service	272	381	Q1
Flen	Mellösa-Näs 13:6	Community service	738	443	Q1
Tomelilla	Eken 22	Community service	698	620	Q1
Trelleborg	Haglösa 19:1	Community service	617	501	Q1
Knivsta	Stenby 3:1	Community service	1 030	728	Q1
Hagfors	Sörby 1:169	Community service	258	278	Q1

Municipality	Property	Category	Rental income, kSEK	Lettable area, sq.m.	Closing
Skara	Klostret 22:52	Community service	530	405	Q1
Vallentuna	Solsta 1:7	Community service	767	385	Q1
Habo	Brandstorp 1:15	Community service	702	910	Q1
Boden	Sävast 9:21	Community service	2 578	3 054	Q1
Linköping	Raststugan 1	Community service	333	305	Q1
Ljusdal	Kramsta 1:26	Community service	2 353	2 500	Q1
Botkyrka	Kallblodet 4	Community service	434	312	Q1
Härnösand	Högsjö-Dal 2:38	Community service	855	760	Q1
Skara	Häggen 5	Community service	1 950	2 100	Q1
Skövde	Skultorp 2:73	Community service	720	442	Q1
Järfälla	Skälby 77:16	Community service	730	296	Q1
Västerås	Brottberga 6:22	Community service	430	150	Q1
Jönköping	Berget 1:17	Community service	431	381	Q1
Laholm	Allarp 2:501	Community service	1 252	500	Q1
Grästorp	Tammstorp 1:17	Community service	1 968	2 035	Q1
Oskarshamn	Svalan 11-15	Other/development property	516	1 676	Q1
Oskarshamn	Diana 4	Residential	1 483	1 650	Q1
Oskarshamn	Bryggaren 14	Other/development property	248	882	Q1
Oskarshamn	Valkyrian 2	Residential	664	638	Q1
Oskarshamn	Ratten 14	Other/development property	136	205	Q1
Oskarshamn	Tränsen 13	Residential	448	411	Q1
Oskarshamn	Filen 5	Residential	384	402	Q1
Oskarshamn	Norrtnorn 83	Residential	488	513	Q1
Oskarshamn	Lejonet 19	Residential	779	766	Q1
Oskarshamn	Diana 4	Residential	568	560	Q1
Oskarshamn	Nejlilan 4	Residential	2 008	1 957	Q1
Oskarshamn	Lejonet 12	Residential	640	1 181	Q1
Oskarshamn	Ratten 9	Other/development property	439	1 132	Q1
Oskarshamn	Lejonet 11	Other/development property	441	801	Q1
Oskarshamn	Saturnus 6	Residential	477	422	Q1
Oskarshamn	Kajan 3	Residential	1 311	1 161	Q1
Oskarshamn	Palmen 2	Residential	1 165	1 373	Q1
Oskarshamn	Skepparen 1	Residential	567	656	Q1
Oskarshamn	Vesta 1	Residential	224	261	Q1
Oskarshamn	Vesta 5 & 14	Residential	573	612	Q1
Oskarshamn	Odin 6, 7, 11	Residential	907	1 143	Q1
Oskarshamn	Odin 8	Residential	593	694	Q1
Oskarshamn	Odin 1	Residential	587	669	Q1
Oskarshamn	Gasellen 28	Residential	417	473	Q1
Oskarshamn	Rosen 2	Residential	1 302	1 239	Q1
Oskarshamn	Nestor 6	Residential	2 737	3 021	Q1
Oskarshamn	Emmekalv 4:55	Residential	1 801	1 913	Q1
Oskarshamn	Emmekalv 4:147	Residential	1 123	1 223	Q1
Oskarshamn	Älvehult 1:215, 217	Residential	1 246	1 063	Q1
Oskarshamn	Älvehult 1:172	Residential	740	844	Q1
Oskarshamn	Emmekalv 4:152	Residential	610	678	Q1
Oskarshamn	Älvehult 2:18	Residential	2 297	2 465	Q1
Oskarshamn	Emmekalv 4:153	Residential	429	388	Q1
Nybro	Lärkan 13 & Bofinken 6	Residential	2 577	3 507	Q1
Nybro	Delfinen 1	Residential	1 811	2 333	Q1
Nybro	Räven 1	Residential	3 812	5 186	Q1
Nybro	Valen 1	Residential	3 892	5 324	Q1
Gotland	Grönsiskan 3	Residential	Såld	1 309	Q1
Gotland	Göken 7	Residential	Såld	936	Q1
Gotland	Lackviolen 17	Residential	Såld	1 161	Q1
Gotland	Nunnan 1	Other/development property	Såld	2 527	Q1
Oskarshamn	Lejonet 15	Other/development property	4 545	3 718	Q1
Oskarshamn	Lejonet 16	Other/development property	3 618	1 914	Q1
Oskarshamn	Kusken 1 & 2	Residential	6 347	6 845	Q1
Oskarshamn	Mönstringen 1	Residential	631	675	Q1
Oskarshamn	Mönstringen 2	Residential	1 064	1 098	Q1
Oskarshamn	Döderhult 1:191	Residential	1 979	2 286	Q1
Oskarshamn	Solrosen 3	Residential	1 981	2 156	Q1
Oskarshamn	Draglädret 1	Residential	2 203	2 285	Q1
Kalmar	Budkavlen 5	Community service	1 051	733	Q1

Municipality	Property	Category	Rental income, kSEK	Lettable area, sq.m.	Closing
Kalmar	Brasan 2	Community service	1 012	560	Q1
Kalmar	Majsmjölet 1	Community service	732	478	Q1
Oskarshamn	Myran 24	Other/development property	1 653	1 491	Q1
Oskarshamn	Gripen 3	Residential	367	451	Q1
Oskarshamn	Midgård 11	Residential	403	373	Q1
Oskarshamn	Gasellen 12	Residential	716	836	Q1
Oskarshamn	Haren 3	Residential	442	616	Q1
Oskarshamn	Vesta 12	Other/development property	273	300	Q1
Oxelösund	Eken 9	Other/development property	Såld	2 360	Q1
Oxelösund	Liljan 3	Residential	Såld	1 660	Q1
Oxelösund	Vitsippan 3	Residential	Såld	712	Q1
Oxelösund	Kastanjen 11	Residential	Såld	2 496	Q1
Västervik	Fabrikanten 10-11	Residential	840	865	Q1
Västervik	Fabrikanten 21	Residential	1 409	1 397	Q1
Västervik	Hovslagaren 19	Residential	854	880	Q1
Västervik	Jättegrytan 2	Residential	3 450	4 067	Q1
Västervik	Krämarens 7	Residential	981	910	Q1
Västervik	Masten 3	Residential	435	420	Q1
Västervik	Svanen 7	Residential	673	658	Q1
Västervik	Tuppen 9	Residential	711	695	Q1
Västervik	Långholmen 1	Residential	1 474	1 424	Q1
Västervik	Skeppet 5	Residential	1 305	1 448	Q1
Västervik	Skonaren 3	Residential	374	475	Q1
Västervik	Borgaren 4	Other/development property	1 479	1 559	Q1
Västervik	Residenset 12	Residential	543	600	Q1
Västervik	Prosten 22	Other/development property	453	561	Q1
Västervik	Västerås 9	Other/development property	1 214	2 033	Q1
Västervik	Paradiset 18	Other/development property	6 420	6 190	Q1
Oskarshamn	Frej 1	Residential	1 468	1 283	Q1
Oskarshamn	Torrdockan 1	Other/development property	1 000	1 796	Q1
Oskarshamn	Apollo 14	Other/development property	2 356	1 986	Q1
Oskarshamn	Merkurius 4	Residential	588	540	Q1
Oskarshamn	Biet 16	Other/development property	812	837	Q1
Oskarshamn	Hälsan 22	Community service	4 740	7 515	Q1
Oskarshamn	Elefanten 29	Other/development property	1 982	1 987	Q1
Oskarshamn	Mars 13	Residential	409	570	Q1
Nykvarn	Grytan 6	Community service	7 216	4 924	Q1
Nyköping	Guldsmeden 10	Other/development property	3 369	3 224	Q1
Nyköping	Järnhandlaren 6	Residential	2 512	2 188	Q1
Nyköping	Järnhandlaren 3	Other/development property	Såld	1 340	Q1
Nyköping	Minuthandlaren 17	Other/development property	706	945	Q1
Nyköping	Säven 14	Other/development property	Såld	5 225	Q1
Karlskrona	Fregatten 16	Residential	6 828	5 484	Q2
Karlskrona	Gullbernahult 1	Other/development property	32	0	Q2
Karlskrona	Gullbernahult 12	Community service	1 974	640	Q2
Karlskrona	Gullbernahult 26	Residential	12 493	12 819	Q2
Karlskrona	Gullbernahult 31	Residential	4 476	4 306	Q2
Karlskrona	Gullbernahult 82	Community service	2 850	7 252	Q2
Karlskrona	Pimpinellan 1	Residential	2 398	960	Q2
Karlskrona	Psilander 60	Other/development property	13 748	14 470	Q2
Karlskrona	Skeppsbron 1	Community service	6 091	2 792	Q2
Karlskrona	Skeppsbron 2	Other/Office	807	400	Q2
Karlskrona	Skeppsbron 3	Other/Office	4 799	1 935	Q2
Västerås	Almen 2	Residential	4 477	3 306	Q2
Västerås	Öland 1	Community service	783	436	Q2
Västerås	Östjädra 1:251	Community service	842	437	Q2
Västerås	Orten 1	Community service	623	437	Q2
Västerås	Trinagelnätet 2	Community service	623	437	Q2
Västerås	Brottberga 6:31	Community service	1 112	480	Q2
Västerås	Forstmästaren 2	Community service	1 716	876	Q2
Västerås	Nyckelön 1:517	Community service	665	338	Q2
Västerås	Smidesjärnet 1	Community service	864	672	Q2
Västerås	Ullvi 3:674	Community service	832	436	Q2
Västerås	Ullvi 3:670	Community service	954	482	Q2
Hallstahammar	Eldsoda 1:293	Community service	5 126	3 160	Q2



Municipality	Property	Category	Rental income, kSEK	Lettable area, sq.m.	Closing
Västerås	Ångpannan 12	Community service	6 266	4 292	Q2
Vänersborg	Klövern 7	Community service	7 828	10 562	Q2
Vänersborg	Stallet 3 m.fl.	Community service	0	3 791	Q2
Ale	Skepplanda 2:118	Community service	167	1 283	Q2
Ale	Tollered 4:2	Community service	2 782	1 755	Q2
Alingsås	Erska 1:111	Community service	1 562	1 860	Q2
Borås	Kråkhult 1:61	Community service	5 369	6 241	Q2
Burlöv	Arlöv 11:294	Community service	12 397	8 548	Q2
Hjo	Norr 5:10	Community service	5 772	6 012	Q2
Hudiksvall	Iggesund 14:269	Community service	2 870	3 169	Q2
Hörby	Röinge 3:4	Community service	3 071	1 950	Q2
Karlsborg	Björken 10	Community service	2 189	2 213	Q2
Karlshamn	Lasarettet 8	Community service	10 200	11 048	Q2
Karlstad	Alstrum 6:3	Community service	1 560	3 347	Q2
Kävlinge	Rödjan 7	Community service	3 311	11 678	Q2
Lund	Landsdomaren 7	Community service	31 067	19 855	Q2
Lysekil	Tuntorp 4:34	Community service	716	1 345	Q2
Mariestad	Pilen 13	Community service	11 195	13 712	Q2
Marks	Fritsla 14:8	Community service	1 309	807	Q2
Norrköping	Blomman 12	Community service	3 501	4 074	Q2
Norrtälje	Linet 1	Community service	7 584	4 314	Q2
Skara	Häggen 3	Community service	1 432	6 945	Q2
Skara	Stenbocken 1	Community service	2 933	3 707	Q2
Skara	Häggen 2	Community service	1 432	6 945	Q2
Skara	Sälgen 22	Community service	10 786	14 224	Q2
Skara	Skytten 2	Community service	1 075	6 314	Q2
Skara	Metes 2	Community service	1 181	1 192	Q2
Storfors	Storfors 30:1	Community service	5 603	7 097	Q2
Svalöv	Blinkarp 1:9	Community service	0	2 700	Q2
Tanum	Tanumshede 1:88	Community service	1 855	1 644	Q2
Uddevalla	Sinclair 12	Community service	18 426	17 098	Q2
Värdö	Fågelvik 1:624 & 1:630	Community service	6 283	3 877	Q2
Kristiansand	Kongsgård Alle 20	Community service	19 694	16 391	Q2
Kristiansand	St. Hans gate 1	Community service	396	469	Q2
Kristiansand	Tordenskjolds gate 65	Community service	37 260	24 052	Q2
Kristiansand	Tordenskjolds gate 67	Community service	666	656	Q2
Kristiansand	Vestre Strandgate 21	Community service	2 887	1 981	Q2
Nyköping	Raspen 1	Other/development property	15 188	25 089	Q3
Borlänge	Kvarnsveden 3:196	Residential	1 282	3 663	Q3
Borlänge	Kvarnsveden 3:197	Residential	7 111	4 692	Q3
Falun	Britsarvsskolan 6	Residential	32 680	33 035	Q3
Uppsala	Flogsta	Other/development property	3 049	2 037	Q3
Karlskrona	Gullbernahult 7	Residential	4 248	2 547	Q3
Huddinge	Assistenten 44	Community service	534	300	Q4
Huddinge	Frostfjärilen 47	Community service	1 778	540	Q4
Huddinge	Liljekonvaljen 14	Community service	234	145	Q4
Huddinge	Myrstuguberget 20	Community service	887	638	Q4
Huddinge	Ormen Länge 9	Community service	1 503	973	Q4
Huddinge	Penseln 33	Community service	336	244	Q4
Huddinge	Spelaren 13	Community service	350	265	Q4
Huddinge	Frostfjärilen 44	Community service	3 324	1 732	Q4
Huddinge	Juringegården 2	Community service	8 225	3 913	Q4
Sandviken	Backberg 1:55	Community service	607	375	Q4
Svalöv	Norrvidinge 23:1	Community service	809	749	Q4
Kungsbacka	Strömmen 1	Community service	354	300	Q4
Tingsryd	Urshult 1:19	Community service	232	321	Q4
Tingsryd	Urshult 1:66	Community service	3 168	3 374	Q4
Tingsryd	Urshult 1:75	Community service	464	323	Q4
Kungsbacka	Vinkeln 12	Community service	436	300	Q4
Uppsala	Sunnersta 152:6	Community service	370	240	Q4
Uppsala	Sunnersta 177:12-15	Community service	3 330	2 180	Q4
Arendal	Blødeskjær 1	Community service	6 183	2 836	Q4
Drammen	Grønland 1	Community service	11 296	4 837	Q4
Sarpsborg	Sigvat Skalds gate 5	Community service	9 943	6 960	Q4
<b>TOTAL</b>			<b>917 956</b>	<b>740 606</b>	

**REALISED BUILDING RIGHTS**

<b>Property</b>	<b>Municipality</b>	<b>Volume, sq.m.</b>	<b>Signing</b>
Åby 1:67 m.fl.	Haninge	67 000	Q2
Kalvsvik 11:9 m.fl.	Haninge	70 000	Q2
Raspen 2 & 3	Nyköping	65 000	Q2
Järven 4	Norrköping	10 000	Q3
Falun 9:22	Falun	28 000	Q3/Q4
<b>TOTAL</b>		<b>240 000</b>	

**DIVESTMENTS**

<b>Category</b>	<b>Property</b>	<b>Municipality</b>	<b>Lettable area, sq.m.</b>	<b>Closing</b>
Commercial	Säven 14	Nyköping	5 225	Q1
Commercial	Fogden 4	Nyköping	3 188	Q2
Commercial	Stallet 3 m.fl.	Vänersborg	3 791	Q2
Residential	Grönsiskan 3	Gotland	1 309	Q2
Residential	Göken 7	Gotland	936	Q2
Residential	Lackviolen 17	Gotland	1 161	Q2
Commercial	Nunnan 1	Gotland	2 527	Q2
Office	Eken 9	Oxelösund	2 360	Q3
Residential	Liljan 3	Oxelösund	1 660	Q3
Residential	Vitsippan 3	Oxelösund	712	Q3
Residential	Kastanjen 11	Oxelösund	2 496	Q3
Commercial	Järnhandlaren 3	Nyköping	1 340	Q4
<b>TOTAL</b>			<b>26 705</b>	



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## SUSTAINABILITY STRATEGY AND OBJECTIVES

SBB's sustainability strategy stems from the company's values of long-term approach, development oriented focus and reliability. Sustainability is a concept that imbues all of the work undertaken by the company. SBB's sustainability work is primarily governed by internal processes and external regulations. This minimizes risks while contributing to a sustainable society and ensures long-term value creation. The process starts at the highest level; SBB's Board of Directors annually decide on the code of conduct and the sustainability policy as well as goals for sustainability work. Since its inception, SBB's property development work has focused on minimising environmental impact and CO2 emissions. For example, the company is working hard with the municipality of Nyköping to develop the area around the central station. Building centrally with good access to public transportation is very important aspect from a sustainability perspective. By offering high-quality residential areas with access to schools, nursing homes and good commuting opportunities, we minimise the strain on the environment. A leading principle for SBB's business is to combine community benefits with efficient and high-quality solutions, and we see a clear result has been delivered in Nyköping among others.

### CODE OF CONDUCT AND SUSTAINABILITY POLICY

SBB defines sustainable development as taking responsibility for the long term economic, environmental and social results of business practice and operations. The SBB Code of Conduct and Sustainability Policy are based on the company's values. The company must comply with applicable laws and regulations, and work in the long-term in accordance with principles that guarantee a high standard of morals and ethics both internally and externally. SBB also supports the UN Global Compact principles.

### SUSTAINABILITY OBJECTIVE 2017

SBB's objectives in regard to sustainability are based on its own capability and its values with focus on how to contribute to a sustainable society. The company has defined clear goals for all three dimensions: the financial, environmental and social. Profitability and financial stability are the basis for long term sustainable operation. Climate change is today's major challenge. An onus on being environmentally friendly and energy efficient are important aspects for achieving long term sustainable and responsible results. Youth is our future. Contact with the labour market is central to both personal development and the social development. Only an attractive employer is able to recruit and retain the best employees. Through safety and ethics, the company maintains compliance with laws and a good working environment, which is necessary for sustainable entrepreneurship.

## Sustainability targets

### Financial:

- The adjusted equity ratio to exceed 35%
- Surplus ratio to exceed 65%

### Environment:

- Prioritize real estate development in best communication locations for rail-based traffic
- Review 2017, mapping and selection of areas to invest in to reduce CO2 emissions. Target CO2 emissions reduction by at least 400 tonnes CO2 per year in 2018-2023



**Social:**

- Target to offer at least 100 summer jobs per year starting no later than 2020 in our residential areas
- Continue to contribute to Mentor Sweden's work
- Be an attractive employer
- Prioritise ethics and safety

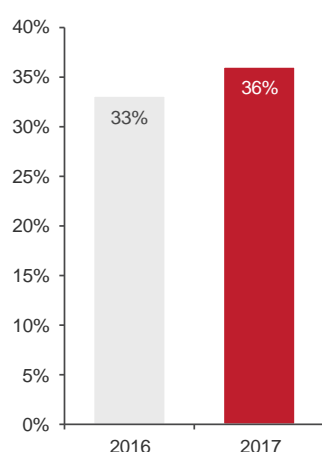
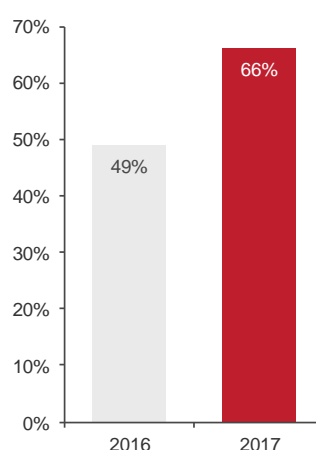
**ECONOMY**

SBB's objective is to generate a good long-term and sustainable return to shareholders. Good profitability is a prerequisite for investing with confidence in the area of sustainability. Being a financially stable business partner promotes relationships with tenants, suppliers and creditors, while maintaining a strong financial position is essential for retaining and attracting skilled employees.

**PROFITABILITY AND FINANCIAL STABILITY**

Good profitability is a prerequisite for SBB to be able to pursue the chosen strategy and achieve set goals, including sustainability goals. SBB's strategy and objectives presented in the annual report show that the company has a business model for growth and generates a good return on equity. In order to achieve this goal, it is important that the company's financial position is strong and the earnings are good.

As market conditions gradually change, it is also natural that SBB continually updates the real estate portfolio through purchases, developments and sales. The long-term management of the property portfolio is focused on good cost-effectiveness and low vacancy rates.

**ADJUSTED EQUITY RATIO****SURPLUS RATIO**

### **ENVIRONMENT: CLIMATE DEVELOPMENT REQUIRES ENERGY EFFICIENCY**

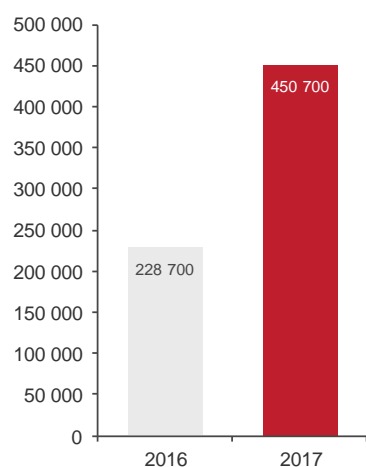
SBB will provide environmentally adapted premises, which are developed and managed with the best possible resource efficiency and least possible environmental impact. Every part of the business is to be permeated by sustainability.

SBB's environmental work is well integrated into the organization. The work is conducted continuously and targeted to achieve continuous improvements. Sustainability issues are integral to business plans established for each region within the SBB. We believe that goal management with clearly linked actions lead to a common view of how the work will be conducted. Some measures require investment and are therefore found in our maintenance plans. The measures included are: to reduce energy use in our real estate, streamline transportation to and from properties, make smarter purchases to ensure we use environmentally-friendly and energy-efficient materials for repairs and maintenance and work proactively with regular environmental issues. Current legislation and environmental requirements, together with SBB's Code of Conduct and Sustainability Policy, form the basis of the work involving both employees and tenants as suppliers and contractors.

### **PRIORITIZED TRADITIONAL RAILTRAFFIC IN PROPERTY DEVELOPMENT**

SBB's property development work is focused on minimizing environmental impacts. Therefore, it is important to monitor the number of sq.m. under development in areas with public transport.

#### **PUBLIC TRANSPORT VICINITY (SQ. M.)**

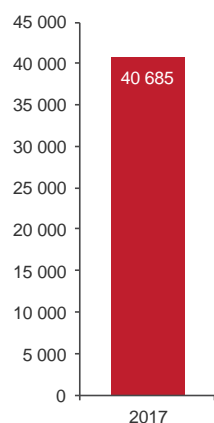


## REDUCE CO2 EMISSIONS

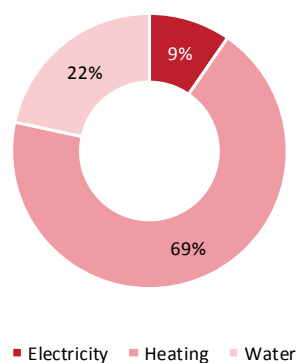
Energy consumption has been identified as a central part of SBB's environmental work. The company is actively working to minimize the property portfolio's energy consumption. This applies to both electricity and heat consumption. In order to make an effective effort to reduce CO2, the company has identified a prioritised portfolio in 2017. In this portfolio, the goal, through investments, is to reduce CO2 emissions by 25 percent over 5 years.

### PORTFOLIO TOTAL ENERGY CONSUMPTION / YEAR

MWh

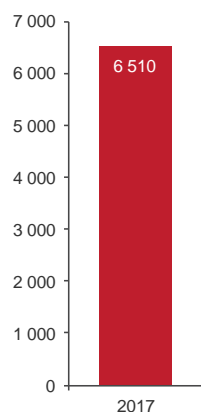


### BREAKDOWN - TOTAL CONSUMPTION



### PORTFOLIO CO2 EMISSIONS

Ton



## SOCIAL

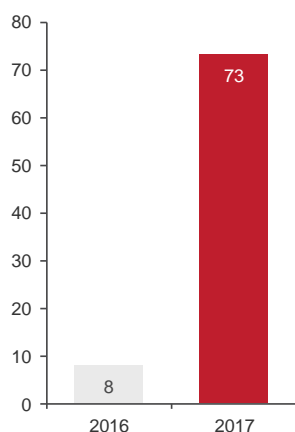
SBB acts as a business, employer and community participant in a large number of locations in Sweden. SBB cares for its stakeholders and it is of the utmost importance that the different stakeholders share the company's code of conduct and values.

SBB prioritises its social sustainability work with young people and SBB's employees. Employees are SBB's most important assets. It is through the employees' involvement, development and competence that the corporate culture is created. All employees are offered a developmental and responsible work where the balance between work and privacy is also important.

### SUMMER JOB

SBB prioritizes social efforts for young people. Offering summer jobs to young people living in our residential areas is the best way to help young people earn money and integrate into the labour market. This is also a way to connect all of the three dimensions of sustainability. Summer jobs contribute to well-being in our residential areas, contribute to reduce wastage of our shared resources, contribute to our long-term net operating income and create an important link to the employment market for young people.

Individuals



### MENTOR SWEDEN

SBB supports Mentor Sweden's financial resources. Mentor's vision is a world where young people grow and develop a healthy and drug-free life style. Supporting the youth of today is a good tool for social betterment. Mentorship is an important tool to support young people, we know that many need more support from adults than they get today. Teenage years can be a confusing period in life, and it is a time when a person's identity is moulded. The mentorship is a powerful method of reducing the risks of various destructive behaviors among young people. SBB is proud to support Mentor Sweden.

### ATTRACTIVE EMPLOYER

#### Recruit and retain talents

SBB will strive to recruit the best. All employees have had the opportunity to become a shareholder, either directly or through the purchase of options.

#### Health and Benefits

The SBB has low sick leave. Every second year all employees are offered a health check. In addition to these benefits, employees cover health insurance, health insurance and occupational pensions.



## **ETHICS AND SECURITY**

### **Diversity and non-discrimination**

Equality and diversity are important for SBB. Diversity is valuable and creates a more innovative corporate culture. The Code of Conduct provides guidance for employees in relation to each other, as well as ensuring that human rights are respected and that there is no discrimination or abusive discrimination in the company.

### **SBB's working environment**

SBB employees should feel that they work in a safe and secure work environment.

