



Samhällsbyggnadsbolaget

INTERIM REPORT 2018
JANUARY – MARCH
Samhällsbyggnadsbolaget i Norden AB (publ)

Q1



PERIOD IN BRIEF

FIRST QUARTER



PERIOD IN BRIEF

- Rental income increased to SEK 390m (236).
- Net operating income increased to SEK 233m (131).
- Cash flow from operations before changes in working capital was SEK 39m (32).
- Profit before tax amounted to SEK 151m (846), of which:
 - Income from property management are included with SEK 73m (35). Adjusted for one-time effects, the income from property management was SEK 103m.
 - Unrealised value changes on properties excluding building rights are included with SEK 72m (644).
 - Unrealised value changes as a result of building rights are included with SEK 1m (171).
 - Realised value changes relating to properties are included with SEK 0m (-4).
 - Unrealised value changes on derivatives are included with SEK 5m (-4).
- Net income after tax for the period amounted to SEK 113m (648) after deduction for deferred tax of SEK -29m (-190) and current tax of SEK -9m (-8), corresponding to earnings per share of SEK 0.19 (1.59) before dilution.
- The value of the property portfolio increased to SEK 24bn (17).
- Long term net asset value (EPRA NAV) increased to SEK 7,360m (7 120), corresponding to SEK 9,97 (9,65) per share.
- Renovation of 91 apartments commenced during the quarter.

IMPORTANT EVENTS DURING THE FIRST QUARTER

- At the beginning of January, SBB announced the update of two of its financial targets: To maintain a LTV-level below 60% (previous 65%) and to have an interest coverage ratio of at least 1.8 times (previous 1.5 times).
- S&P Global Ratings announced that SBB has received a BB rating with stable outlook.
- In January, SBB issued an unsecured bond of SEK 750m at a variable interest rate of STIBOR 3m + 390 and a final maturity on January 29, 2021.
- SBB received the prize as the real estate company of the year during the Real Estate Awards organized by World in Property at the end of January. This year's real estate company is a nationwide prize awarded to a company which, according to the jury, has shown an unusually strong development in its area during the past year.
- In February, an acquisition of three elderly homes and care properties in the Tampere area in Finland was completed. This is the company's first acquisition in Finland and was valued at EUR 7.4m.
- In February, SBB issues senior unsecured notes for SEK 300 million at a fixed interest rate of 2.9% and final maturity date on 20 December 2019.
- As of 16 February 2018, the company's common stock of Serie B and preference shares are listed on Nasdaq First North Premier.
- During the quarter SBB repurchased bonds to a residual nominal amount of SEK 249m. The repurchased bonds are unsecured bonds issued by the subsidiary SBB I Norden AB (publ) with an outstanding nominal amount of SEK 600m including the bonds owned by SBB. The bonds have a floating interest rate of STIBOR 3m plus 6.25 percent and matures June 2018. In addition, SBB have repurchased SEK 90m of residual nominal amount regarding unsecured bonds issued by the subsidiary SBB I Norden AB (publ) with an outstanding nominal amount of SEK 1 500m including the bonds owned by SBB.
- In Mars SBB issued an unsecured bond of SEK 250m with a floating interest rate of STIBOR plus 365 basis point and maturing the 17th of May.
- In Mars SBB amended the terms and conditions of the outstanding hybrid notes after approval from noteholders. Notes will after the amendments be considered as 50% equity by Standard & Poor's.
- In Mars SBB issued hybrid bonds for SEK 300 million. This was an addition to the SEK 700 million outstanding hybrid bonds and it fully utilises the framework amount of SEK 1,000 million. The new hybrid bonds were issued at a price of

106.1% of nominal amount corresponding to a spread of 600 basis points.

- Lars Thagesson was employed as Deputy CEO and COO and Jonny Göthberg as Head of property management.
- In Mars SBB purchased all shares in the property management company Hestia Sambygg AB to establish in-house property management.