### **Corruption and bribery**

SBB works in accordance with principles that guarantee a high moral and ethical code in internal and external relations. In order to ensure that executives and employees act in accordance with ethical guidelines and to detect possible discrepancies, a whistleblowing service was introduced in December. The service is handled externally. By the year-end 2017, the whistleblowing service had not been used.

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FINANCIAL STATEMENTS

## THE YEAR IN BRIEF

On 16 January 2017, at an extraordinary general meeting SBB decided to acquire the companies SBB in Norden AB (publ), Kuststaden Holding AB and Sörmlandsporten AB. On the same day, SBB in Norden AB (publ) acquired the company AB Högkullen (publ). In total, the newly created Group's property portfolio had a value of SEK 11 billion. The Extra General Meeting also made decisions regarding the distribution of SBB's previous activities to the shareholders. The company's acquisition of SBB in Norden AB (publ), org. No. 559053-5174, on 16 January 2017 has been classified as a so-called reverse acquisition. This means that the Group reports as a continuation of SBB in the Norden AB Group and the comparative figures consist of SBB in the Norden AB Group. The parent company accounts refer to Samhällsbyggnadsbolaget i Norden AB (publ) for all periods.

### THE YEAR IN BRIEF

- Rental income increased to SEK 1,339 million (187).
  - Net Operating Income increased to SEK 877 million (91).
  - Cash flow from operating activities before changes in working capital increased to SEK 360 million (28).
  - Profit before taxes amounted to SEK 3,131 million (1,224), of which:
    - The property management income is included at SEK 338 million (6).
    - Unrealized changes in value of properties excluding building rights are included at SEK 2,011 million (591).
    - Unrealized changes in value as a result of building rights are included at SEK 749 million (606).
    - Realized changes in value relating to properties are included at SEK 37 million (22).
    - Unrealized changes in value of derivatives are included at SEK -4 million (0).
  - Profit for the year increased to SEK 2,429 million (1,007) after deduction of deferred tax of SEK -662 million (-217) and current tax of SEK -40 million (-), corresponding to earnings per share of SEK 3.60 before dilution.
  - During 2017, building rights totaling 240,000 sq.m. GFA totaling SEK 826 million (226) were sold. These ten transactions in Västerhaninge, Jordbro, Nyköping, Norrköping and Falun are included in unrealized changes in value.
  - The property portfolio increased to SEK 23 billion (8).
  - Long-term net asset value (EPRA NAV) increased to SEK 7,120 million (1,993), corresponding to SEK 9.65 per share.
  - The Board proposes a dividend of SEK 0.10 (0) per ordinary share and a dividend of SEK 35.00 (35.00) per preference share.
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## SBB KEY RATIOS

	2017	2016
Rental income, SEKm	1 339	187
Operating net, SEKm	877	91
Surplus ratio, %	66	49
Interim profit, SEKm	2 429	1 007
Yield, %	4,8	5,6
Cash flow from current operations, SEKm <sup>2)</sup>	360	28
Property value (market value), SEKm	23 001	7 572
Number of properties	749	358
Leasable area, sq.m., thousands	1 366	697
Occupancy ratio, %	96,8	98,3
WAULT, community service properties, years	7	10
Shareholders' equity, excl. non-controlling equity interests, SEKm	6 389	1 767
EPRA NAV (long-term net asset value), SEKm	7 120	1 973
EPRA NNNNAV (actual net asset value), SEKm	6 282	1 609
Return on Shareholders' equity, %	52	N/A
Loan-to-value ratio % <sup>1)</sup>	60	64
Equity ratio, %	32	21
Adjusted Equity ratio, %	36	33
Earnings per ordinary share, SEK	3,60	N/A
Average number of ordinary shares	653 360 953	7 230 434
Average number of preference shares	168 360	-
Number of ordinary shares	737 949 031	7 230 434
Number of preference shares	333 205	-

1) Excl. shareholder loans and convertible debentures

2) Before changes in working capital

See definitions of key ratios s.143

## A BRIEF REVIEW OF 2017

- On 16 January 2017, SBB decided at an extraordinary general meeting to acquire the companies SBB in Norden AB (publ), Kuststaden Holding AB and Sörmlandsporten AB. On the same day, SBB in Norden AB (publ) acquired the company AB Högkullen (publ). In total, the newly created Group's property portfolio amounted to SEK 11 billion. The EGM also made decisions regarding the distribution of SBB's previous activities to the shareholders.
- SBB's business change was approved by Nasdaq as of 31 December 2017 after review of the company's corporate prospectus. After the approval the company was no longer under observation.
- In March, SBB acquired the Dronning Eufemia Gate 30 property, which houses DNB's head office in Oslo, with a property value of SEK 4.5 billion.
- In February, SBB issued an offering to holders of preference shares, shareholder loans and convertibles in SBB in Norden AB (publ) to acquire these financial instruments for consideration in the form of newly issued ordinary shares of Class B or preference shares. The offer expired in March.
- During the second quarter, SBB completed property acquisitions for approximately SEK 3.5 billion. The acquisitions, across 35 municipalities in southern and central Sweden and Norway, consist of a property portfolio of 14 residential and community properties in Västerås and Hallstahammar, a portfolio of seven community properties in Kristiansand Norway, a portfolio of 12 properties in Karlskrona and a community property in Värmdö municipality.
- In connection with the acquisition of the properties in Västerås, 26,666,667 Class B shares were



issued, which increased the share capital by SEK 2,666,666.70. The price for each Class B share was SEK 6 with a total issue amount of SEK 160 million.

- SBB offered summer jobs to 73 young people among our tenants.
- SBB completed property acquisitions during third quarter for approximately SEK 500 million. The acquisitions consist of three residential properties in Dalarna County and a part of a development property in Uppsala. One of the properties in Dalarna County is a residential property with 463 apartments and was acquired from Falun Municipality's public utilities. The property in Uppsala is a part of SBB's future development portfolio. During the period, five properties were sold for an approximate value of SEK 120 million.
- In April, SBB issued a purchase offer to holders of preference shares and warrants in the subsidiary AB Högkullen (publ). The acceptance deadline expired in August. The offer has been accepted to the extent that, after completion, SBB will control 77.95 percent of the shares, 96.09 percent of the votes and 97.46 percent of the warrants in AB Högkullen. In addition to the cash compensation, SBB has issued 2,667,812 new Class B ordinary shares and 195,670 preference shares, corresponding to a dilution of 0.39 percent of the shares and 0.11 of the votes in the company.
- The subsidiary SBB in Norden AB (publ) issued a further SEK 150 million on the bond loan in July with a framework amount of up to SEK 1.5 billion issued earlier this year. The framework amount is thus fully utilized. The bonds were issued at a price of 101.25 percent, which corresponds to a coupon rate of STIBOR 3m plus 5.95 percent.
- In July, the company issued hybrid bonds of SEK 300 million. At the end of September, SEK 400 million was issued within a framework amount of SEK 1 billion. In addition, SEK 300 million was issued, which was used for liquidation and repurchase of the first issued bonds which were consequently cancelled. The hybrid loan has a perpetual maturity and runs a variable coupon rate on STIBOR 3m plus 7 percent margin until the first redemption date 5.5 years after the issue date. In July, SBB issued 35 million warrants to subscribers of the first hybrid bonds entitled to subscribe for Class B ordinary shares in SBB at a subscription price of SEK 7.40 per share.
- During the fourth quarter, total building rights of 15,000 sq.m. were sold in Falun. The buyers were HSB and K2A.
- During the fourth quarter, SBB conducted property acquisitions for approximately SEK 900 million. The key acquisitions consisted of nine community service properties in Huddinge from the municipal real estate company Huge Fastigheter and the acquisition of Offetlig Bygg AS, a company with three community service properties in Norway with the Norwegian Ministry of Justice as the largest tenant. During the fourth quarter, four properties (including the one in Helsingborg was acquired during the period) in 50/50 joint venture structures with three different partners were divested at an underlying property value of approximately SEK 290 million.
- In October, SBB's preference share was listed on Nasdaq First North. First trading day was 12 October 2017.
- An extraordinary general meeting on 7 November 2017 resolved an issue of warrants directed to a specially established subsidiary of SBB and approved the subsidiary's transfer of the warrants to the company's current and future employees. The program comprises 20,000,000 warrants entitling the holder to subscribe for the corresponding number of B shares in the company. Full utilization of all warrants will result in a dilution of approximately 2.6 percent of the total number of outstanding shares and 0.7 percent of the total number of votes 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 payment price during the 10 trading days 24 October 2017 through 6 November 2017. Subscription of B shares on the basis of warrants may take place during 1-31 October 2020.
- The same extraordinary general meeting directed that the Board of Directors in the company may be increased with appointment of a new director, Ms Anne Grete Strøm-Erichsen.
- In November, SBB received its first public rating, a B1 rating with stable outlook from Moody's.
- A new issue of 34,035 new Preferred Shares, for which payment was made using 485,000 preference shares in Högkullen AB (publ), was completed in December. SBB controls 10,000,000 ordinary shares and 5,588,636 preference shares in Högkullen, corresponding to 80.5 percent of the shares and 96.5 percent of the votes in Högkullen, and controls 918,354 warrants in Högkullen, corresponding to 98 percent of outstanding warrants.

## IMPORTANT EVENTS AFTER THE END OF THE YEAR

- In the beginning of January, SBB updated two of its financial targets: To maintain a gearing below 60 percent (from 65 percent) and to have an interest coverage ratio of at least 1.8 times (from 1.5 times).
- Standard & Poor's Global Ratings announced that SBB has obtained a BB rating with stable prospects.
- In January, SBB issued an unsecured bond loan of SEK 750 million at a variable interest rate of STIBOR 3m plus 390 interest rates and with a final maturity date of 29 January 2021.
- At the end of January, SBB was awarded The Real Estate Company of the Year at the Real Estate Awards organized by World in Property for showing unusually strong development in all its business areas over the past year.
- In February, an acquisition of three housing and residential properties in the Tampere area was completed in Finland. This is the Company's first acquisition in Finland and was valued at about EUR 7.4 million.
- In February, SBB issued an unsecured bond loan of SEK 300 million at a fixed interest rate of 290 basis points and a final maturity on 20 December 2019.
- On 16 February 2018, the company's common stock of Class B and preference shares started trading on Nasdaq First North Premier.
- In March, SBB repurchased bonds for a remaining nominal amount of SEK 189 million. The repurchase applies to unsecured bonds issued by the subsidiary SBB in Norden AB (publ) with an outstanding nominal amount of SEK 600 million including the SBB repurchased volume. The bonds carry a floating rate corresponding to STIBOR 3m plus 6.25 percent and are due in June 2018.
- In March, SBB issued an unsecured bond loan of SEK 250 million at a variable interest rate of STIBOR 3m plus 365 basis points and maturity on 17 May 2021.
- In March, SBB updated the terms of the company's hybrid bond following the approval of investors, which resulted in S&P accounting for 50 percent of the hybrid in the credit rating of the company's equity. The company followed up with issuing additional hybrid bonds of nominal SEK 300 million at a price of 106.30 percent of the nominal amount.
- In March, SBB issued additional hybrid bonds of SEK 300 million within the existing framework amount of SEK 1 billion. These bonds have been issued at a price of 106.1 percent of the nominal amount, which corresponds to an interest margin of 600 basis points. After this issue, the full framework amount is fully utilized.
- Mr Lars Thagesson was appointed Deputy CEO and COO, and Mr Jonny Göthberg as Head of Property Management.
- In March, the property management company Hestia Sambygg AB was acquired as part of the strategy to create an in-house property management organization.

## PROPERTIES

By year-end 2017, SBB held a total of 749 registered properties (358) in 128 municipalities (44). The total real estate value amounted to SEK 23,001 million (7,572), the leaseable area was 1,366 thousand sq.m. (697) and the rental value was SEK 1,641 million (691). The increase in property value was due to acquisitions of SEK 13,446 million (6,806), sales of SEK 695 million (414), investments of SEK 209 million (27) and unrealized changes in value of SEK 2,760 million (1,197). The economic occupancy rate at the end of the year was 97 percent.

## INCOME AND EXPENSES

Revenues amounted to SEK 1,339 million (187) in 2017. The increase in revenues is primarily driven by acquisitions, investments and newly signed leases. At the end of the period, SBB had rental income of SEK 1,588 million per rolling 12 months. Of these, commercial properties amounted to SEK 935 million, corresponding to 59 percent of total rental income, housing amounted to SEK 492 million, corresponding to 31 percent of total rental income. The average rent for residential properties amount to SEK 964/sq.m. and community service properties SEK 1,463/sq.m. according to current earning capacity.

Property costs amounted to SEK 461.5 million (95.6) during the period and consist mainly of tax-related costs, maintenance costs and administration costs. Significantly higher costs reflect the large number of new properties and other types of non-recurring costs and management administration costs which were higher than normal.

## NET OPERATING INCOME AND SURPLUS RATIO

Net operating income amounted to SEK 877 million (91). The increase is mainly due to a larger portfolio size but also related to investments and operational efficiency.

SBB's surplus ratio was 66 percent (49).

## PROPERTY VALUE

On December 31, 2017, the fair value of SBB's 749 properties amounted to SEK 23,001 million. At the same time, the average direct yield for the real estate portfolio, excluding land and building rights, was 5.1 percent.

### CHANGES IN PROPERTY VALUE

The property value changes amounted to SEK 2,797 million (1,219). Changes in value includes realized changes in value of SEK 7 million (22) and unrealized changes in value of SEK 2,790 million (1,197), of which building rights amount to SEK 749 million (606). Changes in value of acquisitions during the year amounted to SEK 1,223 million. The remainder of the value changes is explained by the increase in net operating income as a result of investments and leases in the property portfolio and reduced yield requirements. By the end of 2017, the average yield was 4.8 percent, including building rights, 5.1 percent excluding building rights.

### VALUATION MODEL

SBB reports investment properties at fair value. Every quarter, all properties are valued. According to the valuation policy, external valuers evaluate the entire portfolio every six months and the remaining quarters are valued internally. In 2017, external valuers evaluated all the properties quarterly. The value of the property portfolio at year-end 2017 is based on external valuations made by Newsec, JLL, Forum and Savills. The valuations are based on an analysis of future cash flows for each property, taking into account current lease terms, market conditions, rental levels, operating, maintenance and administration costs as well as investment needs. The rate of return applied for the valuations range from 3.18 percent to 9.0 percent. The value of the portfolio includes approximately SEK 1,178 million for building rights, which were valued using the local rate method, which means that the valuation is based on comparisons of prices for similar building rights. Fair value has thus been assessed in accordance with IFRS 13 level 3.

### BASIS FOR VALUATION

Each assumption for a property is assessed individually based on the knowledge available about the property as well as the external valuers' market information and experience.

### FAIR VALUE

	SEKm
Initial fair value 2016-12-31	7,572
Acquisitions	13,470
Investments	209
Divestments	-729
Translation gains/losses	-311
Unrealised value changes	2,790
<b>Fair value at the end of the period</b>	<b>23,001</b>



# FINANCING

## FINANCING

SBB's key ratios improved in 2017. The changes refers to a reduced gearing from 64 percent to 60 percent, a higher equity ratio from 21 percent to 32 percent and a higher adjusted equity ratio of 36 percent (33). In November 2017, SBB received its first public rating, a B1 rating with stable outlook from Moody's. And in January 2018, Standard & Poor's Global Ratings announced that SBB has received a BB rating with stable outlook. The rating agencies' analysis and assessment have resulted in SBB focusing on consolidation and reviewing the debt portfolio, with partly an aim to reduce financial costs and diversify borrowing. This has led to redeeming loans, repurchasing bonds with short maturity and reducing the amount of secured loans. By the end of 2017, the company repaid a number of costly loans and credits that were raised at the time of the establishment phase of the company. Furthermore, SBB has also issued bonds on the capital market at lower credit margins.

## THE CREDIT MARKET

The year ended with positive economic trends from the outside world and increasing global growth favouring Sweden. Industrial output has accelerated while the service sector is continuing strongly. After several years of focus on the outside world, we are now looking at Sweden. Will there be a first interest rate increase from the Riksbank during the year and how will the Swedish housing market develop? In addition, in 2018, what is the year going to be like and how will this affect the financial and real estate markets? The repo rate is now at -0.50 percent.

The availability of credit has been good, which has benefited the company and resulted in lower loan margins. Although the Riksbank may start raising the repo rate in 2018, it will not significantly affect SBB as currently a large proportion of loans are fixed interest loans, 55 percent, and the use of interest rate derivatives limits that effect.

## FINANCIAL MANAGEMENT

The finance department will support the company's core business by minimizing the long term cost of capital. Its task is to manage existing debt, raise new loans for investments and acquisitions, streamline cash management and limit financial risks. The work is governed by the company's finance policy, which is determined and reviewed by the Board once a year. The finance policy governs reporting, follow-up and control. All financial matters of strategic importance are dealt with by the Board.

## CAPITAL RAISING

Real estate companies are very capital intensive. SBB is financed by equity and liabilities in the form of bank loans and bonds. The breakdown of the various components depends on factors such as the cost of the various types of financing, the focus of the property portfolio and the risk aversion of shareholders, investors and creditors. In order to diversify borrowing, the company has increased the number of unsecured bonds during the year.

## EQUITY

On December 31, 2017, SBB's equity amounted to SEK 7,636 million. The equity / assets ratio was 32 percent (21), while the adjusted equity ratio was 36 percent (33). During the year, hybrid bond loans totaling SEK 700 million were issued within a framework amount of SEK 1 billion. As the hybrid bond loan is perpetual and can only be redeemed by the company, it is classified as equity for accounting purposes. The hybrid bond loan has

been listed on Nasdaq Stockholm since 6 November 2017. The return on shareholders' equity consists of earnings over the period as a percentage of average equity for the period. The company's return on equity was 52 percent.

## **LIABILITIES**

At year-end, interest-bearing liabilities amounted to SEK 13,908 million, of which SEK 7,233 million related to liabilities to credit institutions, SEK 6,601 million to bond loans and SEK 74 million to subordinated debt securities. Excluding shareholder loans, the gearing was 60 percent. The fair value of liabilities and other financial instruments at year-end 2017 is deemed to be in accordance with the book value.

Of the total loans, 45% of the loan carried variable interest rates and 55 percent of the total loans were fixed rate loans. The average term for the fixed rate loans was 3.4 years. The variable loans of SEK 6,247 million have Stibor interest rates as a base, which generally gives an opportunity to change the capital structure without having to pay interest-rate compensation. Most of the loans have interest rate floors, which means SBB can not get full compensation for the negative interest rates. SBB had 3 interest rate derivatives with a market value of SEK 35 million at year-end 2017. Otherwise, the interest rate has been fixed by fixed rate loans. This means that SBB's interest rate risk is low and currently the Company does not see any need for further interest rate hedging.

During the year, new loans were raised in connection with property acquisitions and a portion of the loans have been refinanced at lower margins. In addition, in April, the Company raised a new unsecured bond loan of SEK 1.5 billion with a maturity of 3 years and a hybrid bond loan of a total of SEK 700 million with a framework amount of SEK 1 billion. In addition to existing loans, SBB at year-end had unutilized credit lines, check credits and liquidity of SEK 2,051 million. Existing credit lines will be used for refinancing. Unutilized borrowing capacity is spread over 7 creditors and is due for renegotiation 2018-2019. Financing has been made in Swedish and Norwegian kroner.

The other liabilities consist of deferred tax liabilities, trade payables, current tax liabilities, accrued expenses and prepaid income and other liabilities, among other things. linked to the acquisition of real estate.

## **CREDITORS AND SECURITY**

Liabilities to credit institutions were reported at SEK 7,233 million at 31 December 2017. The loan portfolio is divided into 15 credit institutions, of which Danske Bank, Handelsbanken, SBAB, Swedbank, DNB, and several saving banks are the largest lenders.

Property mortgages of SEK 12,171 million is security for a large part of the interest-bearing liabilities. In addition, SBB has provided security in the form of shares in property-owned companies of SEK 2,056 million and a parent company guarantee from Samhällsbyggnadsbolaget i Norden AB.

Interest-bearing liabilities that do not have real estate security consist of unsecured bonds issued by the subsidiary SBB i Norden AB and the parent company. More information about bonds can be found on the next page.

## ALTERNATIVE FINANCE

The banks continue to be conservative in terms of loan to value ratios, i.e. the proportion of loans in relation to the value of the properties. Most of the new bank loans have therefore a loan to value of around 60 percent. In order to optimize the company's capital structure, there is therefore a need to continuously seek alternative funding forms such as bonds. SBB has followed the trend in Sweden and in Europe, instead of refinancing and lending new capital on the banking market, of issuing unsecured bonds. According to SBB's obtained rating, the credit margin and hence the interest expense have decreased significantly for the Company.

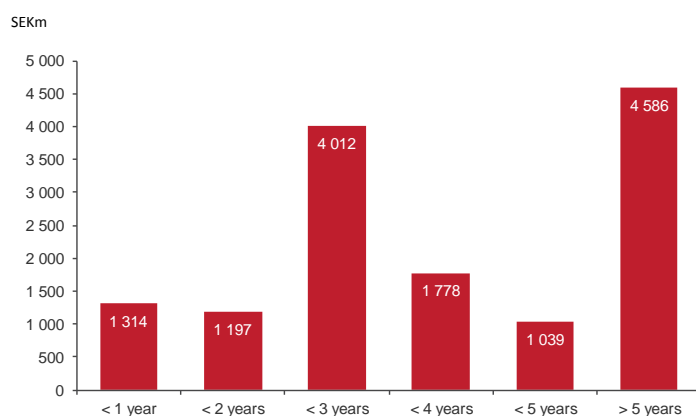
## BONDS

Bond loans had a carrying amount of SEK 6,601 million at year-end 2017. By 2017, SBB had issued a unsecured bond of SEK 1.5 billion. SBB has also issued unsecured bonds after the end of the period, beginning in 2018. Of the total outstanding bond volume at year-end 2017, SEK 2.1 billion was unconditional bonds. Unsecured and covered bonds are complementary to bank financing.

The bonds due within one year include a SEK 600 million unsecured bond issued in December 2016 with final maturity at 23 June 2018. During the period and since, parts of the bond have been repurchased. This also applies to further bonds due in 2018. During the autumn, refinancing work was initiated, which resulted in three new issues of unsecured bonds since the end of the year. Firstly, within the framework amount of SEK 1 billion, SEK 750 million has been issued at variable interest rate of Stibor 3m + 390 interest rates and maturity of 3 years. The second bond totaling SEK 300 million was issued at a fixed interest rate of 2.9 percent with final maturity in 1.8 years. In March, a further SEK 250 million unsecured bond within the framework amount of SEK 1 billion was issued, the bond has a maturity of 3 years and 2 months.

ISIN-kod	Typ	Emitterades	Förfaller	Fast/rörlig ränta	Volym, mkr	Emissionsspread över 3m STIBOR, %	Ram
SE0009470115	Icke-säkerställd	dec-16	jun-18	Rörlig	625	6,25	-
SE0010869123	Icke-säkerställd	feb-18	dec-19	Fast	300	2,90	-
SE0009805468	Icke-säkerställd	apr-17	apr-20	Rörlig	1 500	6,00	1 500
SE0010985713	Icke-säkerställd	mar-18	maj-21	Rörlig	250	3,65	1 500
SE0010414581	Icke-säkerställd	jan-18	feb-21	Rörlig	750	3,90	1 000

## FIXED INTEREST PERIODS (NOMINELL AMOUNTS)



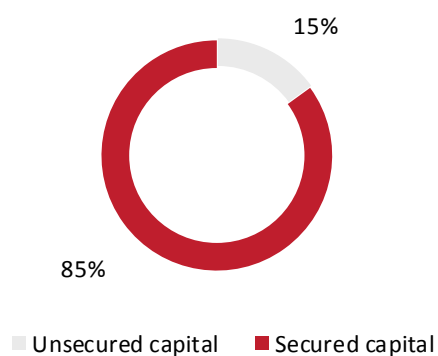
### AVERAGE INTEREST AND FIXED INTEREST PERIOD

At year-end, SBB's average interest rate was 3.5 percent. The average capital tied up period was 5.8 years and the overall average interest-rate period at the end of the year was 3.4 years.

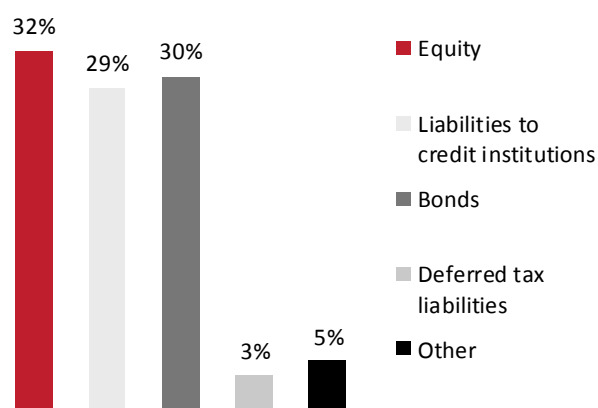
### COVENANTS AND RISK

SBB's financial risk exposure and positions can be valued by the use of, among other things, key ratios, equity ratio and gearing. Credit agreements with banks and credit institutions often include limits called covenants and generally use just the three key ratios. The SBB's equity ratio target is at least 30 percent. The banks which include an equity ratio covenant have set 25 percent as the lower limit. SBB's interest coverage target is a minimum 1.8, which is also above the banks' requirements of 1.5-1.75. SBB has a leverage target of less than 60 percent. The Company complies with all bank requirements as of the balance sheet date and estimates that this will also be the case in 2018.

### FINANCE STRUCTURE



### CAPITAL STRUCTURE





# SHARES

SBB's Class B share is listed on Nasdaq First North. As of 31 December 2017, the number of ordinary shares of Class B was 520,352,056. In addition, the company has 217,596,975 ordinary shares in Class A and 333,205 preference shares. In connection with the completion of the acquisition offer of preference shares and warrants in Högbullen, 2,667,812 Class B shares and 195,670 preference shares were issued, increasing the share capital by 286,348. In December, an additional issue of 34,035 preference shares was made as consideration for Högbullen's preference shares. The share price of Class B was SEK 6.22 at year-end 2017 and for the preference share was SEK 505. The market value of the share (including the value of unlisted Class A ordinary shares at the same price) was SEK 4,575 million. The market capitalization for the preference share was SEK 168 million.

## ORDINARY SHARES CLASS B



## PREFERENCE SHARES



## CLASSES

SBB holds three different classes of shares; ordinary shares of Class A and B and preference shares. The different classes are governed by different Acts which define voting rights and rights to the company's assets and profits. The provisions on voting rights and distribution of profits are decided by the Annual General Meeting and are contained in the articles of association.

### COMMON SHARES

SBB's ordinary shares of Class A are not listed. SBB's common stock of Class B has been listed on Nasdaq First North Premier Stockholm since 2017. Class A shareholding entitles one vote and Class B share qualifies for a tenth (1/10) vote. Holders of Class A ordinary shares may at any time request conversion (repatriation) to Class B ordinary shares.

### PREFERENCE SHARES

SBB's preference shares are issued on three levels within the Group; in the parent company, in the subsidiary AB Högkullen (publ) and the subsidiary Nye Barcode 121 Bidco AS.

SBB's preference shares were listed in October 2017 on Nasdaq First North and the first trading day was October 12 2017. From February 18, 2018, the preference share has been trading on Nasdaq First North Premier. A preference share is entitled to a tenth (1/10) vote. The total number of outstanding preference shares was 333,205 at year-end 2017. All preference shares were issued in 2017. If the AGM decides on the distribution of profits, SBB preference shares have preferential rights ahead of the ordinary shares, for an annual dividend of SEK 35.00 per preference share. Payment of the dividend is carried out quarterly at SEK 8.75 per preference share. The preference shareholder is not entitled in other dividend payments. Payout days for the distribution of profits will be January 10, April 10, July 10, and October 10th. If dividend paid is below the stipulated dividend amount, the difference is accumulated and 10 percent interest rate is added until full dividend has been paid. The payment of this shortfall of dividend amount also require a general meeting approval. If the company is dissolved, preference shares shall have preferential rights over ordinary shares to receive from the company's assets an amount per preference share corresponding to what would be obtained if the shares were redeemed.

The preference shares in AB Högkullen (publ) is listed on Nasdaq First North. A preference share entitles a tenth (1/10) vote. The total number of outstanding preference shares was 9,375,000 at year-end 2017 of which SBB holds 5,588,636 preference shares, i.e. 60 percent of the preference shares. If the AGM decides on a dividend, preference shares have preferential rights over ordinary shares, to an annual dividend of SEK 2.40 per preference share. Payment of the dividend decided on a quarterly basis amounts to SEK 0.60 per preference share. The preference share is not entitled to any other dividends. Reconciliation days for the distribution of profits will be 25 January, 25 April, 25 July and 25 October. If dividend paid is below the stipulated dividend amount, the difference is accumulated and interest at rate of 7.5 percent is added until full dividend has been paid. The payment of this shortfall of dividend amount also require a general meeting approval. If the company is dissolved, preference shares shall have preferential rights over ordinary shares to receive from the company's assets an amount per preference share corresponding to what would be obtained if the shares were redeemed.

The preference share in New Barcode 121 Bidco AS is not listed and entitles a tenth (1/10) vote. The total number of outstanding preference shares was 4,700 at year-end 2017. If the AGM decides on a distribution of profits, preference shares have preferential rights to dividends over other dividends, to an annual dividend of NOK 7,000 per preference share. Payment of the dividend is quarterly, with NOK 1,750 per preference share. After the fifth year, the annual dividend is increased by NOK 500 until the total dividend is NOK 9,500 per year. The preference share is not entitled to any other dividends. Payout days for the distribution of profits will be

January 5, April 5, July 5, and October 5th. If dividend paid is below the stipulated dividend amount, the difference is accumulated and interest at rate of 9 percent is added until full dividend has been paid. The payment of this shortfall of dividend amount also require a general meeting approval. If the company is dissolved, preference shares shall have preferential rights over ordinary shares to receive from the company's assets an amount per preference share corresponding to the subscription price for preference shares with the addition of any outstanding amount in respect of the distribution of profits.

#### **DIVIDEND POLICY**

SBB has a long term dividend target (ordinary shares and preference shares) of 40 percent of the dividend-based income. However, dividends may only be made insofar as other financial targets are maintained.

#### **HYBRID BOND**

During the year, SBB issued a hybrid bond amounting to SEK 700 million within a framework amount of SEK 1 billion. The hybrid bond has an indefinite maturity with a floating rate plus 7 percent margin until the first redemption date which is 5.5 years after the issue date. Redemption can only be made by the issuer. The assessment has therefore been made that the hybrid bond should be classified as an equity instrument and not as a financial liability.

#### **TRADING IN SBB SHARES**

SBB's shares of Class B are traded on Nasdaq First North Premier, Stockholm. The stock's short name is SBB B. The ISIN code is SE0009554454. A trading post corresponds to one (1) share. The community building company's preference share is traded on Nasdaq First North, Stockholm. The stock's short name is SBB PREF. ISIN code is SE0009580715. A trading post corresponds to one (1) share.

Remium Nordic Holding AB is a Certified Adviser for SBB and also acts as a liquidity guarantee for the Company in order to ensure a satisfactory liquidity in trade.

#### **EPRA KEY RATIOS**

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

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

## OWNERS

The share capital amounted to SEK 73,828,224 at year-end 2017 with a quota value of SEK 0.1. The shareholding entitles the right to vote at the Annual General Meeting with one vote per Class A and 0.1 votes per Class B share and preference share. The preference shares have a preferential right over the common shares to an annual dividend of SEK 35 per preference share dividend paid quarterly. The largest shareholder is Ilija Batljan, and he directly and indirectly holds 14.9 percent of the capital and 40.5 percent of the votes.

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

Shareholders have appointed Fredrik Råsberg (chairman), Sven-Olof Johansson, Mia Batljan and Lennart Schuss, in accordance with the decision of the Annual General Meeting in 2017, to constitute a nomination committee for the period until a new election committee has been appointed by the Annual General Meeting 2018.



# TAXES

SBB reports tax charges in the form of current tax and deferred tax, calculated on the basis of the current tax rate of 22 percent in Sweden and 24 percent in Norway.

## CURRENT TAX

Current tax in the statement of income is calculated on the taxable profit after utilization of any approved tax loss carry forwards. Current tax can also include tax owing to reassessment of previous years. The taxable profit means profit for the year after taking into account, inter alia, the deductible depreciation in the tax return and the direct deductions for tax purposes of certain investments. Tax depreciation is based on the Swedish Tax Agency's assigned percentages; Building 2-5 percent depending on property type, ground installations 5 percent and building fixtures 20 percent. There is no depreciation on land. Direct tax deductions for investments, on rebuilding within the so-called Extended repair concept can be made, even if they are value-adding and activated in the accounting. Repairs and maintenance expenses are deducted immediately.

Current tax is the tax paid and thus, unlike deferred tax, has an effect on the cash flow.

## PROPERTY TAX

Property tax is paid for a considerable share of the Group's properties. However, so-called special community service properties such as education and care buildings are excluded from taxation of property tax in Sweden. That criteria includes a large part of SBB's community properties. For housing, the lower of a property fee payable for 2017 amounted to SEK 1,315 per apartment and property tax of 0.3 per cent of the valuation value. For other properties, property tax is 1 percent of the tax value. In Norway, the level of property tax is determined by the municipalities.

## DEFERRED TAX

Deferred tax in the statement of income means a schematic calculation of possible future tax. The deferred tax includes changes in deferred tax assets and deferred tax liabilities. The items are reported as net values under deferred tax liabilities in the balance sheet and the deferred tax in the income statement corresponds to the change in the balance sheet item deferred tax liabilities. Deferred tax can be both positive and negative.

Deferred tax assets consist of the estimated tax for loss carryforwards. The tax loss carryforwards can be utilized to reduce future tax returns. Tax receivables are realized as the tax loss carryforwards are used. The possibility of utilizing the loss carryforwards may be limited, depending on the taxable possibilities for adjusting earnings between group companies.

Deferred tax liability consists of the tax effect on the difference between the fair value of the properties and derivatives and their tax value (temporary differences). Temporary differences acquired through company acquisitions are managed differently depending on whether they are asset acquisitions or business combinations. No deferred tax liability is reported on temporary differences for an asset acquisition. For a business combination acquisition, deferred tax liabilities are reported for the entire temporary difference. The tax liability is realized when and if a property is sold.



**TAXES DURING 2017**

Deferred tax amount to SEK 76.3 million (19.9) and are primarily accounted for by SBB's tax loss carry forwards. Deferred tax liabilities amount to SEK 939.6 million (226.7) and consist of the difference between fair value and residual value for tax purposes for properties, derivatives and financial assets.

Total tax included in the P&L was -701.7 million (-217.3) of which -39.7 million (-) was current tax and -662.0 million (-217.3) was deferred tax.

SBB's tax-loss carry forwards totalled SEK 340 million (90) at the end of 2017.

**TAX DISPUTES IN 2017**

SBB had one major tax dispute in 2017, a tax case concerning VAT in the subsidiary AB Högkullen (publ). The Swedish Tax Agency has decided that even owner-related costs linked to the company's listing process in 2016, which were subsequently terminated, would have been included as part of the management fee and invoiced to other companies within the Högkullen Group. The resolution entails an adjustment amount of SEK 6.4 million and a tax surcharge of SEK 1.3 million. AB Högkullen (publ) has appealed against the decision of the Administrative Court.

# RISK AND SENSITIVITY

A real estate company is exposed to various risks and opportunities in its operations. In order to limit exposure to different risks, internal regulations and policies exist.

## VALUE OF PROPERTIES

### Risk

The Group's properties are reported at market value in the consolidated balance sheet and changes in value are reported in the income statement. Changes in value are affected partly by property-specific factors such as rent levels, occupancy rates and operating costs, as well as macroeconomic factors such as the general economic situation, growth, unemployment levels, the rate of growth of new builds, population growth, inflation and interest rates. If the value of properties decreases as a result of write-downs, it can have a number of consequences including breach of loan covenants, which can lead to loan repayments being accelerated. A significant reduction in the market value of the properties can also have a negative impact on the ability to divest these properties without incurring losses, which in turn may have a material adverse effect on the Group's financial position and results.

### Management

SBB's property portfolio has a good geographical spread of residential and community service properties in Sweden and Norway. Fifty-eight percent of the real estate stock is in the metropolitan regions. SBB owns, manages and develops housing in high growth Swedish municipalities where there is a high demand for housing near city centers and access to good transport links. The community service properties include properties used by tenants on long-term leases who are directly or indirectly financed by tax revenue. SBB's real estate portfolio with the combination of municipal properties and housing constitutes assets with low risk of impairments.

## FINANCING

### Risk

In addition to equity, the Group's operations are mainly financed through bond loans and loans from credit institutions. As a result, SBB is exposed to financing and interest rate risks. The Group's financing risk is that it will not have access to finance or only have access to finance at an increased cost for refinancing, investment and other payments. Furthermore, certain loan agreements and terms and conditions contain terms that may limit the Group's ability to enter into new debt securities. If the Group is unable to obtain funds for refinancing or new borrowing or only at less favorable terms than current conditions, it may have a material adverse effect on the Group's financial position.

Interest rate risk is described as the risk that arises from changes in interest rates which may adversely affect the Group's interest expenses, which is one of the Group's main expense items. Interest expenses are mainly affected by, apart from the level of interest-bearing liabilities, the level of current market interest rates, credit institutions' margins and the strategy for fixed-interest periods. Swedish market interest rates are mainly affected by the expected inflation rate and the Riksbank's repo rate. Interest rate risk can lead to changes in market value and cash flow as well as fluctuations in the Group's earnings.

### Management

Financing risk is managed through a financial policy which strives to maintain good diversification of loan maturity structure, types of borrowings and lenders, and to prepare well ahead for refinancing and having well-balanced liquidity reserves. By 31 December 2017, the average remaining maturity of the loan portfolio was 5.8 years. In addition, the Company held SEK 2,051 million in cash, loan commitments and unutilized credit lines.

The objective of SBB's interest rate risk strategy is to achieve stable cash flows to promote real estate investments and meet requirements and expectations of external parties whilst achieving the best possible financial cash flow. The interest rate risk strategy's aim is to maintain a balanced combination of variable and fixed interest rate and take into account the sensitivity of SBB's total cash flows to changes in the fixed income market over a long-term horizon. The average fixed-interest period at the end of the year was 3.4 years, and the proportion of the loan portfolio with interest rate derivatives or fixed-interest loans was 55 percent.

## **ENVIRONMENT**

### **Risk**

Property management and property development have an environmental impact. The Environmental Code (1998: 808) states that anyone who has carried out an activity that contributed to pollution is also responsible for remedying it. If the responsible person cannot carry out or pay for the remediation of the contaminated property, the person who acquired the property is responsible for remediation as long as the buyer knew or should have known at the time of acquisition. This means that claims under certain conditions may be directed against the Group for land remediation or for remedying actual or suspected contamination of land, water areas or groundwater in order to reinstate the property to the requirements of the Environmental Code. Such claims may have a material adverse effect on the Group's operations, financial position and income. There is also a risk that future environmental risks may adversely affect the Group's operations or financial position. In addition, amended laws, regulations and requirements from environmental authorities may result in increased costs for the Group regarding clean-up or remediation of existing properties or future acquisitions. Such changes may also result in increased costs or delays in order for the Group to carry out its property development as desired.

### **Management and exposure**

As part of the acquisition process, a thorough analysis of possible environmental risks is made prior to each acquisition. SBB does not conduct any business that requires special environmental permits, but property management and property development can cause environmental impact. At present there is no knowledge of any significant environmental claims that may be directed against SBB.

## **RENTAL INCOME AND OCCUPANCY RATE**

### **Risk**

In the long term, rental income for properties is affected by supply and demand in the market. The Group's rental income is affected by the occupancy rate, contractual rent levels and timely payment of rents. Reduced occupancy or rent levels will adversely affect the Group's income. The risk of large fluctuations in occupancy rates and loss of rental income increases by the number of large tenants. There is a risk that larger tenants will not renew or extend leases at the end of a contract, which in the long run may lead to a decrease in rental income and a decline in occupancy rate. SBB is also dependent on timely payment of rents by the tenants. Revenue and cash flow would be adversely affected if tenants stop paying or fail to fulfil other obligations.

### **Management**

SBB's strategy is to long-term own, manage and develop housing in Sweden and community service properties in the Nordic region, i.e. a market with stable and strong underlying demand. The property portfolio is characterized by high occupancy rates and long contracts. Housing is located in Swedish growth municipalities near the city center and with good access to transport links as well as where the demand for housing is high. The community service properties include properties used by tenants who are directly or indirectly tax-revenue financed and on long-term leases. The average contract duration for community service properties was seven years on 31 December 2017. The occupancy rate was 96.8 percent.

SBB's rental policy has set requirements for handling the rental risk. Based on the assessed credit risk, some leases are supplemented by guarantees, deposits or bank guarantees. All rents are payable in advance. For housing a credit check is required for the purpose of checking any payment remarks and the income level of the potential tenant. In addition, there is an affordability test to ensure that the potential tenant's financial situation allows for the payment of the rent while meeting the demands of the Consumer Agency on a reasonable standard of living.

## **TAXES**

### **Risk**

SBB aims to comply with laws and regulations, not least in the tax area. If SBB's interpretation of tax laws, treaties and regulations or their application is incorrect, if one or more government agencies successfully implements negative tax adjustments or if the applicable laws, treaties, regulations or the state interpretation or administrative practices changes, even with retroactive effect, the Group's previous or current taxation may be questioned. In the event that tax authorities are successful with such claims, this could lead to increased tax costs and penalties, which could have a material adverse effect on the Group's operations, financial position and income.

On 20 June 2017, the Ministry of Finance published a memorandum of proposals of new rules that limit the deduction of interest costs for both internal and external liabilities. The proposal contains two alternative general rules for limiting interest deductions in the corporate sector. A general limit on interest deductions in the corporate sector is primarily proposed as an EBIT rule, with the deduction amount equaling 35 percent of EBIT and, secondly, as an EBITDA rule, where the deduction equals 25 percent of tax of EBITDA. The proposal also contains a two or three years temporary limit on the possibility for legal entities to utilize tax loss carryforward. The rules are proposed to come into force on 1 July 2018 and will apply for the first fiscal year beginning 30 June 2018. If the Group's net interest expenses contribute significantly to the EBIT and EBITDA; the implementation of the legislation proposed by the Ministry of Finance or any further limits on interest deductions could result in increasing the Group's tax burden. On a positive note, a reduction in corporate income tax was proposed in the memorandum, from 22 percent to 20 percent. Changed rules were also introduced to regulate depreciation deductions for rental properties, which would allow additional deductions for depreciation of 10 percent of expenses over a five-year period (i.e. 2 percent of acquisition value per year) from the completion of the building.

On 22 March 2018, the Ministry of Finance published a parliamentary resolution on interest rate deductions. The legislative councils are more in line with the EU's basic rules, a 30% tax rate for EBITDA. There are no limits on the ability to use tax loss in the proposed new legislation.

On 4 May 2017, the Norwegian Ministry of Finance published a consultation document with similar proposals, which include extending the existing interest rate deduction rules to external interest paid to independent lenders (external lenders) for a borrower company belonging to a group. Exceptions are proposed to prevent ordinary or actual loans being affected by interest rate deductions. These exceptions are based on two balance-sheet based exemption rules for companies that are part of a group. Historically, laws, treaties and other tax regulations, as well as other taxes, tax rebates and interest on unpaid taxes have been subject to frequent changes. Further changes are expected in the future within the jurisdictions in which the Group operates, possibly with retroactive effect. Such a change may have a significant impact on the Group's tax burden.

### **Management**

SBB aims to continuously monitor changes in laws, practices and court decisions in the tax area and employ tax experts from several reputable companies.

## PROPERTY COSTS

### Risk

Tenants renting a community property usually have relatively comprehensive responsibilities for operation and maintenance. Operating expenses are mainly costs that are tariff-based, such as electricity, cleaning, water and heating costs. Several of the goods and services can only be purchased from a limited number of suppliers, which may also affect the price. When a cost increase is not compensated by an adjustment of the rent or an increase in the rent through lease renegotiation, it can have a material adverse effect on the SBB's financial position and results. A vacant lease impact is mainly loss of income. Maintenance costs include costs that are necessary for long-term maintenance of the property. Unforeseen and extensive renovation needs of properties can have a material adverse effect on SBB's income and cash flow.

### Management

SBB has an organization with extensive knowledge and experience of property management. The management organization actively works on cost optimization. The real estate portfolio is characterized by long leases and high occupancy rates, hence the number of vacant properties is low. The standard of the properties is high and there is no need for major refurbishments.

## PROPERTY DEVELOPMENT

### Risk

Property development projects (including new construction, renovations or change of use) are subject to permissions and other decisions by authorities if not already in place. Such permits and decisions if not granted, which may cause delays, increased costs, and even compromise the realization of a project. Furthermore, changes in municipal planning may lead to the failure of approval of zoning plans, which causes delays and increased costs attributable to the necessary restructuring of the project. If the necessary permits or approvals are not obtained, delays are caused, cost increases occur or terminates realization of the project, which could have a material adverse effect on the Group's financial position and results.

### Management

SBB's organisation has extensive knowledge and experience in conducting real estate development projects. SBB's business model is to acquire real estate that generates a positive cash flow up to zoning plans. The acquisitions are often made off-market and only after SBB has had discussions with the relevant municipality to ensure that the property and the immediate area is a priority for urban development. In cases where SBB has entered into a joint venture with another party for development of the property, SBB takes a limited role whereby the other party takes responsibility for design, sales, production and project management.

## OTHER RISKS

### Operational

Operative risk is the risk of incurring losses due to inadequate procedures and / or irregularities. Sufficient internal controls, administrative systems adapted for the purpose, skills development and access to reliable valuation and risk evaluation models to provide a good basis for ensuring operational certainty. Deficiencies, inadequate procedures and / or irregularities in operational security can have a material adverse effect on SBB's operations. SBB is continuously working to ensure the company's safety and internal control.



**Employees**

The knowledge, experience and commitment of SBB employees are important for the Group's future development. If SBB fails to retain members of the management team and other key personnel or fails in recruiting new members to the management team or other key personnel to replace those who leave, it can have a material adverse effect on the Group's operations, financial position and results. SBB works actively to be an attractive employer. An employee incentive program was established in 2017.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE REPORT 2017

Good corporate governance is an integral part of Samhällsbyggnadsbolaget i Norden AB (publ) (hereinafter referred to as "SBB" or "the company"). It ensures that rights and obligations are distributed between the company's bodies in accordance with applicable laws, rules and processes. Effective and transparent corporate governance gives owners the opportunity to align their interests with the company's management and strategy, while the division of responsibility between management and the Board of Directors, ("Board") is clear. An efficient and transparent corporate governance results in effective decision making, enabling SBB to act quickly when new business opportunities arises.

SBB is a Swedish public limited company whose B shares and preference shares are listed on Nasdaq Stockholm First North Premier. SBB has also issued bonds listed on Nasdaq Stockholm. SBB's corporate governance is based on the Articles of Association, Nasdaq Stockholm's First North Nordic Rule, Nasdaq Stockholm's Rules for Issuers of Interest-bearing Financial Instruments and the rules and recommendations issued by relevant organizations. The Swedish Code of Corporate Governance ("The Code") shall apply to all companies whose shares are admitted to trading on a regulated market. Nasdaq First North does not have the legal status of a regulated market. SBB is thus not required to adhere to the Code but instead strives to apply the Code in essence. The code is available at [www.bolagsstyrning.se](http://www.bolagsstyrning.se), which also describes the Swedish corporate governance model. This corporate governance report for the 2017 fiscal year is presented in accordance with the Annual Accounts Act and the Code. The report aims to avoid repeating information about the applicable regulations and focuses on reporting company-specific circumstances to SBB. From 2018 all companies on Nasdaq First North will comply to the Code.

## ANNUAL GENERAL MEETING

The SBB Annual General Meeting 2018 takes place on 27 April 2018 in Stockholm. Shareholders have the right to raise issues for discussion at the Annual General Meeting; subject to written requests been received by the Board by March 9, 2018. Contact information is available on the company's website, [www.sbbnorden.se](http://www.sbbnorden.se). SBB always requests the presence of the Board, the management team, the nomination committee and the auditor at the Annual General Meeting. The Annual General Meeting is, according to the Companies Act, the company's highest decision-making body and it is at the Annual General Meeting that shareholders have the right to make decisions regarding the company. Rules governing the AGM include the Companies Act, the Code and Articles 7 to 9 of the Articles of Association. In addition to what is regulated by law regarding a shareholders' right to attend the Annual General Meeting, SBB's articles of association state that participation notice to the Annual General Meeting shall be submitted no later than the date stated in the notice of calling the meeting. Notice of the Annual General Meeting is made available on the company's website and advertised in Post and Interior Newspapers. At the same time as this notice is given, an announcement will be made in Dagens Nyheter. The Annual General Meeting shall be held in the city where the Board holds its seat, i.e. Stockholm. The Annual General Meeting shall be held within six months from the end of the financial year. The company's fiscal year runs from 1 January until 31 December.

At the SBB Annual General Meeting in 2017, decisions were taken to authorize the Board, until the next Annual General Meeting; with or without deviation from the shareholders' preferential rights, to decide on new share issues of all share classes existing in the Articles of Association, including warrants and/or convertible bonds with the right to subscribe or convert to all stock classes existing in the Articles of Association. The number of stock and/or preference shares, warrants or convertibles that may be issued on the basis of the authorization shall not be limited in any way, other than the rules governing the company's share capital and number of shares at any given time. This authorization was utilized by the Board four times in 2017, for a total of 229,705 new Preference Shares and 2,667,812 new ordinary B shares, and issue of 35,000,000 warrants entitled to new subscriptions of the corresponding number of new ordinary Class B shares.

## THE SHARE AND SHAREHOLDERS

The number of shares in the company amounted to 738,282,237 by 31 of December 2017. The shares consisted of three share classes, 217,596,975 ordinary shares of Class A, 520,352,556 ordinary shares of Class B and 333,205 preference shares. Class A shares may, at the owner's request, be converted into Class B shares. Preferred shares are entitled to a dividend of SEK 35 per share per year with quarterly payments and are subject to redemption provisions. Class A shares qualify for one vote per share and both class B shares and preference shares qualify for 1/10 vote per share. At year-end 2017, the share capital was SEK 73,828.223.60 and the quota value per share amounted to SEK 0.1. On December 29, 2017, the number of shareholders amounted to 6,116. The largest shareholder is Ilija Batljan, who directly and indirectly holds 14.9 percent of the shares and 40.5 percent of the votes, and AB Arvid Svensson, who holds 6.3 percent of the shares and 10.4 of the votes.

## ARTICLES OF ASSOCIATION

The SBB's Articles of Association, which were adopted at the Annual General Meeting on April 27, 2017, can be found at [www.sbbnorden.se](http://www.sbbnorden.se). The Articles of Association stipulate that the company is to own and manage property and/or shares directly and indirectly, and to conduct related activities. The Board, based in Stockholm, shall consist of 3 - 10 directors with a maximum of 5 deputies. The Articles of Association do not contain any special provisions regarding the appointment and resignation of directors, or the amendment of the Articles of Association.

## NOMINATION COMMITTEE

The AGM was held on April 27, 2017, where instructions for the nomination committee's work were adopted. The Nomination Committee, consisting of the Chairman of the Board and up to three representatives appointed by the three largest shareholders in the company as of 30 September 2017, has to prepare and submit to the Annual General Meeting a proposal for the chairman of the AGM. The election of the Chairman of the board and the other members of the Board of Directors, Board fees divided between the chairman and other members, as well as the principles for possible remuneration for committee work, election and remuneration of auditor and deputy auditor (if applicable) and decisions on principles for the appointment of a new Nomination Committee.

## THE BOARD OF DIRECTORS

The SBB's Board of Directors shall consist of at least three and no more than ten members with a maximum of 5 deputies. At the Extraordinary General Meeting on January 16, 2017, Lennart Schuss (Chairman of the Board), Ilija Batljan, Sven-Olof Johansson, Hans Runesten and Seth Lieberman were elected directors. At the Annual General Meeting on April 27, 2017, the former Board and newly elected Eva Swartz Grimaldi were elected as directors. At the Extraordinary General Meeting of November 7, 2017, Anne-Grete Strøm-Erichsen was elected as a new director. For information about the Board and their assignments outside the Group and SBB shareholdings, see section "Information on Board of Directors" below.

The Board shall meet the shareholders' interest in the long term and bear ultimate responsibility for the company's organization and management of its affairs. The Board has established rules of procedure and instructions for the CEO. The Board also decides on a number of overall policies, guidelines and stipulations for the company's operations. This includes financial policy, information policy, insider policy, IT policy, related party transaction policies, financial reporting instructions, whistle-blower policy and ethical guidelines for the conduct of the company (code of conduct). All these internal control documents are processed at least once a year and are regularly updated to comply with laws when needed.