IMPORTANT EVENTS AFTER THE FIRST QUARTER

- In April SBB divested a school property in Kristiansand, Norway, for an agreed property value of NOK 415.5m. The property has generated a NOK 83m return on equity (cash-on-cash) since it was acquired by SBB in May, 2017.
- In April SBB acquired the leasehold property Stockholm Vårholmen 6 with a newly constructed building containing residential and a preschool.
- In April SBB sells building rights for construction of rent regulated residential housing to a development company jointly owned with KlaraBo. The divested building rights cover approximately 20,000 sqm GFA sold at an average price of approximately SEK 3,200/sqm GFA. The building rights are located in Höganäs, Karlskrona and Falun.
- Marika Dimming was recruited as Head of Investor relations and Sustainability. Marika Dimming joins SBB from Swedbank, Debt Capital Markets Origination, where she worked with credit bond financing for real estate companies.
- In April SBB signed the acquisition regarding the acquisitions of 158 apartments from the municipal residential company Kopparstaden AB.
- In April SBB signed the acquisition regarding the acquisitions of two community service properties and two residential properties from the municipal residential company in Karlskrona.
- In April SBB continued to expand in Finland through the acquisition of an elderly care property in Helsinki, capital of Finland.

SBB KEY RATIOS

	2018 Jan-Mar	2017 Jan-Mar	2017 Jan-Dec
Rental income, SEKm	390	236	1 339
Operating net, SEKm	233	131	877
Surplus ratio, %	60	55	66
Interim profit, SEKm	113	648	2 429
Yield, %	4.7	4.7	4.8
Cash flow from current operations, SEKm ²⁾	39	32	360
Property value (market value), SEKm	23 816	16 892	23 001
Number of properties	753	712	749
Leasable area, sq.m., thousands	1 380	1 058	1 366
Economic letting ratio, %	96.5	98.7	96.8
WAULT, community service properties, yrs	7	8	7
Shareholders' equity, excl. non-controlling equity interests, SEKm	6 592	4 438	6 389
EPRA NAV (long-term net asset value), SEKm	7 360	4 784	7 120
EPRA NNAV (actual net asset value), SEKm	6 484	4 187	6 282
Return on Shareholders' Equity, %	1	19	52
Loan-to-value ratio % ¹⁾	62	64	60
Equity ratio, %	33	30	32
Adjusted Equity ratio, %	37	32	36
Earnings per ordinary share, SEK	0.19	1.59	3.60
Average number of ordinary shares	737 949 031	7 230 434	653 360 953
Average number of preference shares	333 205	-	168 360
Number of ordinary shares	737 949 031	7 230 434	737 949 031
Number of preference shares	333 205	-	333 205

1) Excl. shareholder loans and convertible debentures

2) Before changes in working capital

See definition of key ratios on p. 32-33

INFORMATION ABOUT THE GROUP

SAMHÄLLSBYGGNADSBOLAGET I NORDEN (SBB)

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

REAL ESTATE PORTFOLIO

In order to safeguard both stability and strong cash flows. SBB's aim is to ensure that community service properties with long contracts and residential 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 753 properties as of 31-03-2018. The properties had a total value of SEK 23.8bn, where residential constituted of SEK 6.1bn, community service properties SEK 15.1bn, and the remaining properties SEK 2.6bn. The total lettable area was approx. 1,380,000 sq.m. with a rental income, on a 12 month rolling basis, of SEK 1,608m.

Classification	Rental income, SEKm	Total, %
Residential	504	31
Group Housing	141	9
Government	687	43
Indirect government	96	6
Other	179	11
Total	1 608	100

ORGANISATION

SBB's management team has significant experience in development and management of both residential and community service properties. The organization constitutes a small team of employees where the focus lies on transactions, property development and cost-efficiency. SBB is actively focused on cash flow improving actions in the existing property portfolio, which is achieved through efficient property management and an organization, which has a broad and deep knowledge as well as experience from property development. SBB conducts a transaction-intensive business with the aim of creating the best long-term return.