According to the Code, a majority of the elected directors shall be independent from the company and its management. At least two of these should also be independent from the company's major shareholders. The company's Board of Directors have been judged to meet the requirements for independence as six of the seven

elected members are independent from the company and group management. The company's CEO, Ilija Batljan, has not been considered independent in relation to the company and company management. Five out of seven members have been judged to meet the requirement of independence in relation to major shareholders.

#### CHAIRMAN OF THE BOARD

The Chairman of the Board is elected at the Annual General Meeting. The Chairman's responsibility is to ensure that the Board's work is carried out efficiently, that the Board fulfills its duties and that the Company and the management execute the Board's decisions. The chairman shall ensure that the Board receives the information and materials needed to make informed decisions. At the Annual General Meeting on April 27, 2017, Lennart Schuss was elected Chairman of the Board.

#### BOARD OF DIRECTOR'S WORK IN 2017

During 2017, the Board conducted 46 meetings, of which two were constitutive meetings. On the agenda for each ordinary board meeting, there are a number of issues for the directors to deal with: including the CEO's review of operations, acquisitions, divestments and investments, organization and organizational development and financial reporting. In 2017, the Board made decisions on several major acquisitions, divestments, investments, financing and refinancing. In addition, the Board has decided to issue B shares, preference shares and warrants in accordance with the authorization of the AGM.

Board of directors	Elected in, year	Born in, year	Independent in relation to the Company, and the Executive Management	Independent in relation to major shareholders	Attended board meetings
Lennart Schuss	2017	1952	Ja	Ja	46/46
Ilija Batljan	2017	1967	Nej	Nej	45/46
Sven-Olof Johansson	2017	1945	Ja	Nej	45/46
Hans Runesten	2014	1956	Ja	Ja	46/46
Seth Lieberman	2017	1961	Ja	Ja	43/46
Eva Swartz Grimaldi	2017	1956	Ja	Ja	26/28
Anne-Grete Strøm-Erichsen	2017	1949	Ja	Ja	5/5

#### EVALUATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE DIRECTORS

The Chairman of the Board initiates once a year, in accordance with the Board's rules of procedure, an evaluation of the Board's work. The 2017 evaluation has been conducted so that each board member answered a questionnaire. In addition, the Chairman has had some individual contacts with the members. The purpose of the evaluation is to get an opinion on the Board members' views on how the Board's work is conducted and how it can be improved.

The intention is also to understand the issues the Board believes should be prioritized. The result of the evaluation has been reported to the Board and also been presented by the Chairman of the Board to the Nomination committee.

## COMMITTEES

The Board currently has two committees; an Audit Committee and a Remuneration Committee. The members of the committee are appointed for one year at the constitutional board meeting. The work and the committee's decision-making rights are governed by the annual committee instructions.

The committees have a preparatory and handling role. The issues that have been discussed at committee meetings are recorded and reported at the next board meeting.

## AUDIT COMMITTEE

The Audit Committee works on an annual basis and is responsible for monitoring the company's financial reporting and the effectiveness of the company's internal control and risk management. The Audit Committee is also informed of the annual report and consolidated accounts. The committee shall also review and monitor the auditor's independence and integrity, and in particular follow-up if the auditor provides the company with any other services. The committee also supports proposals for the AGM's decision on auditor's election.

According to the Code, the Audit Committee shall consist of at least three members, of which the majority shall be independent in relation to the company and group management and at least one independent in relation to the company's major owners. The Audit Committee consists of the entire Board, committee meetings remain an integral part of the Board work.

## REMUNERATION COMMITTEE

The Remuneration Committee shall prepare questions regarding remuneration principles of the CEO and other senior executives, and in accordance with remuneration principles it shall prepare an individual remuneration proposal for the CEO for decision by the Board.

These principles include: inter alia, the ratio between fixed and possible variable remuneration, the relationship between performance and remuneration, the main conditions for any bonus and incentive programs, the main conditions for non-monetary benefits, retirement, termination and severance pay. The CEO also applies to the Board to determine remuneration and other terms of employment. However, decisions on share-related incentive programs for Group Management are addressed at the AGM. The committee shall further assist the Board in monitoring the company's compliance with the law, stock exchange rules and the Code of provisions regarding disclosure of any information that has been given to the CEO and other senior executives. The committee also has to follow and evaluate any ongoing and completed programs for variable remuneration and the application of guidelines for the CEO and other senior executives. The latter of which is decided at the AGM, in addition to applicable remuneration structures and levels. The Remuneration Committee consists of Board members Eva Swartz Grimaldi (Chairman), Seth Lieberman and Lennart Schuss, who are considered independent in relation to the Company and Group Management. In 2017, the Remuneration Committee had two meetings, which all members of the committee attended. At these meetings the company's guidelines for remuneration to senior executives and remuneration to the CEO were addressed.

## INFORMATION OM STYRELSELEDAMÖTERNA

### Lennart Schuss, born 1952

#### Chairman of the Board

Chairman of the Board since 2017 and member of the Remuneration Committee. Chairman of the Board of the Group since 2016.

**Education:** B.A. in Economics, Stockholm School of Economics.

**Other assignments:** Advisor to Genesta Real Estate Funds and Chairman of the Swedish Society of Friends of the Weizmann Institute of Science. Lennart is co-founder of Gimmel Fastigheter, Catella Corporate Finance, Partner Fund Commission and Stockholm Fund Commission.

#### Shareholding in the company (including any related holdings):

2,000,000 ordinary A shares and 14,924,059 ordinary B shares. Independent in relation to the company, group management and the company's major owners.



**Ilija Batljan, born 1967****Board member and CEO**

Board member and CEO of the Company since 2017. Founder of the company, CEO and Board assignments within the Group since 2016.

**Education:** Ph.D. in demography and planning for elderly care, Stockholm University. Bachelor of Economics, Stockholm University.

**Other assignments:** Chairman of Ilija Batljan Invest AB, Health Runner AB and Cryptzone Group AB (previously listed on First North).

**Shareholding in the company (including any related holdings):**

109,053.868 ordinary A shares and 1,137,606 ordinary B shares. Not independent in relation to the company and group management. The largest owner in the company.

**Sven-Olof Johansson, born 1945****Board Member**

Board member of the company since 2017.

**Education:** Master in political science from Stockholm University and Stockholm School of Economics.

**Other assignments:** Founder and Managing Director of FastPartner AB (publ), Chairman of the Board and Managing Director of Compactor Fastigheter AB and Board member of Autoropa Aktiebolag and STC Interfinans AB.

**Shareholding in the company (including any related holdings):**

21 997 977 ordinary B shares and 25 405 525 ordinary B shares. Independent in relation to the company and group management. Not independent in relation to the company's major owners

**Seth Lieberman, born 1961****Board Member**

Board member of the company since 2017. Member of the Remuneration Committee.

**Education:** B.A. in Economics from Tufts University, USA.

**Other assignments:** Chairman of Stendörren Fastigheter AB (publ). Board member of Kvalitena AB (publ). Member of the Investment Advisory Committee at Wainbridge Limited's Greater London fund and advisor to the Wainbridge Special Situations Fund. Strategic and Investment Manager for Milan-based Advanced Capital's Real Estate Fund of Funds.

**Shareholding in the company (including any related holdings):**

950 570 ordinary B shares. Independent in relation to the company, group management and the company's major owners.

**Hans Runesten, born 1956****Board Member**

Board member of the company since 2017.

**Education:** Master of business administration, Stockholm University.

**Other assignments:** Chairman of Effnetplattformen AB (publ) and Axxonen Properties AB, as well as board member of Stendörren Fastigheter AB (publ).

**Shareholding in the company (including any related holdings):**

4,376,946 ordinary B shares. Independent in relation to the company, group management and the company's major owners.

**Eva Swartz Grimaldi, born 1956****Board Member**

Board member of the company since 2017. Chairman of the Remuneration Committee.

**Education:** Bachelor's Degree in Languages (Italian, Spanish and French) as well as from Kulturveterlinjen.

**Other assignments:** Chairman of Doberman AB, Apotea AB and Norstedt publishing team and board member of Stockholm University, Stockholm Concert Hall, Forget Foundation and Royal Patriotic Society.

**Shareholding in the company (including any related holdings):**

51 724 ordinary B shares. Independent in relation to the company, group management and the company's major owners.

**Anne-Grete Strøm-Erichsen, born 1949****Board Member**

Board member of the company since 2017.

**Education:** B.A. in Computer Science from Bergen Technical School (University of Bergen), South Dakota School of Mines & Technology 1980-1981, further education in Statistics.

**Other assignments:** Partner at Rud Pedersen Public Affairs Norway AS. Board member Kongsberg Gruppen ASA and Dips AS

**Shareholding in the company (including any related holdings):**

None. Independent in relation to the company, group management and the company's major owners.

## **COMPENSATION TO THE BOARD OF DIRECTORS**

At the AGM on April 27, 2017, it was resolved to pay an annual fee of SEK 450,000 to the Chairman of the Board and SEK 300,000 to each of the other Board members who are not employed by the Company, until the next Annual General Meeting. Furthermore, it was decided that fees for committee work should be paid at SEK 30,000 per member of the respective committees.

## **CEO AND OTHER MANAGING EXECUTIVES**

The CEO is appointed by the Board and is responsible for the ongoing management of the company and the Group's operations in accordance with the Board's instructions and regulations. The division of responsibilities between the CEO and the Board is stated in the Board's rules of procedure and the Board prepared CEO's instructions. The CEO acts as the chairman of the management team and makes decisions in consultation with the executive management team. This consists of five people, apart from Ilija Batljan (CEO): Krister Karlsson (Deputy CEO, Real Estate Development Manager), Lars Thagesson (Deputy CEO and COO), Eva-Lotta Stridh (CFO), Rosel Ragnarsson (Finance Manager) and Oscar Lekander (Business Development Manager).

## **AUDITOR**

The auditors are responsible for the audit of the company's financial accounts and accounting, as well as the Board of Directors and executive managements conduct and management. At the AGM on April 27, 2017, the registered accounting firm Ernst & Young AB was elected auditor for the period until the Annual General Meeting in 2018. The Authorized Public Accountant, Ingemar Rindstig, has been appointed as the Chief Auditor. The auditor's task is to review the company's and the Group's annual accounts and bookkeeping, as well as the Board and CEO's management of the company and the group.

The auditor shall report to the Audit Committee on significant errors in the field of accounting and in the event of suspicions of irregularities. The auditor must report to the company's board of directors at least one to two times a year, usually in connection with board meetings related to financial reports of their observations in the audit of the company and its assessment of the company's internal control.

The auditor also participates at the AGM and describes the audit work and the observations made. In addition to the audit assignment, Ernst & Young has been hired for additional services in 2017, mainly tax and accounting issues, but also share issuance issues. Such services have always been provided only to the extent that is consistent with the rules of the Audit Act and FAR's professional ethical rules regarding auditor impartiality and independence.

## **INTERNAL CONTROL OF FINANCIAL REPORTING AND RISK MANAGEMENT**

SBB's internal control of financial reporting is designed to manage risks and ensure high reliability in the processes of preparing financial statements and to ensure compliance with applicable accounting requirements and other requirements for SBB as a listed company. The Board is responsible for the internal control of the company regarding financial reporting. SBB follows the Committee of Sponsoring Organizations of the Treadway Commissions (COSO) framework to evaluate an enterprise's internal control over the financial reporting, "Internal Control - Integrated Framework", which consists of the following five components: control environment, risk assessment, control activities, information and communication as well as follow-up.

## **CONTROL ENVIRONMENT**

Distribution and delegation of responsibility in internal control have been documented and communicated to the Board and the company as follows:

- The Board of Directors Rules of Procedure

- Instructions to the CEO
- Delegation scheme
- Attestation Rules
- Other internal control documents (for example, the Financial Manual under preparation and Business Policies)

All internal control documents are regularly updated when changing, for example, legislation, accounting standards or listing requirements, and when otherwise needed.

### **RISK ASSESSMENT**

In accordance with the rules of procedure, the Board, and the Audit Committee, review the company's internal controls once a year. Risks are identified and measures are taken to reduce these risks. The auditor is invited to detail their report on internal control at the Board meeting and to the Audit Committee. The significant risks SBB has identified are errors in accounting and valuation of the properties, credit risks, refinancing risks, interest rate risks, taxes and VAT, as well as the risk of fraud, loss or misappropriation of assets.

### **CONTROL ACTIVITIES**

The company's financial system is structured such that the conclusion of agreements and payment of invoices must follow the decision-making, corporate and attestation rights specified in the internal control documents. This control structure being in place counteracts and prevents the risks identified by the company. In addition to these control structures, a number of control activities are undertaken to further detect and correct errors and discrepancies. Such control activities consist of follow-up at various levels of the organization, such as: reconciliation of the Board of Directors resolutions, review and comparison of profit and loss accounts, account reconciliation, approval and accounting of business transactions at the finance department.

### **INFORMATION ABOUT COMMUNICATION**

SBB has built up an organization to ensure that financial reporting is correct and effective. The internal control documents clarify responsibilities and the daily interaction within the management secures that relevant information and communication reach all stakeholders. Management regularly receives financial information about the company and its subsidiaries. This information is the development of rental management and a review and follow-up of ongoing and future investments and liquidity planning. The Board is informed by the management team on risk management, internal control and financial reporting. The company's information policy ensures that all information, external and internal, is correct. All SBB employees have in various reviews participated and influenced the design of relevant internal policies and guidelines, thus have been directly involved in the development of these internal control documents.

### **INTERNAL CONTROL**

As explained above, a continuous controlling process at all levels of the organization is carried out. The Board regularly evaluates the information provided by the company management and the auditors. In addition, the company's auditor directly reports to the Board its observations and assessment of internal control. Of particular importance is the supervision of the Board, regarding the development of internal control and to ensuring that measures are taken regarding any shortcomings and proposals that arise.

### **EVALUATION OF THE NEED OF A SEPARATE INTERNAL AUDIT FUNCTION**

No internal audit function is currently established within SBB. The Board has examined the issue and assessed the existing structures for follow-up and evaluation and deemed them to be satisfactory. All in all, this means that it is not considered justified to have a separate internal audit unit. The decision will be reviewed annually.

### **DEVIATIONS RELATING TO THE CODE**

In 2017 SBB voluntarily decided to follow the Code although it was not bound by it. The Code is based on the "follow or explain" principle. This means that a company that applies the Code may deviate from individual rules but shall then provide an explanation for deviation. In 2017 SBB followed the Code without any deviations.

### **INFORMATION ON INFRINGEMENTS OF STOCK EXCHANGE RULES DURING THE LATEST FINANCIAL YEAR**

The shares in SBB are listed and traded on Nasdaq Stockholm ("Exchange") MTF platform Nasdaq First North Premier. SBB has signed a commitment to comply with the Exchange's current regulations for Nasdaq First North ("the Rules").

The Disciplinary Board of Nasdaq Stockholm decided on January 29, 2018 that SBB would pay a penalty corresponding to two annual fees to Nasdaq Stockholm.

According to the Disciplinary Board's decision, SBB had acted in breach of good practice in the stock market in conjunction with the public bid on Högcullen's preference shares; partly due to a lack of information in connection with a planned rights issue and partly related to SBB's lack of capacity for providing information. The shortcomings concerned situations regarding January-May 2017.

In retrospect, it can be noted that the handling of the public bid was inadequate and that SBB did not act in accordance with the current regulations. In connection with the listing process and in 2017, the competence in capital market law within SBB has been strengthened, partly through training efforts, partly through strategic recruitment in management and board. The law firm that advised SBB in these matters has resigned from its tasks in capital market law and a new legal representative has been hired since the summer of 2017. From SBB's perspective, the previous deficiencies have been resolved and the questions have been answered. SBB's overall assessment is that regulatory compliance from the summer of 2017 remains high.

## ALLOCATION OF EARNINGS

The Board of Directors proposes the following allocation of earnings for the 2018 Annual General Meeting:

At the Annual General Meeting the following earnings are available for distribution:  
(SEK)

Share premium reserve	4,937,218,824
Amount brought forward	8,514,060
Net profit for the year	14,192,461
	<hr/>
	<b>4,959,925,345</b>

The following allocation is proposed:

Dividend to ordinary shareholders (SEK 0.10 per ordinary share)	73,794,903
Dividend to preference shareholders (SEK 35 per preference share)	11,662,175
To be carried forward	4,874,468,267
	<hr/>
	<b>4,959,925,345</b>

### BOARD'S OPINION REGARDING PROPOSED DIVIDEND

The Board hereby gives the following opinion in accordance with Chapter 18, Section 4 of the Companies Act (2005: 551). Below are the Board's reasons for the proposed profit distribution as in accordance with the provisions of Chapter 17, Section 3, Paragraph 2 and 3 of the Companies Act 2005.

The nature and scope of the business are stated in the Articles of Association and the Annual Report. The activities carried out in the company do not present risks beyond what is or may be presumed to occur in the industry or the risks generally associated with the pursuit of business activities. The Company's and the Group's financial position as at 31 December 2017 is shown in the annual report. The principles applied for valuation of assets, provisions and liabilities can be found in the notes on pages 93-99 in the Annual Report.

It is apparent from the proposal for a profit allocation that the Board proposes dividends of SEK 0.10 per ordinary share, corresponding to SEK 73,794,903, and SEK 35 per preference share, corresponding to SEK 11,662,175. In total, the proposed dividend corresponds to SEK 85,457,078, which constitutes 1.7 percent of the parent company's equity and 1.1 percent of the Group's equity. The Group's equity ratio was 32 percent on 31 December 2017. Dividends in the Parent Company amounted to SEK 4,960 million on 31 December 2017.

The proposed dividend does not jeopardise the investment plans or the fulfilment of other obligations. The company's financial position is strong and does not lead to any other judgement than that the company can continue its business and that the company is expected to fulfil its obligations in the short and long term.

With reference to the above and what has otherwise come to the Board's attention, the Board is of the opinion that a comprehensive assessment of the company's and the Group's financial position entails that the proposal for dividend is justified in accordance with Chapter 17, Section 3, Section 2 and the 3rd Companies Act, with reference to the requirements of the business nature, extent and risks depend on the size of the company's equity as well as the company's and the Group's consolidation needs, liquidity and position in general.





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# INCOME STATEMENT

## THE GROUPS COMPREHENSIVE INCOME STATEMENT

IN THOUSANDS OF SEK	Note	2017-01-01 2017-12-31	2016-03-02 2016-12-31
Rental income	4,5	1 338 677	186 877
Operations	6	-302 518	-50 815
Maintenance	6	-62 471	-18 072
Management administration	6	-73 981	-23 777
Property tax	6	-22 502	-2 942
<b>Net operating income</b>	<b>4</b>	<b>877 205</b>	<b>91 271</b>
Central administration	6,7,8	-75 838	-19 414
<b>Profit before financial items</b>		<b>801 367</b>	<b>71 857</b>
Interest income	9	12 282	5 076
Interest expenses	10	-476 067	-71 299
<b>Profit from property management</b>		<b>337 582</b>	<b>5 634</b>
Changes in the value of properties	12	2 796 844	1 218 782
Changes in value of derivatives	21	-3 748	-
<b>Profit before tax</b>		<b>3 130 678</b>	<b>1 224 416</b>
Tax	11	-701 696	-217 285
<b>PROFIT FOR THE PERIOD</b>		<b>2 428 982</b>	<b>1 007 131</b>
<b>Profit attributable to:</b>			
Parent Company shareholder's		2 428 982	1 007 131
<b>Average number of shares</b>		<b>653 360 953</b>	<b>7 230 434</b>
<b>Profit/share before dilution</b>	20	<b>3,60</b>	<b>N/A</b>
<b>Profit/share after dilution</b>	20	<b>-</b>	<b>-</b>
<b>REPORT OTHER COMPREHENSIVE INCOME</b>			
		<b>2017-01-01</b>	<b>2016-03-02</b>
<b>IN THOUSANDS OF SEK</b>		<b>2017-12-31</b>	<b>2016-12-31</b>
Interim profit		2 428 982	1 007 131
<b>Other comprehensive income</b>			
Translation gains/losses for the period		-94 088	-8 898
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2 334 894</b>	<b>998 233</b>

# BALANCE SHEET

## STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK	Note	2017-12-31	2016-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investment properties	12	23 000 726	7 572 420
Equipment, tools and installations	13	10 376	6 368
Shares in associated companies /joint ventures	14	110 691	83 216
Other long-term receivables	15	10 554	15 100
<b>Total non-current assets</b>		<b>23 132 347</b>	<b>7 677 104</b>
<b>Current assets</b>			
Account receivables	15,21	26 271	9 544
Other receivables	15,16	277 898	121 691
Prepaid expenses and accrued income	15,17	39 472	33 347
Cash and cash equivalents	15,18	92 749	506 397
<b>Total current assets</b>		<b>436 390</b>	<b>670 979</b>
<b>TOTAL ASSETS</b>		<b>23 568 737</b>	<b>8 348 083</b>

## STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

### IN THOUSANDS OF SEK

		2017-12-31	2016-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	19		
Share capital		73 828	723
Other contributed capital		3 040 479	767 582
Retained profits incl. net profits for the year		3 274 481	998 233
<b>Equity attributable to the Parent Company's shareholders</b>		<b>6 388 788</b>	<b>1 766 538</b>
Hybrid bonds		668 387	-
Non-controlling interests		578 882	-
<b>Total Equity</b>		<b>7 636 057</b>	<b>1 766 538</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	15,21	6 595 568	3 180 121
Bond loans	15,21	5 941 057	1 153 479
Derivative	15,21	35 247	-
Long-term loans to shareholders	15,21	33 600	793 954
Deferred tax liabilities	11	863 105	206 405
Other long-term liabilities	15,21	13 750	58 764
<b>Total long-term liabilities</b>		<b>13 482 327</b>	<b>5 392 723</b>
<b>Short-term liabilities</b>			
Liabilities to credit institutions	15,21	637 176	487 330
Bond loans	15,21	660 289	-
Account payables	15,21	134 826	61 817
Short-term liabilities to owners	15,21	40 000	-
Current tax liabilities	11	53 839	22 880
Other liabilities	15,21,22	653 810	501 069
Accrued expenses and prepaid income	15,23	270 413	115 726
<b>Total short-term liabilities</b>		<b>2 450 353</b>	<b>1 188 822</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23 568 737</b>	<b>8 348 083</b>

# STATEMENT OF CHANGES IN EQUITY

## GROUPS STATEMENT OF CHANGES IN EQUITY – IN SUMMARY

EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS				EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		
	Share Capital	Other contributed capital	Balanced result	Hybrid bond	Non-controlling interest	Total Equity
Share Issue	723	757 629				758 352
Issuance costs		-20 044				-20 044
Tax issuance costs		-5 653				-5 653
Shareholder contributions received		35 650				35 650
<b>Sum transactions with owners</b>	<b>723</b>	<b>767 582</b>	-	-	-	
Net profit of the year			1 007 131			1 007 131
Other comprehensive income			-8 898			-8 898
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>998 233</b>	<b>-</b>	<b>-</b>	<b>998 233</b>
<b>Total Equity 2016-12-31</b>	<b>723</b>	<b>767 582</b>	<b>998 233</b>	<b>-</b>	<b>-</b>	<b>1 766 538</b>
<b>Opening Equity 2017-01-01</b>	<b>723</b>	<b>767 582</b>	<b>998 233</b>	<b>-</b>	<b>-</b>	<b>1 766 538</b>
Share Issue	73 105	2 286 010		700 000	489 355	3 548 470
Issuance costs		-17 171		-31 613	-25 578	-74 362
Tax issuance costs		1 959			6 186	8 145
Issue warrants		2 099				2 099
Dividend				-12 658	-64 290	-76 948
Acquired minority interests					315 000	315 000
Redeemed minority interests					-187 778	-187 778
<b>Sum transactions with owners</b>	<b>73 105</b>	<b>2 272 897</b>	<b>-</b>	<b>655 729</b>	<b>532 894</b>	<b>3 534 625</b>
Net profit of the year			2 352 034	12 658	64 290	2 428 982
Other comprehensive income			-75 786		-18 302	-94 088
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>2 276 248</b>	<b>12 658</b>	<b>45 988</b>	<b>2 334 894</b>
<b>Total Equity 2017-12-31</b>	<b>73 828</b>	<b>3 040 479</b>	<b>3 274 481</b>	<b>668 387</b>	<b>578 882</b>	<b>7 636 057</b>

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

# CASH FLOW ANALYSIS

## STATEMENT OF GROUP'S CASHFLOW

IN THOUSANDS OF SEK	Note	2017-01-01 2017-12-31	2016-03-02 2016-12-31
<b>Cash flow from operations</b>			
Net profit - property management		337 582	5 634
<i>Adjustments for non-cash items</i>			
Depreciation	24	2 144	511
Net interest		463 785	66 223
Interest paid		-415 585	-49 383
Interest received		12 282	5 076
Income tax paid		-39 725	-
<b>Cash flow from operations before changes in working capital</b>		<b>360 483</b>	<b>28 061</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) of receivables		-180 535	-164 935
Increase (-)/decrease (+) of liabilities		330 126	672 390
<b>Cash flow from operations</b>		<b>510 074</b>	<b>535 516</b>
<b>Cash flow from investing activities</b>			
Investments in properties <sup>1)</sup>		-13 679 013	-6 832 993
Disposals of properties		737 071	436 253
Investments in equipment		-6 152	-6 879
Investments in associated companies/joint ventures		-27 963	-83 216
Change in other long-term receivables	15	3 131	-15 100
<b>Cash flow from investing activities</b>		<b>-12 972 926</b>	<b>-6 501 935</b>
<b>Cash flow from financing activities</b>			
New issues		-	732 655
Issue hybrid bond		668 387	-
Issue warrants		2 099	-
Share Issue <sup>1)</sup>		2 832 167	-



Paid dividend		-70 845	-
Shareholder contributions received		-	35 650
Acquired minority interests		315 000	-
Redeemed minority interests <sup>1)</sup>		-187 778	-
New loans		11 101 893	5 102 555
Amortization of loans		-1 846 342	-250 762
Occupied debts to owners		73 600	829 454
Amortization of debts to owners		-793 954	-35 500
Change in other long-term liabilities		-45 014	58 764
<b>Cash flow from financing activities</b>	<b>25</b>	<b>12 049 213</b>	<b>6 472 816</b>
<b>Cash flow for the period</b>		<b>-413 639</b>	<b>506 397</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>506 397</b>	<b>-</b>
Exchange differences in cash and cash equivalents		-9	-
<b>Cash and cash equivalents at end of period</b>	<b>18</b>	<b>92 749</b>	<b>506 397</b>

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

# NOTES

## Note 1 Significant accounting principles and definitions

### General information

This annual report and consolidated accounts comprise the Swedish parent company, Samhällsbyggnadsbolaget i Norden AB (publ), organization number 556981-7660 and its subsidiaries. The Group is active in property management and property development. The parent company is a limited liability company registered in Sweden, which has its registered office in Stockholm. The company has been renamed, the previous name was Effnetplattformen (publ).

On 8 March 2018, the Board approved this annual report and consolidated financial statements which will be presented for adoption at the Annual General Meeting on 27 April 2018.

### Principles of the consolidated accounts

The consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC IC ). In addition, the Annual Accounts Act (ÅRL) and RFR1 Supplementary Accounting Rules for Groups are 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 Financial Reporting Board. The following accounting principles, unless otherwise stated, have been applied consistently to all periods presented in the Group's financial statements. The Group's accounting principles have been applied consistently by the Group's companies.

Assets and liabilities are reported at acquisition value other than investment properties which are valued and reported at fair value. The functional currency of the parent company is Swedish kronor, which is also the reporting currency for the Parent Company and the Group. All amounts are stated in thousands of kronor unless otherwise stated.

### Consolidated Accounts

#### *Subsidiaries*

Subsidiaries are all entities where the Group has exposure to or is entitled to variable returns from its involvement and may affect the return through its influence over the company. Subsidiaries are reported initially in the consolidated accounts according to the acquisition method. Group companies are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group and they are not included in the consolidated financial statements from the date the controlling influence ceases. Intra-Group transactions and balance sheet items and unrealized gains/losses on transactions between Group companies are eliminated in the consolidated accounts.

#### *Associated companies and joint ventures*

Associated companies are partly owned entities over which the Group commands a significant influence but not control, over the financial and operating policies. Normally, this means a shareholding of between 20 percent and 50 percent of the voting rights. Ownership of associated companies is a long-term holding and is not reported as a collaborative arrangement.

Co-operation arrangements refer to companies in which the Group, together with other parties through agreement, has a joint controlling influence over the business. A holding in a collaborative arrangement is classified either as a joint venture or as a joint venture depending on the rights and obligations of investors as per the contract. In the Group, the holdings are classified as joint ventures mainly because the Group is entitled to net assets instead of direct entitlement to assets and liabilities.

Associated companies and joint ventures are reported in accordance with the equity method. When applying the equity statement, the investment is initially valued at acquisition value in the Group's statement of financial position and the carrying amount is increased or reduced reflecting the Group's share of profit and other comprehensive income from its holdings after the acquisition date. If the Group's share of losses in an associated company or joint venture exceeds the holdings of this associated company or joint venture, the Group does not report any additional losses unless the Group has undertaken obligations on behalf of the company. The Group's share of profit and other comprehensive income in an associated company and joint venture is included in the Group's earnings and other comprehensive income.

A review is undertaken at the end of each reporting period to ascertain if there is an impairment requirement for the investment in an associated company or joint venture. If so, an estimate of the write-down amount is calculated, which corresponds to the difference between the recoverable amount and the carrying amount. The impairment loss is reported in the line item "Profit from participations reported according to equity method" in the income statement.

### **Acquisition**

In an acquisition, an assessment is made as to whether the acquisition constitutes a business or asset acquisition. An asset acquisition relates to real estate and does not include the organisation or the processes required to conduct management business. All other acquisitions are business acquisitions.

Since acquisitions of group companies do not relate to acquisitions of operations, but acquisition of assets in the form of investment properties, the acquisition cost of the acquired net assets is allocated.

### **Reverse acquisition**

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

Comparative information presented in the consolidated financial statements is also retroactively adjusted to reflect the legal parent company's share capital (accounting acquired company).

## **INCOME**

### **Income statement**

Revenues are reported when it is likely the Group will receive financial benefit and when the benefit can be reliably determined. Revenues are reported net of any discounts. The Group's revenues mainly consist of rental income.

The lease agreements are classified in their entirety as operational leases. Rental income including additions are announced in advance and accrual of the rent is done on a straight-line basis, such that only the part of the rents that accrue for the period is reported as income. Reported rental income has, where appropriate, been reduced by the value of rent leases left. In cases where the lease contract provides a reduced rent for a certain period, this is accrued linearly over the current contract period. Remuneration paid by tenants in connection with early retirement is recognized as income in connection with the termination of the contractual relationship with the tenant and no commitments remain, which usually occurs when moving away.

Sale of properties is reported with the risks and benefits transferred to the buyer from the seller. An assessment of whether risks and benefits have exceeded occurs at each individual disposal date. Profit from sale of property is reported as a realized value change.

### **Leasing contracts**

All the Group's leases are classified as operational leasing whereby all risks and benefits associated with ownership fall on the lessor. Real estate leased under operating leasing is included in the investment properties.

### **Central administration**

The Group's administrative expenses are allocated to central administration and property management administration, which is part of the company's net operating income. All costs that can not be directly allocated to property management, is classified as central administration cost, i.e. costs for group management, business development, property development and financing.

### **Remuneration to employees**

Employee benefits include salaries, paid leave, paid sick leave, and other benefits as well as pensions.

The Group has only defined contribution pension plans. For defined contribution plans, the company's obligation is to contribute a fixed fee to a separate legal entity and has subsequently completed its commitment to the employee. Defined contribution plans are reported as costs in the period in which premiums paid are attributable.

### **Financial income and expenses**

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the interest rate that causes the present value of all future payments and payments during the fixed-interest period to be equal to the carrying amount of the claim or liability. Financial income and expenses are reported in the period to which they relate.

### **Taxes**

Taxes for the period comprise current tax and deferred tax. Taxes are reported in the income statement except when the underlying transaction is reported in other comprehensive income or directly against equity, as the related tax effect is also reported in this place

Current tax is the tax calculated on the taxable profit for the period. The taxable income differs from the reported profit as it has been adjusted for non-taxable and non-deductible items. Current tax is tax payable or received for the current year and also includes current tax attributable to earlier periods.

Deferred tax is calculated on the temporary difference between the reported and taxable values of assets and liabilities. Change in the reported deferred tax asset or liability is reported as an expense or income in the income statement except when the tax is attributable to items recognized in other comprehensive income or directly against equity.

### **Reporting of segments**

Operating segments are reported in a manner that complies with the internal reporting submitted to the key decision makers. The Key Decision Makers is the function responsible for allocating resources and assessing the operating segment results. In the Group, this function has been identified as the executive management team. An operating segment is a part of the Group that engages in business activities from which it may generate revenues and incur costs and for which independent financial information is available.

The Group's segments are based on differences in the segments' nature and on the reporting requirements of management to monitor and analyse operations and to make strategic decisions. As a result, the business has been divided into three segments; residential, community and other properties. Segment performance is assessed and analysed using operating profit. The same accounting principles are used for the segments as for the Group.

### **Earnings per share**

Earnings per share before dilution is calculated by dividing net earnings allocated to the parent company's shareholders by weighted average number of outstanding ordinary shares during the year.

Earnings per share after dilution is calculated by dividing net earnings allocated to the parent company's shareholders, adjusted where appropriate, by the weighted average number of ordinary shares plus potential common shares that may give rise to dilution effect. Dilution effects of potential ordinary shares are reported only if a conversion to ordinary shares would result in a reduction in earnings per share after dilution.

## **BALANCE SHEET**

### **Investment property**

Investment properties are classified as properties held for the purpose of generating rental income and value increases and are initially recognized at acquisition value, including directly attributable transaction costs and later investment properties are reported at fair value. Fair value is a unbiased estimate of the market prices of an asset and is the amount at which an asset could be transferred between independent market participants who are interested in the transaction being conducted. In order to determine the real value of properties at each individual closing date, market valuation of all properties is carried out.

Both unrealized and realized value changes are reported in the income statement as change in value of investment properties. The unrealized change reflects the value at the end of the period compared to the valuation at the beginning of the period, or the acquisition value if the property was acquired during the period in consideration of the period's investments.

Additional expenses are capitalized when it is likely that future financial benefits regarding the expenses will be obtained by the Group and add value, and that the expenses can be identified reliably. Other maintenance costs and repairs are recognized in the period they arise. In case of major new, renovation and rebuilding, interest expense is also capitalized during the production period.

### **Equipment**

The inventory mainly includes office equipment and cars, which are reported at cost less accumulated amortization and any write-downs. The inventories are amortized on a straight-line basis over the estimated useful life of the asset. The useful life is assumed to be equal to the asset's economic life, so the residual value is assumed to be negligible and not taken into account. Depreciation is calculated from the date when the asset is ready to be used.

### **Financial instruments**

Financial instruments are any type of agreement that gives rise to a financial asset in a company and a financial liability for another company. The accounting may differ depending on how the financial instruments have been classified. A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the instrument's contractual terms. Trade receivables are reported when the invoice has been sent. Debt is reported when the counterparty has performed, and the contractual obligation is payable, even if the invoice has not yet been received. Trade payables are reported when the invoice has been received.

Financial assets are derecognised when the right to receive cash flows from the instrument has expired or transferred and the Group has transferred virtually all risks and benefits associated with its ownership. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise terminated. The same applies to part of a financial debt.

A financial asset and a financial liability are offset and reported as a net amount in the balance sheet only when a legal right occurs to offset the amounts and there is an intention to adjust the items with a net amount or to simultaneously realize the asset and settle the liability.

Purchases and sales of financial assets are reported on the date of business, i.e. the date when the Group undertakes to buy or sell the asset.

Financial instruments are initially recognized at acquisition value corresponding to the fair value of the instrument plus transaction costs for all financial instruments except for those belonging to the financial asset /

liability category, which are reported at fair value through profit or loss, excluding transaction costs. A financial instrument is classified at initial recognition, inter alia, on the purpose for which the instrument was acquired. The classification determines how the financial instrument is valued after the first reporting date.

The Group holds financial instruments in the following categories:

- Financial assets / liabilities measured at fair value through profit or loss
- Loans and receivables
- Other financial liabilities

#### Financial assets / liabilities measured at fair value through profit or loss

This category consists of two subgroups: financial assets held for trading and other financial assets that the company initially chose to place in this category (fair value option). Financial instruments in this category are valued at fair value and changes in value are reported in the profit for the year. In the subcategory 'held for trading' The Group's interest rate derivatives are found in the subcategory 'held for trading'.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or defined payments and are not quoted on any active market. These assets are valued at accrued acquisition value. Accrued acquisition value is determined using the effective interest rate calculated on acquisition date. Accounts receivable are initially recognized at fair value and subsequently at accrued acquisition value, less any provision for impairment. An impairment of accounts receivable is made when there is risk of whole or part of the claim not being received. The size of the reservation is the difference between the asset's carrying amount and the present value of the estimated future payment. Any write-downs are reported in the income statement as an expense. The Group's financial assets in this category consist of liquid assets, long-term receivables and accounts receivable.

#### Financial liabilities

Other financial liabilities are reported at accrued acquisition value, net of transaction costs. Any difference between the amount received and the repayment amount, for example in the form of over- or under-exchange rate, is recognized in the income statement for the duration of the loan period. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the balance sheet date. Trade payables have an expected maturity and are valued at nominal amount. Loans and other financial liabilities are included in this category.

#### **Convertible debentures**

Convertible debentures that can be converted into shares by using the holder's option to convert the claim to shares are reported as a compound financial instrument with a liability component and an equity component. The fair value of the debt at issue date is calculated by discounting future payments with the current market interest rate for a similar debt, without conversion right. The value of the equity component is the difference between the issue proceeds when the convertible debt certificate was issued and the fair value of the financial liability at the date of issue.



The convertible debentures were repurchased in full in 2017. SBB has estimated that the interest rate on the convertible loan of 7 percent corresponds to the interest the Group would have had to pay for a loan without conversion rights, but otherwise with the same terms as the convertible loan in the form of owner loans, the entire loan amount has been attributed to the loan portion. Consequently, transaction costs related to the convertible debenture in its entirety are treated as liability. Interest expense is recognized in profit for the year and is calculated using the effective interest rate method.

### **Hybrid**

The bonds are classified as debt or equity based on whether there is any contractual obligation to settle the agreement by paying cash or another financial asset. This assessment applies to both nominal and interest payments. At the first reporting date, it has been assessed that the hybrid bond should be classified as an equity instrument and not as a liability. Interest on the hybrid bond is reported directly against equity.

### **Liquid funds**

Liquid funds consist of cash and immediately available deposits at banks and equivalent institutions.

### **Deferred tax**

Deferred tax is reported on the difference between the carrying amount of assets and liabilities in the financial statements and the tax value used for calculating taxable profit. Deferred tax is reported in accordance with the balance sheet method. Deferred tax liabilities are reported for taxable temporary differences and deferred tax assets are reported for deductible temporary differences to the extent that it is probable that the amounts can be utilized against future taxable surpluses. However, if a temporary difference arose in the initial recognition of assets and liabilities that constitute an asset acquisition, deferred tax is not reported. Deferred tax is calculated according to statutory tax rates that have been decided or announced at the balance sheet date and are expected to apply when the deferred tax asset concerned is realized or the deferred tax liability.

### **Cash flow**

The cash flow statement is prepared using the indirect method in accordance with IAS 7. This means that the result is adjusted by transactions that do not involve payments, as well as income and expenses attributable to investment and/or financing activities.

## **Note 2: Information on future standards**

Of the new and amended standards that came into force as of 1 January 2017, an amendment to IAS 7 Cash flow statement had an impact on the Group's financial statements. The change has meant increased disclosure requirements for financial liabilities whose cash flow is reported in the financial operations.

A number of new standards and interpretations are mandatory to apply only during the coming fiscal year and have not been applied in the preparation of this financial report. The standards, changes and interpretations that are expected to affect or may affect the Group's financial statements are described below:

### **IFRS 9 Financial Instruments**

This standard came into force on 1 January 2018 and replaces IAS 39 Financial Instruments: Accounting and Valuation. The new standard contains rules for the classification and valuation of financial assets and liabilities, impairment of financial instruments and hedge accounting. The impact on SBB's profit and loss position is judged to be limited, as accounts receivable are only limited, and hedge accounting is not applied.

### **IFRS 15 Revenues**

This standard came into force on 1 January 2018, replacing all previously published standards and interpretations that deal with revenue from customer contracts. IFRS thus contains a combined model for all revenue reporting. The evaluation of the effects on SBB's results and financial position when the standard begins to apply has been made. An analysis has been made of the lease agreements to distinguish what constitutes service and rent. Based on the type of leases that the Group has, SBB has found that the service provided by the Group is subordinate to the lease agreement and that all compensation is deemed to be rent. Since the Group's revenues consist essentially of rental income that falls outside this standard, the assessment is that the transition to the new standard will have a limited impact on SBB's accounts, but it implies increased disclosure obligations. SBB has chosen to apply cumulative, i.e. forward-looking method of transition to IFRS 15. This implies that there are no obligations for the Group to present any additional information for previous periods.

### **IFRS 16 Leases**

This standard comes into force on 1 January 2019, replacing IAS 17 Lease Agreement and associated interpretations. It requires that the lessee reports assets and liabilities attributable to all leases, with the exception of agreements shorter than 12 months and/or related to small amounts. The lessor report will essentially remain unchanged. Since the company has a limited number of contracts of lesser value linked to land lease payments and leasing, the assessment is that the transition to the new standard will have a limited effect on SBB's accounts.

## **Note 3 - Substantial estimates and assessments**

When preparing the financial statements, the management and the board undertake certain judgements and assumptions that affect the reported value of asset and liability items and income and expense items as well as other information provided. Judgements are based on experience and assumptions used are the ones management and the Board consider reasonable in the circumstances. Actual outcomes may differ if other conditions arise. The following are the most important assessments in the preparation of the company's financial statements.

The accounts are particularly sensitive to the judgements and assumptions applied in the valuation of investment properties. Investment properties are reported at fair value, determined by management based on market assessment. Significant assessments have been made regarding, among other things, the calculation of interest rates and direct yield requirements as based on the valuers' experience assessments of the market's interest rate requirements on comparable properties. Estimates of cash flow for operating, maintenance and administration costs are based on actual costs but also experience of comparable properties. Future investments have been assessed based on the actual needs that exist. When acquiring a company, an assessment is made as to whether the acquisition is to be classified as an asset acquisition or business acquisitions. An asset acquisition exists if the acquisition concerns real estate but does not include organization, personnel and the processes required to conduct the business. Other acquisitions are business acquisitions. In property transactions also make a judgement on when the transition of risks and benefits occurs. This assessment is indicative of when the transaction is to be reported.

Another valuation question in the accounts relates to the valuation of deferred tax. Taking into account the accounting rules, deferred tax is reported nominally without discounting. Both current and deferred taxes have been calculated on the basis of a nominal tax rate of 22 percent in Sweden and 24 percent in Norway. The actual tax is estimated to be lower partly due to the possibility of selling real estate in a tax-efficient manner partly because of time factor. When assessing loss carryforwards, an assessment is made of the ability to utilize the deficits against future profits.

During the year, SBB issued a hybrid bond amounting to SEK 700 million. The hybrid bond has an indefinite maturity with a variable coupon rate. The SBB has the opportunity to redeem outstanding hybrid bonds from

the first possible redemption date, which is 5.5 years after the issue date. At the first reporting date, the assessment was made that the hybrid bond should be classified as an equity instrument and not as a financial liability. The assessment underlying the classification is that there is no explicit contractual obligation to settle the agreement by paying cash or another financial asset. There are also no other circumstances indicating that the agreement will be settled in cash or other financial asset. The SBB is entitled to postpone interest payments for an indefinite period in so far as hybrid bond holders are notified within the agreed period and the hybrid bond is subordinated to all other creditors.

## Note 4 Operating Segments

For accounting and follow up, the Group has divided its operations into three segments. The segments consist of residentials, community service properties and other real estate. The breakdown is based on the differences in the segment's character and on reporting required by management for monitoring and analysis of the business as well as the information gathered to make strategic decisions.

Below is a description of each segment:

- Residentials consists primarily of apartments in apartment buildings but also includes townhouses.
- Community service properties consist of schools, retirement homes, LSS housing and real estate where municipal and government agencies / government operate.
- Other consists primarily of commercial properties for which the purpose is to undertake a zoning planning process for developing the properties.

Financial year- 01 January 2017 to 31 December 2017 SEK '000	Residentials	Community service properties	Other	Total Segments	Group-wide items and eliminations	Group Total
Rental income	473 888	740 903	123 887	1 338 677		1 338 677
Property costs	-241 150	-158 122	-62 201	-461 472		-461 472
<b>Net operating income</b>	<b>232 738</b>	<b>582 781</b>	<b>61 686</b>	<b>877 205</b>		<b>877 205</b>
Central administration					-75 838	-75 838
<b>Profit before financial items</b>						<b>801 367</b>
Interest income and other similar income items					12 282	12 282
Interest expenses and other similar expense items					-476 067	-476 067
<b>Profit from property management</b>						<b>337 582</b>
Changes in value of investment properties	698 477	1 540 608	557 759	2 796 844		2 796 844
Changes in value of derivatives					-3 748	-3 748
<b>Profit before taxes</b>						<b>3 130 678</b>
Tax					-701 696	-701 696
<b>Net profit for the year</b>						<b>2 428 982</b>
Investment Property	5 858 913	14 582 853	2 558 960	23 000 726		23 000 726
Investments	80 016	87 238	41 358	208 612		208 612

Financial year - 02 March 2016 to 31 December 2016		Community			Group-wide	
SEK ('000)	Residential	service properties	Other	Total Segments	items and eliminations	Group Total
Rental income	128 768	34 365	23 744	186 877		186 877
Property costs	-82 154	-5 074	-8 378	-95 606		-95 606
<b>Net operating income</b>	<b>46 614</b>	<b>29 291</b>	<b>15 366</b>	<b>91 271</b>		<b>91 271</b>
Central administration					-19 414	-19 414
<b>Profit before financial items</b>						<b>71 857</b>
Interest income and other similar income items					5 076	5 076
Interest expenses and other similar expense items					-71 299	-71 299
<b>Profit from property management</b>						<b>5 634</b>
Changes in value of investment properties	566 581	187 184	465 017	1 218 782		1 218 782
<b>Profit before taxes</b>						<b>1 224 416</b>
Tax					-217 285	-217 285
<b>Net profit for the year</b>						<b>1 007 131</b>
Investment Property	3 419 870	2 884 650	1 267 900	7 572 420		7 572 420
Investments	24 028	1 463	1 735	27 226		27 226

Revenue from Swedish tenants constitute 79 percent (92) of the Group's total revenues. The remaining part of the income relates to income from tenants in Norway. Of fixed assets (which are not financial instruments or deferred tax assets), 68 percent (84) are allocated to Sweden. The remaining part relates to non-current assets in Norway. There is one tenant who accounts for more than 10% of the income, i.e. DNB Bank ASA accounts for approximately 12% of revenues and is part of the Community Service Property segment.

## Note 5 Contracted future rental income

Total rental income for the Group amounted to SEK 1,339 million. All leases are classified as operating leases. The maturity structure regarding the lease contracts relating to non-cancellable operating leases is shown in the table below. Residential and car parking rental contracts, which usually require a three-month notice period, are not included in the table.

	2017-01-01 to 31/12/2017	2016-03-02 to 31/12/2016
<b>Contracted future rental income</b>		
Contracted rental income within 1 year	976 163	55 959
Contracted rental income between 1 and 5 years	3 117 498	110 726
Contracted rental income more than 5 years	2 061 272	154 288
<b>Total</b>	<b>6 154 932</b>	<b>320 972</b>

## Note 6 Costs broken down by type

	2017-01-01 to 31/12/2017	2016-03-02 to 31/12/2016
Property costs	436 323	95 606
Other external expenses	65 280	11 824
Depreciation	2 650	511
Personnel costs	33 057	7 079
<b>Total</b>	<b>537 310</b>	<b>115 020</b>

## Note 7 Fees to the auditor

<i>Ernst &amp; Young AB</i>	2017-01-01 to 31/12/2017	2016-03-02 to 31/12/2016
Audit fees	5 803	3 238
Other audit costs	1 024	558
<b>Total</b>	<b>6 827</b>	<b>3 796</b>

## Note 8 Employees and staff costs

	01/01/2017 to 31/12/2017		02/03/2016 to 31/12/2016	
<b>The average number of employees</b>	<b>Average number of employees</b>	<b>Of which men ( % )</b>	<b>Average number of employees</b>	<b>Of which men ( % )</b>
Subsidiaries in Sweden	30	63%	-	-
<b>Total subsidiary</b>	<b>30</b>	<b>63%</b>	<b>-</b>	<b>-</b>
Parent company	7	71%	5	84%
<b>Total in the Group</b>	<b>37</b>	<b>65%</b>	<b>5</b>	<b>100%</b>

	2017-12-31		2016-12-31	
<b>Gender distribution, board and senior executives</b>	<b>Number on balance sheet date</b>	<b>Of which men ( % )</b>	<b>Number on balance sheet date</b>	<b>Of which men ( % )</b>
Board members	7	29%	3	100%
Managing Director and other senior executives	6	33%	4	75%
<b>Total in the Group</b>	<b>13</b>	<b>31%</b>	<b>7</b>	<b>86%</b>

<b>Personnel costs</b>	2017-01-01 to 31/12/2017	2016-03-02 to 31/12/2016
<b><i>Parent company</i></b>		
<i>Board of Directors and other senior executives</i>		
Salaries and other remuneration	7 832	197
Social costs	3 024	39
Pension costs	1 452	-
<b>Total</b>	<b>12 308</b>	<b>236</b>
<i>Other employees</i>		
Salaries and other remuneration	995	-
Social costs	388	-
Pension costs	92	-
<b>Total</b>	<b>1 475</b>	<b>-</b>
<b><i>Subsidiary</i></b>		
<i>Board of Directors and other senior executives</i>		
Salaries and other remuneration	1 177	898
Social costs	471	210
Pension costs	864	-
<b>Total</b>	<b>2 512</b>	<b>1 108</b>
<i>Other employees</i>		
Salaries and other remuneration	12 420	1 953
Social costs	3 959	448
Pension costs	766	184
<b>Total</b>	<b>17 145</b>	<b>2 585</b>
Other staff costs	1 358	30
<b>Total staff costs</b>	<b>34 797</b>	<b>3 959</b>

Financial year - 01.01.2017 to 31.12.20:	Remuneration and Fees	Variable compensation	Pension cost	Other remuneration	Total
<b>Chairman of the Board</b>					
Lennart Schuss	480	-	-	-	480
<b>Board Member</b>					
Sven-Olof Johansson	300				300
Hans Runesten	304			-	304
Seth Lieberman	330				330
Eva Swartz Grimaldi	330				330
Anne-Grete Strøm-Erichsen					
Fredrik Råsberg	-	-	-	-	-
Göran Cöster	-	-	-	-	-
Göran E Larsson	6	-	-	-	6
Erik Nerpin	2	-	-	-	2
<b>CEO</b>					
Ilija Batljan	2 917	-	1 155	-	4 072
<b>Other senior executives (4)</b>	4 340		1 161		5 501
<b>Total</b>	<b>9 009</b>	<b>0</b>	<b>2 316</b>	<b>0</b>	<b>11 325</b>

Financial year - 02.03.2016 to 31.12.20:	Remuneration and Fees	Variable compensation	Pension cost	Other remuneration	Total
<b>Chairman of the Board</b>					
Hans Runesten	83	-	-	-	83
<b>Board Member</b>					
Göran E Larsson	72	-	-	-	72
Erik Nerpin	42	-	-	-	42
<b>CEO</b>					
Aniruddha Kulkarni	898	-	-	-	898
<b>Other senior executives (1)</b>	109		-		109
<b>Total</b>	<b>1 204</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 204</b>

### Remuneration and conditions for senior executives

Remuneration to the CEO and other senior executives consists of basic salary and pension benefits. Other senior executives mean those persons who together with the CEO constitute the Group Management.

The CEO has a termination period of six months if the termination is by the company or if the CEO elects to terminate his employment. In case of termination by the employer, a severance pay equaling 12-month salary is payable. Pension benefits for the CEO are 30 percent of pension-qualifying salary.

### Note 9 Financial income

	2017-01-01 to 31/12/2017	2016-03-02 to 31/12/2016
Interest income	3 275 988	-61
Exchange rate differences	9 006 433	5 137
<b>Total</b>	<b>12 282 421</b>	<b>5 076</b>



## Note 10 Financial expenses

	2017-01-01 to 31/12/2017	2016-03-02 to 31/12/2016
Interest on shareholder loans	6 047	13 718
Interest on convertible debentures	3 952	4 022
Depreciation balanced settlement fees	40 161	8 077
Other interest expenses	425 768	42 035
Exchange rate differences	140	3 377
<b>Total</b>	<b>476 067</b>	<b>71 229</b>

## Note 11 Tax

	2017-01-01 to 31/12/2017	2016-03-02 to 31/12/2016
Current tax	-39 725	-14 757
Change in deferred tax relating to temporary differences	-661 972	-202 528
<b>Reported tax</b>	<b>-701 696</b>	<b>-217 285</b>

	2017-01-01 to 31/12/2017	2016-03-02 - 2016-12-31
<b>Reconciliation of effective tax rate</b>		
<b>Profit before taxes</b>	<b>3 130 678</b>	<b>1 224 416</b>
Tax according to the applicable tax rate for the parent company (22%)	-688 749	-269 372
Tax effect of:		
Other tax rates within the Group	-8 578	-
Tax attributable to previous years	339	-
Change of tax rate	5 895	-
Non-taxable income on the sale of shares in subsidiaries	27 672	262 160
Other non-taxable income	19 355	4
Unrecognized income to be recorded	-20	-13 547
Non-deductible costs	-8 897	-1 171
Unrecognized costs to be deducted	6 550	31 299
Utilization of previously unused loss carryforwards	4 583	-
Tax depreciation	-3 484	-9 622
Temporary differences regarding real estate	-56 362	-217 036
<b>Reported tax</b>	<b>-701 696</b>	<b>-217 285</b>
Effective tax rate	-22%	-18%

The Group has no tax items recognized in other comprehensive income. All tax losses carry forward have been taken into account when calculating deferred tax.

### *Disclosure of deferred tax assets and tax liabilities*

The following tables details the tax effect of the temporary differences:

	2017-01-01 to 31/12/2017	2016-03-02 - 2016-12-31
<b>Deferred tax</b>		
Deferred tax property	-913 996	-222 299
Deferred tax untaxed reserves	-18 079	-3 998
Deferred tax loss carryforwards	75 688	19 892
Deferred tax derivative	835	-
Deferred tax other	-7 553	-
<b>Reported value</b>	<b>-863 105</b>	<b>-206 405</b>

## Note 12 Investment properties

The Group divides its property portfolio into three different categories; residentials, community service properties and other real estate.

Property value has been estimated by external valuations made by Newsec and Savills. The fair value of the investment properties has been calculated by analysing the future cash flow (cash flow method) for each property, taking into account current lease terms, market conditions, rent levels, operating, maintenance and administration costs as well as the need for investments. The used rate of return in the valuation is 3.18 percent to 9.0 percent with an average yield of 4.80 percent. The value of the properties also includes a value for building rights totaling SEK 1,178 million, valued using the local value method, which means that the valuation is based on comparisons of prices for similar building rights. Fair value has thus been assessed in accordance with Level 3 in the fair value hierarchy of IFRS 13. For description of the fair value hierarchy levels, see Note 15.

<b>Fair value</b>	<b>2017-12-31</b>	<b>2016-12-31</b>
<b>Opening carrying amount</b>	<b>7 572 420</b>	<b>-</b>
Acquisitions	13 469 965	6 806 281
Investments	208 612	27 226
Divestments	-729 984	-414 200
Unrealized changes in value	2 790 193	1 196 729
Currency translation difference	-310 480	-43 616
<b>Closing carrying amount</b>	<b>23 000 726</b>	<b>7 572 420</b>
	<b>2017-01-01</b>	<b>2016-03-02</b>
<b>Changes in value</b>	<b>- 2017-12-31</b>	<b>- 2016-12-31</b>
Unrealized value changes	2 790 193	1 196 729
Realized value changes	6 651	22 053
<b>Total</b>	<b>2 796 844</b>	<b>1 218 782</b>

The unrealized changes in value of investment properties held on the balance sheet date are reported in the income statement on the line "Value changes for investment properties". They were part of the value creation of building rights of SEK 749 million. Changes in value of acquisitions during the year amounted to SEK 1,223 million. The remainder is explained by increased net operating income as a result of investments and leases in the real estate portfolio as well as reduced yield requirements.

### Sensitivity analysis

Property valuations are based on accepted principles using certain assumptions. The table below shows how the value is affected by a change in certain parameters assumed for the valuation. The table gives a simplified picture, as an individual parameter is unlikely to change in isolation.

	<b>2017-12-31</b>	<b>2016-12-31</b>	
	<b>Change</b>	<b>Change</b>	<b>Value effect</b>
Rental value:	+/- 5 %:r	+/- 5 %	317/-315 mkr
Discount rate:	+/- 0,25 %:r	+/- 0,25 %	-125/128 mkr
Yield:	+/- 0,25 %:r	+/- 0,25 %	-212/224 mkr

	2017-01-01 - 2017-12-31	2016-03-02 - 2016-12-31
Rental income from investment properties	1 338 677	186 877
Direct costs for investment properties that generated rental income during the year	-461 472	-95 606
Direct costs for investment properties that did not generate rental income during the year	-	-
<b>Profit from investment properties valued at fair value</b>	<b>877 205</b>	<b>91 271</b>

### Note 13 Equipment

Equipment	2017-12-31	2016-12-31
<b>Opening cost</b>	<b>16 960</b>	<b>0</b>
Acquisitions for the year	11 071	16 960
Sales and disposals	-499	0
<b>Closing accumulated cost</b>	<b>27 532</b>	<b>16 960</b>
<b>Opening depreciation</b>	<b>-10 592</b>	<b>0</b>
Sales and disposals	152	
Accumulated depreciation on acquisition	-3 934	-10 081
This year's depreciations	-2 783	-511
<b>Closing accumulated depreciation</b>	<b>-17 156</b>	<b>-10 592</b>
<b>Closing carrying amount</b>	<b>10 376</b>	<b>6 368</b>

### Note 14 Shares in associates / joint ventures / other companies

	2017-12-31	2016-12-31
<b>Opening balance</b>	<b>83 216</b>	<b>-</b>
Dividend	-259	-
Acquisitions for the year	27 233	5 216
Shareholder contributions	500	78 000
<b>Closing carrying amount, share of capital</b>	<b>110 690</b>	<b>83 216</b>

Holding	Classification	Main activity	Investment 2017-12-31	Investment 2016-12-31	Reported value 2017-12-31	Reported value 2016-12-31
BCAC-Hus Förv. AB	Associated	Property	10%	10%	4 005	4 000
Fjällbergsvind Ek För	Other companies	Wind power	N/A	N/A	1 186	1 186
HusBacc Utv Hold AB	Joint Venture	Property	50%	50%	78 525	78 030
HanVäst Utv AB	Joint Venture	Property	50%		25	
Jordbro Centrum Ut AB	Joint Venture	Property	50%		25	
Nöthagen Utv AB	Joint Venture	Property	50%		25	
SP Tidningshuset N AB	Joint Venture	Own, manage, develop real estate	50%		9 445	
SBB Hårstorp AB	Joint Venture	Own, manage, develop real estate	50%		5 200	
Tillbringaren 2 AB	Joint Venture	Own, manage, develop real estate	50%		25	
Slaggborn Utv AB	Joint Venture	Property	50%		25	
Fastighetsutv IB 68 AB	Joint Venture	Own, manage, develop real estate	50%		25	
Barcode Kjöling AS	Associated	Community association	26%		12 154	
Landsbygdsfib. i Sk. AB	Other companies	Broadband	3%		6	
Svenneby Fiberf. EK	Other companies	Broadband	e/t		19	
					<b>110 690</b>	<b>83 216</b>

## Information for individual non-significant holdings

	<b>2017-12-31</b>
Total reported value for individual non-significant associated companies / joint ventures	110 690
Total amount for the Group's share of:	
Profit from remaining operations	-
Profit after tax from discontinued operations	-
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>-</b>
	<b>2016-12-31</b>
Total reported value for individual non-significant associated companies / joint ventures	83 216
Total amount for the Group's share of:	
Profit from remaining operations	-
Profit after tax from discontinued operations	-
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>-</b>

## Note 15 Financial instruments

Valuation of financial assets and liabilities as at 31 December 2017

<b>Financial assets</b>	<b>Financial assets / liabilities measured at fair value through profit or loss</b>	<b>Loans and receivables</b>	<b>Other financial liabilities</b>	<b>Total carrying amount</b>	<b>Real value</b>
Long-term receivables		10 554		10 554	10 554
Accounts receivable		26 271		26 271	26 271
Other current receivables		277 898		277 898	277 898
Liquid funds		92 749		92 749	92 749
<b>Total</b>	<b>0</b>	<b>407 472</b>	<b>0</b>	<b>407 472</b>	<b>407 472</b>
<b>Financial liabilities</b>					
Liabilities to credit institutions			7 232 744	7 232 744	7 232 744
Bonds			6 601 346	6 601 346	6 601 346
Other long-term liabilities			13 750	13 750	13 750
Shareholders' loans			73 600	73 600	73 600
Derivatives	35 247			35 247	35 247
Accounts payable			134 826	134 826	134 826
Other current liabilities			653 810	653 810	653 810
<b>Total</b>	<b>35 247</b>	<b>0</b>	<b>14 710 076</b>	<b>14 745 323</b>	<b>14 745 323</b>

## Valuation of financial assets and liabilities as at 31 December 2016

<b>Financial assets</b>	<b>Financial assets / liabilities measured at fair value through profit or loss</b>	<b>Loans and receivables</b>	<b>Other financial liabilities</b>	<b>Total carrying amount</b>	<b>Real value</b>
Long-term receivables		15 100		15 100	15 100
Accounts receivable		9 544		9 544	9 544
Other current receivables		121 691		121 691	121 691
Liquid funds		506 397		506 397	506 397
<b>Total</b>	<b>0</b>	<b>652 732</b>	<b>0</b>	<b>652 732</b>	<b>652 732</b>
<b>Financial liabilities</b>					
Liabilities to credit institutions			3 667 451	3 667 451	3 667 451
Bonds			1 153 479	1 153 479	1 153 479
Convertible debentures			359 104	359 104	359 104
Shareholders' loans			434 850	434 850	434 850
Other long-term liabilities			58 764	58 764	58 764
Accounts payable			61 817	61 817	61 817
Other current liabilities			501 069	501 069	501 069
<b>Total</b>	<b>0</b>	<b>0</b>	<b>6 236 534</b>	<b>6 236 534</b>	<b>6 236 534</b>

Assets and liabilities are reported at accrued cost that is judged to be in accordance with its fair value.

**Fair value**

Fair value is the price that would be obtained from the sale of an asset at the valuation date or paid on the transfer of a debt through an orderly transaction between independent market participants. The table below shows financial instruments valued at fair value based on the classification of the fair value hierarchy. The different levels are defined as follows:

Level 1 - Listed prices (unjustified) in active markets for identical assets or liabilities

Level 2 - Other available input data for the asset or liabilities other than listed prices included in Level 1 either directly (i.e. as price quotes) or indirectly (i.e. derived from price quotes)

Level 3 - Input data for the asset or liability that is not based on available market data

Group financial assets and liabilities are assessed at Level 3.

**Calculation of fair value****Interest-bearing receivables and liabilities**

For purposes of disclosure, a fair value of interest-bearing receivables and liabilities is calculated by discounting future cash flows of capital and interest discounted at current market interest rates. These items refer to Level 2 in the valuation hierarchy. The company has estimated that the fair value corresponds to the carrying amount when the interest rate corresponds to current market interest rates and that the credit margin is estimated to be the same as when the loans were entered.

**Interest rate derivatives**

The fair value of interest rate swaps is based on a discount of estimated future cash flows according to the contract terms and maturities and based on the market interest rate on the balance sheet date. Interest rate swaps relate to Level 2 in the valuation hierarchy.

**Current receivables and liabilities**

For current receivables and liabilities, such as accounts receivable and trade payables, with a life expectancy of less than six months, the carrying amount is considered to reflect fair value. Any classification in levels according to the valuation hierarchy is not made for these items.

Change of value for derivatives in Level 2 is presented below.

	<b>2017-12-31</b>	<b>2016-12-31</b>
Opening carrying amount	-	-
New acquisitions	38 994	-
Changes in value in profit or loss	-3 748	-
<b>Closing carrying amount</b>	<b>35 247</b>	<b>-</b>

**Note 16 Other receivables**

	<b>2017-12-31</b>	<b>2016-12-31</b>
Advance property transactions	26 000	86 545
Other	251 898	35 146
<b>Reported value</b>	<b>277 898</b>	<b>121 691</b>

**Note 17 Prepaid expenses and accrued income**

	<b>2017-12-31</b>	<b>2016-12-31</b>
Accrued income	8 284	1 494
Prepaid acquisition costs	5 464	17 377
Other	25 724	14 476
<b>Reported value</b>	<b>39 472</b>	<b>33 347</b>

**Note 18 Liquid funds**

	<b>2017-12-31</b>	<b>2016-12-31</b>
Cash and bank balances	92 749	506 397
<b>Reported value</b>	<b>92 749</b>	<b>506 397</b>



## Note 19 Equity

Change in share capital in SEK

	Number of ordinary shares Series A	Number of ordinary shares Series B	Number of preference shares	Share capital
<b>Initial value 01/01/2016</b>	0	7 230 434	0	723 043
<b>Total value 31/12/2016</b>	<b>0</b>	<b>7 230 434</b>	<b>0</b>	<b>723 043</b>
Report/Settlement Issue 16/01/2017	154 736 229	179 723 539		33 445 977
Report/Settlement Issue 22/02/2017	62 860 746	219 133 832	103 500	28 209 808
Report/Settlement Issue 22/03/2017		84 929 772		8 492 977
Report/Settlement Issue 27/04/2017		26 666 667		2 666 667
Report/Settlement Issue 04/08/2017		2 523 472	157 108	268 058
Report/Settlement Issue 18/08/2017		144 340	38 562	18 290
Report/Settlement Issue 15/12/2017			34 035	3 404
<b>Total value 31/12/2017</b>	<b>217 596 975</b>	<b>520 352 056</b>	<b>333 205</b>	<b>73 828 224</b>

### Share capital

On 31 December 2017, the share capital was SEK 73,828,224 and the quota value were SEK 0.10, divided into 217,596,975 ordinary shares in Class A, 520,352,056 Class B shares and 333,205 preference shares. The largest shareholder is Ilija Batljan who directly and indirectly holds 14.9% of the shares and 40.5% of the votes. Holders of ordinary shares are eligible for dividends as determined and the shareholding entitles the right to vote at the Annual General Meeting with one vote per share for ordinary share A and 0.1 per share for ordinary share B. All common shares have the same right to SBB's remaining net assets. All shares are fully paid, and none are reserved for transfer. The company or its subsidiaries do not hold any shares.

### Other contributed capital

Other contributed capital consists of capital contributed by the Company's shareholders in the form of shareholders' contributions and issued ordinary shares and preference shares.

### Hybrid bond

SBB issued a hybrid bond amounting to SEK 700 million during the year. The hybrid bond are perpetual bonds with no maturity and carry a variable coupon rate. SBB has the opportunity to redeem outstanding hybrid bonds from the first possible redemption date, which is 5.5 years after the issue date. At the first reporting date, the assessment was made that the hybrid bond should be classified as an equity instrument and not as a financial liability. The assessment underlying the classification is that there is no explicit contractual obligation to settle the agreement by paying cash or another financial asset. There are also no other circumstances indicating that the agreement will be settled in cash or other financial asset. The SBB is entitled to postpone interest payments for an indefinite period in so far as hybrid bond holders are notified within the agreed period and the hybrid bond is subordinated to all other creditors.

### Currency translation reserve

The currency translation reserve includes all exchange rate differences arising from the translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the Group's financial statements are presented. The parent company and the Group present their financial statements in Swedish kronor. Accumulated translation differences are reported in the profit and loss on disposal of the foreign operations.

Translation reserve	2017-12-31	2016-12-31
Opening carrying amount	8 898	0
Change of the year	85 190	8 898
Closing carrying amount	94 088	8 898

### Warrants

The warrant program is aimed at the company's current and future employees. It comprises 20,000,000 warrants entitling to subscribe for the corresponding number of Class B shares in the company. As at 31 December 2017, 9,100,000 warrants were subscribed by the company's employees. The warrants were acquired at market value. 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 payment price during the 10 trading days 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.

## Note 20 Earnings per share

Earnings per share before dilution	2017
Profit for the year attributable to parent company shareholders	2 428 982
Dividends are attributable to preference shares	76 948
Average number of outstanding ordinary shares	653 360 953
Earnings per share before and after dilution	3,60

The calculation of earnings per ordinary share for 2017 has been based on profit for the year attributable to the parent company's shareholders less the dividend on preference shares for the year. The result has been distributed on the average number of ordinary shares amounting to 653 360 953. As the comparison year due to the reverse acquisition relates to SBB in Norden AB, no calculation is reported for the comparative year.

When calculating earnings per share after dilution, the weighted average number of outstanding ordinary shares is adjusted for the dilution effect of all potential common shares. These potential common shares are attributable to the warrants subscribed by the company's employees in 2017. As at 31 December 2017, the warrants were not dilutive because the exercise price exceeded the average market price of the period.

Of the dividend on preference shares, payment of SEK 5.8 million has not yet been made.

## Note 21 Financial risks

Through its operations the Group is exposed to different kinds of financial risks. Financial risks mean fluctuations in the Group's income and cash flow due to changes in, for example, interest rate levels. SBB is primarily exposed to liquidity risk, financing risk, credit risk and interest rate risk.

Financial transactions and financial risks are managed centrally by the parent company's financial function. The Group's financial policy for managing financial risks has been designed and decided by the Board. The finance policy forms a framework of guidelines and rules, as well as defining objectives for financing activities.

The overall objective of the financing activities is to:

- achieve best possible financial net within the agreed risk level and given risk parameters.
- Identify and ensure good management of the financial risks arising in SBB.
- Ensure good preparedness for meeting SBB's payment obligations at any time.
- Ensure access to required funding at the lowest possible cost within the agreed risk level.
- Ensure that financial operations are conducted with good internal control.

Further information on financing and capital structure can be found on pages 71-74.

### Liquidity and financing risk

Liquidity risk refers to the risk that there is insufficient liquidity to meet future payment commitments. Ongoing liquidity forecasts are made to identify need for capital. A liquidity reserve for the business shall at all times be available to ensure SBB's short-term payment ability.

SBB defines financing risk as the risk at any time of not having access to capital, or for refinancing, investment and other payments at an increased cost. This is minimized through having a well-diversified loan maturity structure, different types of borrowings and lenders as well a sufficient liquidity reserves. SBB strives for an even maturity structure and to prepare well ahead for refinancing.

At December 31, 2017, the average remaining maturity of the loan portfolio was 5.8 years. At the same time, the liquid funds totaled SEK 93 million (SEK 506). In addition, the Company held SEK 2,051 million in cash, loan commitments and unutilized credit lines.

The Group's contractual repayments of financial liabilities are shown in the table below. Liabilities are included at the earliest repayment period.

<b>Maturity Analysis</b>	<b>&lt;1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Liabilities to credit institutions	637 176	3 247 144	2 277 186	1 071 238	<b>7 232 744</b>
Bonds	660 289	1 926 373	526 831	3 487 853	<b>6 601 346</b>
Liabilities to owners	40 000	33 600			<b>73 600</b>
Other long-term liabilities		13 750			<b>13 750</b>
Derivative liabilities			441	34 806	<b>35 247</b>
Accounts payable	134 826				<b>134 826</b>
Other current liabilities	653 810				<b>653 810</b>
<b>Total</b>	<b>2 126 101</b>	<b>5 220 867</b>	<b>2 804 458</b>	<b>4 593 897</b>	<b>14 745 323</b>

<b>2016-12-31</b>					
<b>Maturity Analysis</b>	<b>&lt;1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Liabilities to credit institutions	574 040	1 200 560	1 385 172	919 197	<b>4 078 969</b>
Bond	60 353	840 261	396 186		<b>1 296 800</b>
Liabilities to owners	52 277	122 412	856 200		<b>1 030 889</b>
Other long-term liabilities	2 250	47 052		13 764	<b>63 066</b>
Derivative liabilities	61 817				<b>61 817</b>
Other current liabilities	504 069				<b>504 069</b>
<b>Total</b>	<b>1 254 806</b>	<b>2 210 285</b>	<b>2 637 558</b>	<b>932 961</b>	<b>7 035 610</b>

### Credit risk

Credit risk is defined as the risk of counterparties, both financial and commercial, not being able to fulfil their obligations to SBB or offer security for completion. In the financial operations, the objective is to actively spread the risk of capital being lost when a counterparty is unable to fulfil its obligations to SBB. Another credit risk is the risk of SBB's tenants not being able to fulfil their obligations. The Group has established guidelines to ensure that tenants have a suitable credit background and the credit losses are small in relation to the Group's sales.

The age analysis for accounts receivable on the balance sheet date is given below.

	2017-12-31	2016-12-31
Unpaid accounts receivable	14 850	848
Accrued accounts receivable 1-30 days	3 840	6 477
Accrued accounts receivable 31-90 days	7 510	261
Accrued accounts receivable >90 days	8 634	1 958
<b>Reported value</b>	<b>34 834</b>	<b>9 544</b>

Provisions are set aside during the year for risk associated with receivables. These provisions are based on individual assessment of doubtful accounts receivable.

Reservation of accounts receivable	2017	2016
<b>Opening carrying amount</b>	-	-
Reversal of previously made reservations	45	-
Reservations for the year	-8 609	-
<b>Closing carrying amount</b>	<b>-8 564</b>	-

The credit quality of non-matured or impaired receivables is considered to be good.

### Interest rate risk

Interest rate risk is defined as the risk that developments in the fixed income market will adversely affect SBB. Interest rate risk affects SBB as current interest expense for loans and derivatives and partly as market value changes on derivatives. Interest rate risk primarily refers to the risk in SBB's current interest expenses. The purpose of interest rate management is to achieve the desired stability in SBB's total cash flows. Stable cash flows are important partly to promote real estate investments partly to meet the requirements and expectations of creditors and other external parties at SBB. Within the chosen strategy and permitted deviations, the goal is to achieve the best possible financial cash flow in the long term. Interest rate risk shall be measured on SBB's net debt in combination with derivative instruments.

The interest rate risk strategy's aim is to maintain a balanced combination of variable and fixed interest rate and take into account the sensitivity of SBB's total cash flows to changes in the fixed income market over a long-term horizon. The average fixed interest term at year-end was 3.4 years. Below is the interest rate maturity structure.

### Interest rate maturity structure

<b>Maturity</b>	<b>Interest Maturity</b>	<b>Percentage %</b>
Variable	6 247 093	45%
2018	607 372	4%
2019	518 216	4%
2020	1 536 489	11%
2021	436 283	3%
2022	539 156	4%
2022-	3 949 481	29%
<b>Total</b>	<b>13 834 090</b>	<b>100%</b>

### Financial commitments

In general credit agreements with credit institutions and bondholders are subject to defined limits called covenants. In most agreements, they relate to equity, loan ratios and interest coverage. SBB's own target for equity is 30 percent. Credit agreements usually have a limit of 25 percent as the lower limit. SBB's goal is that interest coverage should be at least 1.8 times, while credit agreements often require 1.5 times. SBB's loan-to-value target is for the ratio not to exceed 60 percent. Usually credit agreements require 70-80 percent. For 2017 SBB's equity ratio was 32 percent and the gearing at 60 percent.

### Sensitivity analysis

The sensitivity analysis calculations are based on the Group's earnings ability and balance sheet as at 31 December 2017. The sensitivity analysis shows the impact on the Group's annual results of each of the parameter. Interest-bearing liabilities and lease contracts last for several years, which means that the full impact is not fully realized during a single year, but only in a longer perspective.

	<b>Change +/-</b>	<b>Annual effect on earnings, SEKm</b>
Economic occupancy rate	1 percentage point	+/- 17
Rental	1 percent	+/- 16
Building costs	1 percent	+/- 5
Average interest rate	1 percentage point	+/- 139

### Note 22 Other debts

	<b>2017-12-31</b>	<b>2016-12-31</b>
Deferred stamp tax	12 210	
Debt acquired properties	237 259	301 953
Promissory note	293 921	150 000
Other items	110 421	49 116
<b>Reported value</b>	<b>653 810</b>	<b>501 069</b>

## Note 23 Accrued expenses and prepaid income

	2017-12-31	2016-12-31
Accrued staff costs	3 091	1 402
Accrued operating costs	61 782	1 346
Accrued interest rates	46 726	21 916
Unpaid stamp tax	668	9 461
Prepaid Rents	129 546	35 392
Other items	28 601	46 219
<b>Reported value</b>	<b>270 413</b>	<b>115 736</b>

## Note 24 Cash flow statement

	2017-01-01 to 31/12/2017	2016-03-02 - 2016-12-31
<b>Adjustments for items not included in cash flow</b>		
Depreciation	2 144	511
<b>Reported value</b>	<b>2 144</b>	<b>511</b>

## Note 25 Liabilities attributable to financing activities

			Non-cashflow transactions				
	2017-01-01	Cash flow- affecting transactions	Acquired debt upon acquisition	Change in foreign currency	Changes in fair values	Other	2017-12-31
Bonds	1 153 479	2 470 415	3 188 344	-210 892			6 601 346
Liabilities to credit institutions	3 667 451	3 203 151	362 142				7 232 744
Liabilities to owners	793 954	-720 354					73 600
Other long-term liabilities	58 764	-45 014					13 750
<b>Total liabilities attributable to financing activities</b>	<b>5 673 648</b>	<b>4 908 198</b>	<b>3 550 486</b>	<b>-210 892</b>	<b>0</b>	<b>0</b>	<b>13 921 440</b>

## Note 26 Pledged assets

	2017-12-31	2016-12-31
Mortgages	12 170 445	3 728 456
Shares in Group companies	2 056 399	1 053 106
<b>Total</b>	<b>14 226 844</b>	<b>4 781 562</b>

## Note 27 Contingent liabilities

There are no contingent liabilities in the Group.

## Note 28 Transactions with related parties

The Group's transactions with related parties include lending by the company's owners and interest rates on those loans. The owner loans and convertibles are subordinated and carry a 7 percent interest paid quarterly. All convertibles were converted into shares by 31 December 2017.

In addition, the Group purchased services from Hestia Sambygg AB until 26 March 2018, which was 50% owned by the principal shareholder Ilija Batljan Invest AB. The services included services relating to financial and technical property management. Until 30 June 2017, the consultancy work was priced, at cost plus a margin of 7% and from 1 July 2017 the pricing was a fixed price pr. sqm. During the year, services of approximately SEK 51.9 million were purchased from Hestia Sambygg AB. As of 31 December 2017, there was an outstanding trade debt of SEK 4.4 million.

At the Extraordinary General Meeting on November 7 2017, as part of an incentive program, warrants were issued to a special purpose subsidiary and the subsidiary was approved to transfer the warrants to the company's current and future employees. The program comprises 20,000,000 warrants entitling subscription of the corresponding number of B shares in the company. The subscription price for new subscription of B shares corresponds to 130 percent of the average of the company's B shares volume weighted last paid price during the 10 trading days from 24 October 2017 to 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.

For information on remuneration to senior executives, see Note 8 Employees and personnel expenses.

## **Note 29 Events after the balance sheet date**

- At the beginning of January, SBB updated two of its financial targets: 1. to maintain a gearing below 60 percent (from 65 percent) and 2. to have an interest coverage ratio of at least 1.8 (from 1.5).
- Standard & Poor's Global Ratings announced that SBB has obtained a BB rating with stable outlook.
- In January, SBB issued an unsecured bond loan of SEK 750 million which carries a variable interest rate of STIBOR 3m plus 390 basis points with a final maturity date of 29 January 2021.
- At the end of January, SBB was awarded The Real Estate Company of the Year at the Real Estate Gala organized by World in Property for showing unusually strong development in all its business areas over the past year.
- In February, an acquisition of three housing and residential property in the Tampere area was completed in Finland. This is the company's first acquisition in Finland and was valued at about EUR 7.4 million.
- In February, SBB issued an unsecured bond valued at SEK 300 million and carrying a fixed rate of 290 bps and a final maturity on 20 December 2019.
- On 16 February 2018, the company's common stock of Class B and preference shares are traded on Nasdaq First North Premier
- In March, SBB repurchased bonds to a remaining nominal amount of SEK 189 million. The repurchase relates to unsecured bonds issued by the subsidiary SBB i Norden AB (publ) with an outstanding nominal amount of SEK 600 million including the SBB repurchased volume. The bonds run at a floating rate corresponding to STIBOR 3m plus 6.25 percent and are due in June 2018.
- In March, SBB issued an unsecured bond loan of SEK 250 million which carries a variable interest rate of STIBOR 3m plus 365 basis points and has a final maturity on 17 May 2021.
- In March, SBB updated the terms of the company's hybrid bond following approval from investors, which resulted in S & P accounting for 50 percent of the hybrid in the credit rating of the company's equity. The company followed up with issuing additional hybrid bonds of nominal SEK 300 million at a price of 106.3 percent of the nominal price.



- In March, SBB issued additional hybrid bonds of SEK 300 million within the existing framework amount of SEK 1 billion. The bonds were issued at a price of 106.1 percent of the nominal amount, which corresponds to an interest rate of 600 basis points. After the issue, the full frame amount is fully utilized.
- Mr Lars Thagesson was appointed Executive Vice President and COO, and Mr Jonny Göthberg as Head of Property Management.
- In March, the management company Hestia Sambygg AB was acquired as part of the strategy to create an in-house property management organization.

# INCOME STATEMENT OF PARENT COMPANY

## INCOME STATEMENT OF PARENT COMPANY IN BRIEF

Amounts in thousand SEK	Note	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Revenue		-	338
Personnel costs	4	-13 486	-236
Other operating expenses	3	-29 192	-849
<b>Operating profit/loss</b>		<b>-42 678</b>	<b>-747</b>
<b>Profit/loss from financial items</b>			
Profit from shares in group companies	5	3 062	-
Interest earnings and similar items	6	64 146	14
Interest payments and similar items	7	-4 908	-
<b>Profit/loss after financial items</b>		<b>19 622</b>	<b>-733</b>
Group contributions	8	-2 090	743
<b>Profit/loss before tax</b>		<b>17 532</b>	<b>10</b>
Tax	9	-3 340	-
<b>PROFIT FOR THE PERIOD</b>		<b>14 192</b>	<b>10</b>

## STATEMENT OF OTHER COMPREHENSIVE INCOME

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

# BALANCE SHEET OF PARENT COMPANY

## BALANCE SHEET OF PARENT COMPANY IN BRIEF

Amounts in thousand SEK	Note	2017-12-31	2016-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Financial assets</b>			
Shares in group companies	10	3 441 984	1 733
Receivables from group companies	11,12	1 600 341	19 348
<b>Total financial assets</b>		<b>5 042 325</b>	<b>21 081</b>
<b>Total fixed assets</b>		<b>5 042 325</b>	<b>21 081</b>
<b>Current assets</b>			
<b>Short-term receivables</b>			
Accounts receivable	12	183	-
Other receivables	12	5 000	3 401
Accruals and prepaid expenses	13	10 357	14
<b>Total short-term receivables</b>		<b>15 540</b>	<b>3 415</b>
Cash and cash equivalents	12,14	3 372	1 957
<b>Total current assets</b>		<b>18 912</b>	<b>5 372</b>
<b>TOTAL ASSETS</b>		<b>5 061 237</b>	<b>26 453</b>

## EQUITY AND LIABILITIES

<b>Equity</b>	15		
<b><i>Restricted Equity</i></b>			
Share capital		73 828	723
<b><i>Total restricted Equity</i></b>		<b>73 828</b>	<b>723</b>
<b><i>Non-restricted Equity</i></b>			
Share premium		4 937 220	21 877
Retained earnings		8 514	3 504
Net profit for the year		14 192	10
<b><i>Total non-restricted Equity</i></b>		<b>4 959 926</b>	<b>25 391</b>
<b>Total Equity</b>		<b>5 033 754</b>	<b>26 114</b>
<b>Tax allocation reserves</b>	16	<b>2 090</b>	-
<b>Short-term liabilities</b>			
Accounts Payable	12	9 799	137
Current tax liabilities	9	1 381	-
Other liabilities	12	10 301	-
Accruals and Deferred Income	17	3 912	202
<b>Total short-term liabilities</b>		<b>25 393</b>	<b>339</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5 061 237</b>	<b>26 453</b>



Fregatten 16, Karlskrona

# CHANGES IN EQUITY OF PARENT COMPANY

## PARENT COMPANY'S REPORT OVER CHANGES IN EQUITY

Amounts in thousand SEK

	Share Capital	Share Premium	Balanced result	Total Equity
<b>Opening Equity 2016-01-01</b>	<b>723</b>	<b>21 877</b>	<b>3 830</b>	<b>26 430</b>
Dividend			-326	-326
<b>Sum transactions with owners</b>	<b>723</b>	<b>21 877</b>	<b>3 514</b>	<b>26 114</b>
Net profit for the year			10	10
Other comprehensive income			-	-
<b>Total comprehensive income of the year</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>10</b>
<b>Total Equity 2016-12-31</b>	<b>723</b>	<b>21 877</b>	<b>3 514</b>	<b>26 114</b>
<b>Opening Equity 2017-01-01</b>	<b>723</b>	<b>21 877</b>	<b>3 514</b>	<b>26 114</b>
Share Issue	73 105	4 277 744		4 350 849
Issue hybrid bond		700 000		668 387
Issuance costs		-40 517		-40 517
Tax issuance costs		1 959		1 959
Issue warrants			5 000	5 000
Dividend		-23 843		-23 746
<b>Sum transactions with owners</b>	<b>73 105</b>	<b>4 915 343</b>	<b>5 000</b>	<b>4 993 448</b>
Net profit for the year			14 192	14 192
Other comprehensive income			-	-
<b>Total comprehensive income of the year</b>	<b>-</b>	<b>-</b>	<b>14 192</b>	<b>14 192</b>
<b>CLOSING EQUITY 2017-12-31</b>	<b>73 828</b>	<b>4 937 220</b>	<b>22 706</b>	<b>5 033 754</b>

### COMMENTS TO THE PARENT COMPANY'S INCOME STATEMENT AND BALANCE SHEET

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

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

# CASH FLOW STATEMENT OF PARENT COMPANY

## CASH FLOW STATEMENT OF PARENT COMPANY

Amounts in thousand SEK	Note	2017-01-01 2017-12-31	2016-01-01 2016-12-31
<b>Operating activities</b>			
Profit after net financials		19 622	-733
Net interest		-59 238	-14
Interest paid		-4 908	-
Interest received		64 146	14
Tax paid		-3 340	-
<b>Cash flow from operating activities before changes in working capital</b>		<b>16 282</b>	<b>-733</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) of receivables		-12 125	1 788
Increase (-)/decrease (+) of liabilities		18 951	5
<b>Cash flow from operating activities</b>		<b>23 108</b>	<b>1 060</b>
<b>Investment activities</b>			
Investment in subsidiaries <sup>1)</sup>		-3 440 251	-1 733
Loans to affiliated undertakings		-1 580 993	-
<b>Cash flow from investment activities</b>		<b>-5 021 244</b>	<b>-1 733</b>
<b>Financing Activities</b>			
Share Issue <sup>1)</sup>		4 346 708	-
Issue hybridbond		668 387	-
Issue warrants		2 099	-
Paid dividend		-17 643	-326
Group contributions		-	743
<b>Cash flow from financing activities</b>		<b>4 999 551</b>	<b>417</b>
<b>Cash flow for the period</b>		<b>1 415</b>	<b>-256</b>
<b>Liquidity at beginning of period</b>		<b>1 957</b>	<b>2 213</b>
<b>Liquidity at end of period</b>	14	<b>3 372</b>	<b>1 957</b>

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

# NOTES OF PARENT COMPANY

## Note 1 Significant accounting principles

The Parent Company has prepared its annual report according to the Annual Accounts Act (1995: 1554) and the recommendation RFR 2 "Accounting for Legal Entity" issued by the Financial Reporting Board. The parent company applies the same accounting principles as the Group with the exceptions and additions specified in RFR 2. This means that IFRS applies with the deviations listed below.

### Subsidiaries

Shares in subsidiaries are reported in the Parent Company in accordance with the acquisition value method. This means that transaction costs are included at the book value of holdings in the subsidiary. The book value is compared quarterly against the subsidiaries' equity. In cases where the book value is less than the subsidiaries' group value, impairment charges are charged to the income statement. In cases where a previous impairment is no longer justified, a reversal is made.

### Group contributions and shareholder contributions

The Parent Company reports both received and given group contributions as appropriations. The Parent Company's shareholder contributions were booked directly to shareholders' equity at the recipient and are reported as shares and participations of the Parent Company. Shareholder contributions received are reported as an increase in free equity.

### Income

Dividends are reported when the right to receive payment is deemed to be secure. Revenues from the sale of subsidiaries are reported as the risks and benefits associated with the holding in the subsidiary have been transferred to the buyer.

### Financial instruments

Due to the relationship between accounting and taxation, the rules on financial instruments in accordance with IAS 39 of the Parent Company do not apply as legal entities, but the Parent Company applies in accordance with the ÅRL acquisition cost method. In the Parent Company, financial assets are valued at cost less any write-downs and financial current assets according to the minimum value principle.

### Untaxed reserves

The Parent Company's untaxed reserves are reported with deferred tax liability. In the consolidated accounts, untaxed reserves are divided between deferred tax liabilities and equity.

## Note 2 Significant estimates and assessments

For significant estimates and assumptions, see Note 3 for the Group.

## Note 3 Fees to the auditor

	2017-01-01 to 31/12/2017	2016-01-01 to 31/12/2016
<i>Ernst &amp; Young AB 2017 and KPMG 2016</i>		
Audit fees	537	40
Other audit costs	716	40
<b>Total</b>	<b>1 253</b>	<b>80</b>



#### Note 4 Employees and staff costs

For salaries and remuneration of employees and senior executives, as well as information about the number of employees, see Note 8 for the Group.

#### Note 5 Profit from participations in Group companies

	2017-01-01 to 31/12/2017	2016-01-01 to 31/12/2016
Dividends received	3 062	-
<b>Total</b>	<b>3 062</b>	<b>-</b>

#### Note 6 Interest income and similar income items

	2017-01-01 to 31/12/2017	2016-01-01 to 31/12/2016
Interest income to Group companies	64 140	14
Other interest income	6	-
<b>Total</b>	<b>64 146</b>	<b>14</b>

#### Note 7 Interest expenses and similar income items

	2017-01-01 to 31/12/2017	2016-01-01 to 31/12/2016
Interest expenses to Group companies	4 392	-
Other interest expenses	63	-
Exchange rate differences	1	-
Other financial expenses	452	-
<b>Total</b>	<b>4 908</b>	<b>-</b>

#### Note 8 Financial statements

	2017-01-01 to 31/12/2017	2016-01-01 to 31/12/2016
Provision for accrual fund	-2 090	-
<b>Total</b>	<b>-2 090</b>	<b>-</b>

#### Note 9 Tax

	2017-01-01 to 31/12/2017	2016-01-01 to 31/12/2016
Current tax	-3 340	-
<b>Reported tax</b>	<b>-3 340</b>	<b>0</b>

	2017-01-01 to 31/12/2017	2016-01-01 to 31/12/2016
<b>Reconciliation of effective tax rate</b>		
<b>Profit before taxes</b>	<b>17 532</b>	<b>10</b>
Tax according to the applicable tax rate for the parent company (22%)	-3 857	-2
Tax effect of:		
Non-taxable income	-	2
Non-deductible costs	517	-
<b>Reported tax</b>	<b>-3 340</b>	<b>0</b>
Effective tax rate	-19%	-2%

	2017-12-31	2016-12-31
<b>Reconciliation tax liability</b>		
Tax reported in income statement	3 340	0
Tax reported against equity	-1 959	0
<b>Closing carrying amount</b>	<b>1 381</b>	<b>0</b>

## Note 10 Shares in Group companies

	2017-12-31	2016-12-31
Opening cost	1 733	-
Acquisition / shareholder contribution	3 441 984	1 733
Divestments	-1 733	-
<b>Closing carrying amount</b>	<b>3 441 984</b>	<b>1 733</b>

The following list comprises of the parent company directly or indirectly owned shares and participations.

Company	Corporation number	Location	Capital-share	Reported value 31/12/2017	Reported value 31/12/2016
Effnetplattformen AB	559085-5721	Stockholm	0,0%		1 733
SBB i Norden AB (Publ)	559053-5174	Stockholm	100,0%	2 280 617	
Sörmlandsporten AB	556716-3034	Stockholm	100,0%	203 010	
Kuststaden Holding AB	556875-2173	Oskarshamn	100,0%	618 020	
SBB Option AB	559062-6262	Stockholm	100,0%	6 515	
Aktiebolaget Högkullen (Publ)	559002-5465	Stockholm	80,5%	333 822	
SamSkaraborg Fastigheter AB	556694-9847	Stockholm	100,0%		
SamSkara Gräshoppa 6 AB	556695-3633	Stockholm	100,0%		
SamTidaholm Stensikten 1 AB	556810-8293	Stockholm	100,0%		
SamFalköping Bokbindaren 6 AB	556810-8186	Stockholm	100,0%		
Panirab AB	556520-8856	Stockholm	100,0%		
SBB Samhäll Holding AB	559053-5182	Stockholm	100,0%		
Samhäll Majorna AB	559059-2621	Stockholm	100,0%		
SBB Kvarnsveden AB	559094-9672	Stockholm	100,0%		
Samhäll Äldreboende Fastighets AB	559055-2799	Stockholm	100,0%		
Fagerhultfastigheter 1 AB	556904-9884	Stockholm	100,0%		
Samhäll 1 AB	559062-6171	Stockholm	100,0%		
Samhäll 3 AB	559062-6189	Stockholm	100,0%		
Samhäll 5 AB	559062-6197	Stockholm	100,0%		
Samhäll 7 AB	559064-1402	Stockholm	100,0%		
Samhäll 8 AB	559065-1930	Stockholm	100,0%		
Samhäll 9 AB	559065-1898	Stockholm	100,0%		
Samhäll 10 AB	559065-1906	Stockholm	100,0%		

Company	Corporation number	Location	Capital- share	Reported value 31/12/2017	Reported value 31/12/2016
Samhäll 11 AB	559065-1922	Stockholm	100,0%		
Samhäll 14 AB	559068-8940	Stockholm	100,0%		
Samhäll 15 AB	559068-8874	Stockholm	100,0%		
Samhäll 16 AB	559068-8882	Stockholm	100,0%		
Samhäll 17 AB	559068-8890	Stockholm	100,0%		
Samhäll 18 AB	559068-8908	Stockholm	100,0%		
Samhäll 19 AB	559068-8841	Stockholm	100,0%		
Samhäll 20 AB	559068-8833	Stockholm	100,0%		
Samhäll 21 AB	559068-8866	Stockholm	100,0%		
Samhäll 22 AB	559068-8858	Stockholm	100,0%		
Samhäll 23 AB	559068-8809	Stockholm	100,0%		
Samhäll 24 AB	559070-4481	Stockholm	100,0%		
Samhäll 25 AB	559070-4457	Stockholm	100,0%		
Samhäll 26 AB	559070-4465	Stockholm	100,0%		
Samhäll 27 AB	559070-4358	Stockholm	100,0%		
Samhäll 28 AB	559070-4366	Stockholm	100,0%		
Samhäll 29 AB	559070-4333	Stockholm	100,0%		
Samhäll 32 AB	559070-4408	Stockholm	100,0%		
Samhäll 33 AB	559070-4347	Stockholm	100,0%		
Samhäll 34 AB	559070-4382	Stockholm	100,0%		
Samhäll 35 AB	559070-4648	Stockholm	100,0%		
Samhäll 36 AB	559070-4622	Stockholm	100,0%		
Samhäll 38 AB	559070-4580	Stockholm	100,0%		
Samhäll 39 AB	559070-4721	Stockholm	100,0%		
Samhäll 43 AB	559105-3078	Stockholm	100,0%		
Samhäll 44 AB	559105-3029	Stockholm	100,0%		
Samhäll 45 AB	559105-3086	Stockholm	100,0%		
Samhäll 46 AB	559105-3037	Stockholm	100,0%		
Samhäll 47 AB	559105-3011	Stockholm	100,0%		
Samhäll 48 AB	559105-7715	Stockholm	100,0%		
Samhäll 49 AB	559108-3844	Stockholm	100,0%		
Samhäll 50 AB	559108-3810	Stockholm	100,0%		
Samhäll 51 AB	559115-3175	Stockholm	100,0%		
Samhäll 52 AB	559115-3167	Stockholm	100,0%		
Samhäll 53 AB	559115-3134	Stockholm	100,0%		
Samhäll 54 AB	559115-3373	Stockholm	100,0%		
Samhäll 55 AB	559115-3365	Stockholm	100,0%		
Samhäll 56 AB	559115-3332	Stockholm	100,0%		
Samhäll 57 AB	559124-0121	Stockholm	100,0%		
Samhäll 58 AB	559124-0139	Stockholm	100,0%		
Samhäll 59 AB	559126-1853	Stockholm	100,0%		
Samhäll 60 AB	559126-1846	Stockholm	100,0%		
Samhäll SBM Holding AB	559111-6602	Stockholm	100,0%		
SBB Landsdomaren KB	916615-7579	Stockholm	100,0%		
SBB Skara Stenbocken AB	556773-7159	Stockholm	100,0%		
Samhäll Alfa 2 Holding AB	559079-7592	Stockholm	100,0%		
SBB Vänersborg 1 Holding AB	559105-7731	Stockholm	100,0%		
SBB Vänersborg 1 AB	559105-7764	Stockholm	100,0%		
SBB Storfors Holding AB	559105-7749	Stockholm	100,0%		
SBB Storfors AB	559105-7756	Stockholm	100,0%		

Company	Corporation number	Location	Capital- share	Reported value 31/12/2017	Reported value 31/12/2016
SBB Rödjan Holding AB	559105-7707	Stockholm	100,0%		
SBB Rödjan AB	559105-7780	Stockholm	100,0%		
SBB Lasarettet AB	559105-7772	Stockholm	100,0%		
SBB Blomman Holding AB	559105-7723	Stockholm	100,0%		
SBB Blomman AB	559105-7806	Stockholm	100,0%		
SBB Skara Samfast AB	559105-7798	Stockholm	100,0%		
SBB Arlöv Holding AB	559105-7665	Stockholm	100,0%		
SBB Arlöv AB	559105-7814	Stockholm	100,0%		
SBB Väst Holding AB	559105-7657	Stockholm	100,0%		
SBB Väst AB	559105-7897	Stockholm	100,0%		
SBB Mitt Holding AB	559105-7681	Stockholm	100,0%		
SBB Mitt AB	559105-7889	Stockholm	100,0%		
SBB Blinkarp Holding AB	559105-7673	Stockholm	100,0%		
SBB Blinkarp AB	559105-7913	Stockholm	100,0%		
SBB Sinclair Holding AB	559105-7624	Stockholm	100,0%		
SBB Sinclair AB	559105-7905	Stockholm	100,0%		
SBB Linet Holding AB	559105-7616	Stockholm	100,0%		
SBB Linet AB	559105-7921	Stockholm	100,0%		
SBB Pilen Holding AB	559105-7640	Stockholm	100,0%		
SBB Pilen AB	559105-7939	Stockholm	100,0%		
SBB Björken Holding AB	559105-7632	Stockholm	100,0%		
SBB Björken AB	559105-7947	Stockholm	100,0%		
SBB Röinge Holding AB	559105-7582	Stockholm	100,0%		
SBB Röinge AB	559105-7954	Stockholm	100,0%		
SBB Norr Holding AB	559105-7574	Stockholm	100,0%		
SBB Norr AB	559105-7962	Stockholm	100,0%		
SBB Kråkhult Holding AB	559105-7608	Stockholm	100,0%		
SBB Kråkhult AB	559105-7970	Stockholm	100,0%		
SBB Stallet Holding AB	559105-7590	Stockholm	100,0%		
Samhäll Fågelvik AB	559000-3256	Stockholm	100,0%		
SBB Västerås AB	556677-0417	Stockholm	100,0%		
SBB Eldsboda AB	556742-5664	Stockholm	100,0%		
SBB Alvesta AB	556962-8919	Stockholm	100,0%		
IB Ångpannan AB	559108-3786	Stockholm	100,0%		
SBB Anis AB	556777-8047	Stockholm	100,0%		
SBB Salvia AB	556777-8302	Stockholm	100,0%		
SBB Karlskrona AB	556678-7783	Stockholm	100,0%		
Fastighets AB Flugsta	559108-7720	Stockholm	100,0%		
SBB Huddinge AB	559116-2390	Stockholm	100,0%		
SBB Gullbernahult 7 AB	556774-4957	Stockholm	100,0%		
SBB Skövde AB	556650-6399	Stockholm	100,0%		
Britsarvsskolan 6 i Falun AB	559105-9976	Stockholm	100,0%		
Samhäll Skövde Skultorp AB	559020-5778	Stockholm	100,0%		
Elitloppet Fastighet AB	556781-7191	Stockholm	100,0%		
Estländaren Fastighets AB	556041-1638	Stockholm	100,0%		
Borlänge Bordet Ett AB	556878-0257	Stockholm	100,0%		
SBB Lästen AB	556751-7957	Stockholm	100,0%		
Samhäll Kobbegården AB	559059-2613	Stockholm	100,0%		
SBB Boden AB	559061-3823	Stockholm	100,0%		
Vadstena Turism AB	556385-6938	Stockholm	100,0%		

Company	Corporation number	Location	Capital- share	Reported value 31/12/2017	Reported value 31/12/2016
Motalakronan Fastigheter AB	556284-1592	Stockholm	100,0%		
Sjöcronan Fastigheter AB	556746-9431	Stockholm	100,0%		
Dalklockan 3 KB	969676-4332	Stockholm	100,0%		
Särnaby Fastigheter KB	969676-4522	Stockholm	100,0%		
Norrbäcken Fastigheter KB	969676-4498	Stockholm	100,0%		
Solliden Fastigheter KB	969646-4206	Stockholm	100,0%		
Samhäll Syd AB	556941-3544	Stockholm	100,0%		
SBB Städet AB	559751-8500	Stockholm	100,0%		
Samhäll Säter AB	556062-4172	Stockholm	100,0%		
SBB Bostad Invest IB AB	559058-0972	Stockholm	100,0%		
SBB Bostad Holding IB AB	559059-2654	Stockholm	100,0%		
IB Bostad 1 AB	559062-6247	Stockholm	100,0%		
IB Bostad 3 AB	559062-6254	Stockholm	100,0%		
IB Bostad 6 AB	559062-6155	Stockholm	100,0%		
IB Bostad 7 AB	559065-1831	Stockholm	100,0%		
IB Bostad 8 AB	559065-1823	Stockholm	100,0%		
IB Bostad 9 AB	559065-1849	Stockholm	100,0%		
IB Bostad 10 AB	559065-1872	Stockholm	100,0%		
IB Bostad 11 AB	559065-1815	Stockholm	100,0%		
IB Bostad 12 AB	559065-1880	Stockholm	100,0%		
IB Bostad 13 AB	559068-8791	Stockholm	100,0%		
IB Bostad 14 AB	559068-8825	Stockholm	100,0%		
IB Bostad 15 AB	559068-8817	Stockholm	100,0%		
IB Bostad 16 AB	559068-8767	Stockholm	100,0%		
IB Bostad 17 AB	559068-8759	Stockholm	100,0%		
IB Bostad 18 AB (publ)	559068-8783	Stockholm	100,0%		
IB Bostad 19 AB	559068-8775	Stockholm	100,0%		
IB Bostad 20 AB	559068-8742	Stockholm	100,0%		
IB Bostad 21 AB	559069-1878	Stockholm	100,0%		
IB Bostad 22 AB	559070-4663	Stockholm	100,0%		
IB Bostad 23 AB	559070-4531	Stockholm	100,0%		
IB Bostad 24 AB	559070-4515	Stockholm	100,0%		
IB Bostad 25 AB	559070-4507	Stockholm	100,0%		
IB Bostad 26 AB	559070-4499	Stockholm	100,0%		
IB Bostad 27 AB	559070-4572	Stockholm	100,0%		
IB Bostad 28 AB	559070-4564	Stockholm	100,0%		
IB Bostad 29 AB	559070-4556	Stockholm	100,0%		
IB Bostad 30 AB	559070-4549	Stockholm	100,0%		
IB Bostad 31 AB	559070-4655	Stockholm	100,0%		
IB Bostad 32 AB	559070-4630	Stockholm	100,0%		
IB Bostad 33 AB	559070-4614	Stockholm	100,0%		
IB Bostad 34 AB	559070-4598	Stockholm	100,0%		
IB Bostad 35 AB	559070-4739	Stockholm	100,0%		
IB Bostad 36 AB	559070-4713	Stockholm	100,0%		
IB Bostad 37 AB	559070-4697	Stockholm	100,0%		
IB Bostad 38 AB	559070-4671	Stockholm	100,0%		
IB Bostad 39 AB	559070-4523	Stockholm	100,0%		
IB Bostad 40 AB	559111-8004	Stockholm	100,0%		
IB Bostad 41 AB	559111-7980	Stockholm	100,0%		
IB Bostad 42 AB	559111-7964	Stockholm	100,0%		

Company	Corporation number	Location	Capital- share	Reported value 31/12/2017	Reported value 31/12/2016
IB Bostad 43 AB	559111-7949	Stockholm	100,0%		
IB Bostad 44 AB	559111-7931	Stockholm	100,0%		
IB Bostad 45 AB	559115-3159	Stockholm	100,0%		
IB Bostad 46 AB	559115-3142	Stockholm	100,0%		
IB Bostad 47 AB	559115-8901	Stockholm	100,0%	-	
IB Bostad 48 AB	559115-8893	Stockholm	100,0%		
IB Bostad 49 AB	559129-5638	Stockholm	100,0%		
IB Bostad 50 AB	559129-5646	Stockholm	100,0%		
IB Bostad 51 AB	559134-4980	Stockholm	100,0%		
IB Bostad 52 AB	559134-4972	Stockholm	100,0%		
Gjutpressen Fastigheter AB	559056-7615	Stockholm	100,0%		
IB Bostad Nykvarn AB	556973-7264	Stockholm	100,0%		
Letten Fastigheter KB	969664-8386	Stockholm	100,0%		
Kopparleden AB	556611-0093	Stockholm	100,0%		
Slaggvarpen AB	556810-7204	Stockholm	100,0%		
IB Bostad Oskarshamn AB	559043-2216	Stockholm	100,0%		
Vissland Fast i Motala AB	556680-9363	Stockholm	100,0%		
Kullen i Ulricehamn AB	559062-5835	Stockholm	100,0%		
Framtidens Boende i Gbg AB	556882-7165	Stockholm	100,0%		
IB Bostad Borlänge 1 AB	559079-3625	Stockholm	100,0%		
SBB Orresta AB	556751-8047	Stockholm	100,0%		
SBB IB Service AB	559070-4689	Stockholm	100,0%		
IB Mitt AB	556901-7865	Stockholm	100,0%		
IB Sundsvall Holding AB	556974-0367	Stockholm	100,0%		
IB Härsta Holding AB	559060-0010	Stockholm	100,0%		
IB Gångsta AB	559039-0042	Stockholm	100,0%		
IB Sundsvall AB	559023-2855	Stockholm	100,0%		
Nya Gimmel AB	559082-2580	Stockholm	100,0%		
Gimmel Söderhamn AB	559004-1728	Stockholm	100,0%		
Gimmel Fastigheter i Bollnäs AB	556422-5885	Stockholm	100,0%		
SBB Fastighetsutveckling IB AB	559055-2807	Stockholm	100,0%		
Samhäll 12 AB	559065-1914	Stockholm	100,0%		
Kvarnfastighetsbolaget IB AB	556710-7189	Stockholm	100,0%		
Fastighetsutveckling IB 1 AB	559062-6163	Stockholm	100,0%		
Baccfast AB	556525-7556	Stockholm	100,0%		
Fastighetsutveckling IB 4 AB	559065-1856	Stockholm	100,0%		
Järven 4 Fastigheter AB	556796-2393	Stockholm	100,0%		
Fastighetsutveckling IB 6 AB	559065-1864	Stockholm	100,0%		
IB Nötknäpparen AB	556176-2112	Stockholm	100,0%		
Fastighetsutveckling IB 8 AB	559069-1886	Stockholm	100,0%		
Fastighetsutveckling IB 9 AB	559069-1852	Stockholm	100,0%		
SBB Haninge AB	556601-4154	Stockholm	100,0%		
Samhäll 40 AB	559070-4705	Stockholm	100,0%		
SBB Flundranhälle 8 AB	559057-8943	Stockholm	100,0%		
SBB Stettfast AB	559084-1366	Stockholm	100,0%		
SBB Skratmåsen Fastighets AB	559085-5291	Stockholm	100,0%		
SBB Raspen 1 AB	556010-4415	Stockholm	100,0%		
Fastighetsutveckling IB 14 AB	559094-8518	Stockholm	100,0%		
Fastighetsutveckling IB 16 AB	559094-8427	Stockholm	100,0%		
Fastighetsutveckling IB 18 AB	559108-3828	Stockholm	100,0%		

Company	Corporation number	Location	Capital- share	Reported value 31/12/2017	Reported value 31/12/2016
Fastighetsutveckling IB 19 AB	559108-3794	Stockholm	100,0%		
Fastighetsutveckling IB 20 AB	559108-3802	Stockholm	100,0%		
Fastighetsutveckling IB 21 AB	559108-3778	Stockholm	100,0%		
Fastighetsutveckling IB 23 AB	559114-8563	Stockholm	100,0%		
Fastighetsutveckling IB 24 AB	559115-3357	Stockholm	100,0%		
Fastighetsutveckling IB 27 AB	559115-3340	Stockholm	100,0%		
Fastighetsutveckling IB 29 AB	559115-3324	Stockholm	100,0%		
Fastighetsutveckling IB 31 AB	559115-3308	Stockholm	100,0%		
Fastighetsutveckling IB 32 AB	559115-3282	Stockholm	100,0%		
Fastighetsutveckling IB 33 AB	559115-3274	Stockholm	100,0%		
Fastighetsutveckling IB 34 AB	559115-3266	Stockholm	100,0%		
Fastighetsutveckling IB 35 AB	559115-3258	Stockholm	100,0%		
Fastighetsutveckling IB 36 AB	559115-3241	Stockholm	100,0%		
Fastighetsutveckling IB 37 AB	559115-3233	Stockholm	100,0%		
Fastighetsutveckling IB 38 AB	559115-3225	Stockholm	100,0%		
Fastighetsutveckling IB 39 AB	559115-3217	Stockholm	100,0%		
Fastighetsutveckling IB 40 AB	559115-3209	Stockholm	100,0%		
Fastighetsutveckling IB 41 AB	559115-3191	Stockholm	100,0%		
Fastighetsutveckling IB 42 AB	559115-3183	Stockholm	100,0%		
Fastighetsutveckling IB 43 AB	559115-3738	Stockholm	100,0%		
Fastighetsutveckling IB 45 AB	559115-3753	Stockholm	100,0%		
Fastighetsutveckling IB 46 AB	559115-3696	Stockholm	100,0%		
Fastighetsutveckling IB 47 AB	559115-3647	Stockholm	100,0%		
Fastighetsutveckling IB 48 AB	559115-3670	Stockholm	100,0%		
Fastighetsutveckling IB 49 AB	559115-6285	Stockholm	100,0%		
Fastighetsutveckling IB 50 AB	559115-6301	Stockholm	100,0%		
Fastighetsutveckling IB 51 AB	559115-6293	Stockholm	100,0%		
Fastighetsutveckling IB 52 AB	559115-6475	Stockholm	100,0%		
Fastighetsutveckling IB 53 AB	559115-6483	Stockholm	100,0%		
Fastighetsutveckling IB 54 AB	559115-6459	Stockholm	100,0%		
Fastighetsutveckling IB 55 AB	559115-6467	Stockholm	100,0%		
Fastighetsutveckling IB 56 AB	559115-6517	Stockholm	100,0%		
Fastighetsutveckling IB 57 AB	559115-6525	Stockholm	100,0%		
Fastighetsutveckling IB 58 AB	559115-6491	Stockholm	100,0%		
Fastighetsutveckling IB 59 AB	559115-6509	Stockholm	100,0%		
Fastighetsutveckling IB 60 AB	559115-6392	Stockholm	100,0%		
Fastighetsutveckling IB 61 AB	559115-6400	Stockholm	100,0%		
Fastighetsutveckling IB 62 AB	559115-6376	Stockholm	100,0%		
Fastighetsutveckling IB 63 AB	559115-6384	Stockholm	100,0%		
Fastighetsutveckling IB 64 AB	559115-6434	Stockholm	100,0%		
Fastighetsutveckling IB 65 AB	559115-6442	Stockholm	100,0%		
Fastighetsutveckling IB 66 AB	559118-9336	Stockholm	100,0%		
Fastighetsutveckling IB 67 AB	559118-9302	Stockholm	100,0%		
Fastighetsutveckling IB 70 AB	559134-5003	Stockholm	100,0%		
SBB Norway AS	917802025	Norge	100,0%		
Gullhaug Holdco AS	917802076	Norge	100,0%		
Gullhaug Bidco AS	914881471	Norge	100,0%		
Nydalen Kontorsbygg AS	999204341	Norge	100,0%		
Gullhaug Torg 4 AS	981460030	Norge	100,0%		
Gullhaug Torg 4 Eiendom AS	898906582	Norge	100,0%		



Company	Corporation number	Location	Capital- share	Reported value 31/12/2017	Reported value 31/12/2016
Start Up 412 AS	919487623	Norge	100,0%		
Rasletind Holdco AS	918280162	Norge	100,0%		
Rasletind Midco AS	918266526	Norge	100,0%		
Rasletind Bidco AS	918056181	Norge	100,0%		
Rasletind Bidco KA20 AS	919516003	Norge	100,0%		
Kvartal 71 AS	813013002	Norge	100,0%		
Lomslandsvei 6 AS	913013050	Norge	100,0%		
Vestre Strandgate 21 AS	913012976	Norge	100,0%		
Kongsgård Alle 20 AS	918293396	Norge	100,0%		
Tangen Holdco AS	918480102	Norge	100,0%		
Tangen Midco AS	918480145	Norge	100,0%		
Tangen Naering Eiendom AS	994188054	Norge	100,0%		
Tangen Naering Bidco AS	918053492	Norge	100,0%		
ANS Tangenbygg	948216175	Norge	100,0%		
Blådalen Holdco AS	918614605	Norge	100,0%		
Blådalen Midco AS	918480137	Norge	100,0%		
Blådalen Bidco AS	918480153	Norge	100,0%		
Blådalen AS	912330044	Norge	100,0%		
Nye Barcode 121 Bidco AS	918480129	Norge	100,0%		
B121 Holding AS	914392241	Norge	100,0%		
Barcode 121 Holding AS	914392128	Norge	100,0%		
Nye Barcode 121 AS	917146284	Norge	100,0%		
Offentlige Bygg Bidco AS	919487593	Norge	100,0%		
Offentlige Bygg AS	989855328	Norge	100,0%		
Andelseier AS	989855409	Norge	100,0%		
Grønland 1 Hjemmel ANS	948727900	Norge	100,0%		
Grønland 1 AS	917410976	Norge	100,0%		
Statlige Bygg AS	917410704	Norge	100,0%		
Högekullen Omsorgsfastigheter AB	556763-0651	Göteborg	80,5%		
Högekullen Singoalla AB	559083-6093	Göteborg	80,5%		
Småland LLS AB	559033-4230	Göteborg	80,5%		
KB Borgstena Gruppbestäder	916894-3836	Göteborg	80,5%		
Seniorbestäder i Sverige AB	556325-5255	Göteborg	80,5%		
Fjöllebro Fastighetsförvaltning AB	556582-8042	Göteborg	80,5%		
Lingonet i västervik Fastighets AB	556582-8042	Göteborg	80,5%		
LSS Bestäder Sverige AB	559059-2241	Göteborg	80,5%		
Korsaröds Fastighets AB	559002-7651	Göteborg	80,5%		
Högekullen LSS Gotland AB	556933-1589	Göteborg	80,5%		
Gruppb. i Sverige Förvaltnings AB	556342-1642	Göteborg	80,5%		
Gruppbestäder i Sverige AB	556236-6293	Göteborg	80,5%		
Gruppb. i Sverige AB&Co KB nr 1	916894-0238	Göteborg	80,5%		
Gruppb. i Sverige AB&Co KB nr 2	916894-0246	Göteborg	80,5%		
Gruppb. i Sverige AB&Co KB nr 3	916894-0253	Göteborg	80,5%		
Gruppb. i Sverige AB&Co KB nr 4	916894-0261	Göteborg	80,5%		
Gruppbestäder nr 6 KB	916895-5517	Göteborg	80,5%		
Gruppbestäder nr 7 KB	916895-5525	Göteborg	80,5%		
Gruppbestäder nr 8 KB	916895-5533	Göteborg	80,5%		
Gruppbestäder nr 9 KB	916895-5541	Göteborg	80,5%		
Högekullen Akvarell AB	559076-6142	Göteborg	80,5%		
Högekullen Sätra AB	556286-6086	Göteborg	80,5%		

Company	Corporation number	Location	Capital-share	Reported value 31/12/2017	Reported value 31/12/2016
Höggkullen Oldco Fastighets AB	559003-2339	Göteborg	80,5%		
Fastighetsbolaget Thamstorp AB	559069-9152	Göteborg	80,5%		
Höggkullen LSS Kungsbacka AB	559077-0805	Stockholm	80,5%		
Höggkullen LSS Sandviken AB	559108-3687	Stockholm	80,5%		
Höggkullen LSS Svalöv AB	559103-6610	Stockholm	80,5%		
Höggkullen LSS Tingsryd AB	559024-6889	Stockholm	80,5%		
Sunnersta Vård Fast AB	559135-5424	Stockholm	80,5%		
Kuststaden Fast. i Oskarshamn AB	556567-6987	Oskarshamn	100,0%		
BoVillan AB	556717-9824	Oskarshamn	100,0%		
KB Svalan	916442-8519	Oskarshamn	100,0%		
Kuststaden Fastigheter i Västervik	556963-7597	Oskarshamn	100,0%		
Kuststaden Fastigheter i Döderhul	556656-4422	Oskarshamn	100,0%		
Kuststaden Bostäder AB	556849-6920	Oskarshamn	100,0%		
Byggnadsfirman Nils Persson AB	556036-2088	Oskarshamn	100,0%		
Kuststaden Fastigheter Flanaden	556874-4741	Oskarshamn	100,0%		
Kuststaden Kommersiella Fastigh	556741-3207	Oskarshamn	100,0%		
Stenkulan i Saltvik HB	916528-4275	Oskarshamn	100,0%		
Kuststaden Fastigheter i Kalmar A	559054-2675	Oskarshamn	100,0%		
Kuststaden Bostäder i Nybro AB	559054-2659	Oskarshamn	100,0%		
SP Guldsmeden 10 AB	556913-0338	Stockholm	100,0%		
SP Grytan 6 AB	556949-0666	Stockholm	100,0%		
SP Järnhandlaren 6 AB	556913-0460	Stockholm	100,0%		
SP Minuthandlaren 17 AB	556907-3454	Stockholm	100,0%		
<b>Closing carrying amount</b>				<b>3 441 984</b>	<b>1 733</b>

## Note 11 Receivables from Group companies

	2017-12-31	2016-12-31
Opening book value	19 348	24 400
Additional receivables	1 600 341	
Current receivables	-19 348	-5 052
<b>Closing accumulated cost</b>	<b>1 600 341</b>	<b>19 348</b>
<b>Closing carrying amount</b>	<b>1 600 341</b>	<b>19 348</b>

## Note 12 Financial instruments

Valuation of financial assets and liabilities as at 31/12/2017

<b>Financial assets</b>	<b>Loan receivables and customer receivables</b>	<b>Other financial liabilities</b>	<b>Total carrying amount</b>	<b>Real value</b>
Receivables from Group companies	1 600 341		1 600 341	1 600 341
Account receivables	183		183	183
Other current receivables	5 000		5 000	5 000
Liquid funds	3 372		3 372	3 372
<b>Total</b>	<b>1 608 896</b>	<b>0</b>	<b>1 608 896</b>	<b>1 608 896</b>
<b>Financial liabilities</b>				
Accounts payable		9 799	9 799	9 799
Other current liabilities		10 301	10 301	10 301
<b>Total</b>	<b>0</b>	<b>20 100</b>	<b>20 100</b>	<b>20 100</b>

Valuation of financial assets and liabilities as at 31/12/2016

<b>Financial assets</b>	<b>Loan receivables and customer receivables</b>	<b>Other financial liabilities</b>	<b>Total carrying amount</b>	<b>Real value</b>
Receivables from Group companies	19 348		19 348	19 348
Other long-term receivables	-		0	0
Other current receivables	3 401		3 401	3 401
Liquid funds	1 957		1 957	1 957
<b>Total</b>	<b>24 706</b>	<b>0</b>	<b>24 706</b>	<b>24 706</b>
<b>Financial liabilities</b>				
Accounts payable		137	137	137
<b>Total</b>	<b>0</b>	<b>137</b>	<b>137</b>	<b>137</b>

*Assets and liabilities are reported at accrued cost that is judged to be in accordance with its fair value.*

### Valuation at fair value

Fair value is the price at the valuation date that would be obtained by selling an asset or paid to the transfer of a liability by an orderly transaction between market participants. The table below shows financial instruments valued at fair value based on the classification of the fair value hierarchy. The different levels are defined as follows:

- Level 1 - Listed prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Other available input data for the asset or liabilities other than listed prices included in Level 1 either directly (i.e. as price quotes) or indirectly (i.e. derived from price quotes)
- Level 3 - Input data for the asset or liability that is not based on available market data

### Note 13 Prepaid expenses and accrued income

	2017-12-31	2016-12-31
Prepaid acquisition costs	-	-
Other	10 357	14
<b>Reported value</b>	<b>10 357</b>	<b>14</b>

### Note 14 Liquid funds

	2017-12-31	2016-12-31
Short-term investments	-	-
Cash and bank balances	3 372	1 957
<b>Reported value</b>	<b>3 372</b>	<b>1 957</b>

### Note 15 Shareholders' equity

As of 31 December 2017, the share capital consisted of 737,949,031 ordinary shares and 333,205 preference shares with a quota value of SEK 0.10. See also information in Group Note 19 Shareholders' equity.

### Note 16 Untaxed reserves

	2017-12-31	2016-12-31
Tax allocation reserve	2 090	-
<b>Reported value</b>	<b>2 090</b>	<b>-</b>

### Note 17 Accrued expenses and prepaid income

	2017-12-31	2016-12-31
Accrued staff costs	1 182	66
Accrued operating costs	828	-
Accrued interest costs	272	-
Other items	1 630	136
<b>Reported value</b>	<b>3 912</b>	<b>202</b>

### Note 18 Pledged assets

The parent company has no collateral.

## Not 19 Contingent liabilities

	2017-12-31	2016-12-31
Bank guarantee	-	50
Guarantees in favour of Group companies	3 065 546	-
<b>Total</b>	<b>3 065 546</b>	<b>50</b>

Guarantees in favour of Group companies refer to the Parent Company, as borrowing takes place directly in a subsidiary.

## Note 20 Transactions with related parties

### Related party transactions 2017

	Sales of goods / services	Purchase of goods / services	Interest rates	Receivables on balance sheet date	Debt on the balance sheet date
Group Companies			59 748	1 600 341	-
	-	-	<b>59 748</b>	<b>1 600 341</b>	-

### Related party transactions 2016

	Sales of goods / services	Purchase of goods / services	Interest rates	Receivables on balance sheet date	Debt on the balance sheet date
Group Companies	338		-	-	-
Shareholders / board member	-	700	-	-	-
	<b>338</b>	<b>700</b>	-	-	-

The company's transactions with related parties include loans from the company's owners and lending to subsidiaries and interest rates on the loans. Ownership loans, convertibles and loans within the Group are subordinated and run at 7 percent interest payable quarterly.

In addition, the company buys services from Hestia Sambygg AB, which is 50 percent owned by the principal owner Ilija Batljan Invest AB. The services include consultancy on financial management. Pricing is at cost plus a margin of 7 percent.

For information about remuneration to senior executives see staff notes in the Group's notes.

## Note 21 Events after the balance sheet date

For events after the balance sheet date, see Note 29 for the Group.

## Note 22 Proposed profit allocation

	<b>2017-12-31</b>
The following profits are available for distribution at AGM:	
Share premium reserve	4 937 218 824
Amount brought forward	8 514 060
Net profit for the year	14 192 461
	<b>4 959 925 345</b>
Allocations:	
Shareholders are distributed (SEK 0.10 per ordinary share)	73 794 903
To shareholders are distributed (SEK 35 per preference share)	11 662 175
To be carried forward	4 874 468 267
	<b>4 959 925 345</b>

The Board's opinion on the dividend is available on page 77.

The Board of Directors and the CEO hereby declare that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with the international accounting standards as referred to in European Parliament and Regulation (EC) No 1606/2002 as of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the parent company's and the Group's financial position and results of operations. The Board of Directors' report for the parent company and the Group gives a true and fair view of the progress of the parent company and the Group's operations, financial position and results of operations, and describes the significant risks and uncertainties faced by the parent company and group companies.

Stockholm, 28 March 2018

**Lennart Schuss**  
Chairman of the Board

**Ilija Batljan**  
Chief Executive Officer

**Sven-Olof Johansson**  
Member of the Board

**Hans Runesten**  
Member of the Board

**Seth Lieberman**  
Member of the Board

**Eva Swartz Grimaldi**  
Member of the Board

**Anne-Grete Strøm Erichsen**  
Member of the Board

Our audit report was submitted on 28 March 2018.

Ernst & Young AB

**Ingemar Rindstig**  
Authorised Public Accountant



# AUDIT REPORT

To the general meeting of the shareholders of Samhällsbyggnadsbolaget i Norden AB, corporate identity number 556981-7660

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Samhällsbyggnadsbolaget i Norden AB (publ) except for the corporate governance statement on pages 77-84 for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 55-140 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 77-84. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Valuation of investment properties

#### Description

The fair value of investment properties in the Group as at 31 December 2017 was 23 000,7 MSEK and changes in the value of properties of 2 759,8 MSEK. Investment Properties are the most significant item in the consolidated balance sheet. Valuation at fair value is inherently subject to subjective assessments, where a small change in assumptions underlying the valuations can have a significant impact on reported values. Valuations are return based on the cash flow model, which means that future cash flows are forecasted. The property's yield are assessed based on the unique risk of each property and actual market transactions. Due to the various assumptions and assessments that are made in connection with the valuation of investment properties, we considered this area as a particularly important area in our audit. A description of the valuation principles of the property holdings can be found in the section Property values on page 61 and Note 12, regarding significant estimates and assessments and in Note 3.

#### How our audit addressed this key audit matter

In our audit, we evaluated and reviewed management's process for real estate valuation, including evaluating the applied valuation method and input data in the valuations. We have also made comparisons with available market information. With the help of our valuation specialists, we have also examined the reasonableness of assumptions for a selection of properties such as yield, vacancy rate, rental income and operating costs. We have assessed whether the information provided in the annual report is appropriate.

### Acquisition of investment properties

Description	How our audit addressed this key audit matter
<p>During the year 2017, the Group acquired investment properties for an amount of SEK 13,465.6 MSEK. Specific terms in the individual transaction agreements, the underlying property pricing and valuation, the assessment of whether acquisitions are to be classified as asset alternative acquisition as well as the assessment of the date of recognition of the acquisition all contributes to the complexity of the property transactions. Due to the complexity of assumptions and assessments made in property transactions, we consider this area to be a particularly important area in our audit. A description of accounting principles for acquisition of investment properties can be found in the Acquisition section on page 94 and Note 3 regarding significant estimates and assessments.</p>	<p>In our audit, we have evaluated and reviewed the company process for assessing the classification and recognition of acquired investment properties. We have reviewed the accounting of completed acquisitions with respect to the date of recognition, purchase price and any special conditions against underlying agreements. We have assessed whether the information provided in the annual report is appropriate.</p>

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-54 and 141-145. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of

significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements r

### *Opinions*

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Samhällsbyggnadsbolaget i Norden AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### *Basis for opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### *Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to

assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### *The auditor's examination of the corporate governance statement*

The Board of Directors is responsible for that the corporate governance statement on pages 77-84 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Box 7850 103 99 Stockholm, was appointed auditor of Samhällsbyggnadsbolaget i Norden AB by the general meeting of the shareholders on the 28 March 2017 and has been the company's auditor since that date. Samhällsbyggnadsbolaget i Norden AB (publ) became a public interest company 2017.

Stockholm 28 March, 2018

Ernst & Young AB

Ingemar Rindstig  
Authorized Public Accountant

# DEFINITIONS

## FINANCIAL DEFINITIONS

### **Adjusted equity ratio, %**

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

### **Average interest rate, year**

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

### **Average interest rate, %**

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

### **Average number of preference shares**

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

### **Average number of shares**

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

### **Cash flow from operating activities, SEK**

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

### **Debt maturity, years**

Remaining maturity until the expiration for interest-bearing liabilities.

### **EPRA**

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

### **EPRA Earnings, SEK**

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

### **EPRA NAV (Long term net asset value)**

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

**EPRA NNNAV (Actual net asset value), SEK**

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

**EPS (Earnings Per Share)**

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

**Equity ratio, %**

Reported equity as a percentage of total assets.

**Outstanding number of preference shares**

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

**Loan to value ratio, %**

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

**Outstanding number of shares**

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

**Return on equity, %**

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

## PROPERTY-RELATED DEFINITIONS

### **Occupancy rate, %**

Rental income in relation to rental value.

### **EPRA Earnings, SEK**

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

### **EPRA Vacancy rate, %**

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

### **Market value of investment properties, SEK**

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

### **Net operating income, SEK**

Refers to rental income minus property costs.

### **Number of properties**

Number of properties at the end of the period.

### **Number of square meter (sq.m.)**

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

### **Rental income, SEK**

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

### **Rental value, SEK**

Refers to contracted rental income plus estimated rental income for vacant contracts.

### **Surplus ratio, %**

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

### **Weighted average unexpired lease term for community service properties, years**

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

**Yield, %**

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

# INVESTOR RELATIONS

Samhällsbyggnadsbolaget's investor relation (IR) division will, through clear information, responsiveness and high availability, promote good relationships with the capital market players, create trust in the company and thereby contribute to cost-effective financing in terms of fair market valuation. The IR activity and thereby related information will be in accordance with applicable legislation, the Nasdaq regulations, the Swedish Financial Supervisory Authority's guidance for stock and MTF companies, the Swedish Code of Corporate Governance and SBB's guidelines for communication.

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Press releases, interim reports and annual reports are available in Swedish and in English (not all), at Samhällsbyggnadsbolaget i Norden's website ([www.sbbnorden.se](http://www.sbbnorden.se)). There is also ongoing information about the company, the share and financial statistics as well as the opportunity to subscribe to press releases and reports.

## CALENDAR

Interim Report Jan-Mar 2018	27 April 2018
Annual General Meeting 2017	27 April 2018
Interim Report Jan-Jun 2018	16 July 2018
Interim Report Jan-Sep 2018	31 October 2018
Year-end report 2018	20 February 2019





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