CEO ILIJA BATLIJAN

Our enthusiasm and conscientious drive to create the leading Nordic company for community service properties and rent regulated residential continues unabated. The end of this quarter marks SBB's second anniversary, but many of my colleagues and I have worked towards this vision for much longer. A number of transactions with municipalities around the country coupled with my research on elderly and demographics and my years as chairman of the municipal council (or municipal commissioner) have convinced me that the important welfare functions require optimal spaces and a professional property owner. At the end of the day I am just a cog in this team. In addition to excellent employees, SBB is privileged to have support of a renowned board of directors and hands-on owners who together have built some of the largest and most successful real estate companies in the Nordic region.

During the quarter we have attracted several talented employees to SBB. Lars Thagesson, one of the founders and former vice-CEO of Hemfosa, as well as former CEO of Kungsleden Förvaltning, will now be our COO and vice CEO of SBB. Jonny Göthberg, who a formerly worked at Hemfosa, and Hemsö and Kungsleden joins as Head of Property Management. Marika Dimming, who previously worked at Swedbank, joins us as IR and Sustainability Manager.

In February, we upgraded our listing to Nasdaq First North Premier. For SBB, the listing on Nasdaq First North Premier is a quality stamp and an important step towards a listing on Nasdaq Stockholm's main list.

During the first quarter SBB was awarded the Real Estate Company of the Year at the Real Estate Awards gala organized by World in Property. The award is a nationwide prize given to the company which, according to the jury, has shown unusually strong development in all its business areas over the past year.

LONG TERM PARTNER TO MUNICIPALITIES

The largest owners of community service properties (social infrastructure) are municipalities and, if we look at the Nordic region, Sweden is at the forefront in the development of professional property management of community service properties. This development we believe will grow stronger in other parts of the Nordic region. Combined with demographic trends that lead to major needs for elderly care homes and schools, this creates potential for new collaborations with municipalities and new business opportunities for SBB. We are also aware of the fact that we live in a political environment where election cycles impact business cycles and we must be flexible. All though, SBB has recently announced two acquisitions of elderly care homes in Sweden, we see that transaction with municipalities for this term of office is beginning to slow down. SBB's diversification in the Nordic countries, however, gives us the opportunity to adapt to these cycles and move the focus geographically. This diversification also contributes to a reduced risk resulting from currency fluctuations.



NORDICS – A GOOD DEAL

Looking at currency fluctuations, we can see that the weaker Swedish krona means that Swedish real estate is becoming more attractive to foreign buyers and we are already noting a lot of interest from international players. Recently, we divested a school in Kristiansand, Norway at an equivalent value of SEK 446m and a yield of just over 4 percent. In addition, just after the end of the first quarter, the US Private Equity company, Starwood Capital Group, announced a public bid on Victoria Park. We can only note that our rental rights have an average value of SEK 11,500 per square meter in our balance sheet and that the Victoria Park bid amounted to approximately 17,000 kronor per square meter. At the same time, SBB has higher yield and very low rental levels.

I have said it several times before and I would like to repeat: Swedish rent regulated residentials with their low rents are among the world's safest assets. These rent regulated residentials combined with exposure to Nordic welfare states through the ownership of community service properties with long-term leases provide a safe and long-term investment. SBB's Nordic focus was further widened during the first quarter when we completed our first deal in Finland with the acquisition of three retirement homes.

ATTRACTIVE AND STABLE PROPERTY PORTFOLIO WITH SAFE CASH FLOWS

Refurbishments are an important part of the Swedish regulation system for rental residentials, so we always strive to negotiate new rents for renovated apartments in dialog with the Tenants Association. Total number of rent regulated residentials, with negotiated revised rents after refurbishment, correspond to 1,279 apartments. During the first quarter, renovation of 91 apartments (50 of these were completed during the first quarter) started. In total we are now preparing to renovate additional 360 apartments this year. We also started investing in the rebuilding and extending of several community service properties in the quarter.

During the first quarter, we continued to focus on consolidating our balance sheet and reducing the financial risk. As part of this work, we have completed further repurchases of our "June 2018 bond" for SEK 249m and repurchase of our "April 2020 bond" for SEK 90m. We have also repaid a shareholder loan amounting to SEK 33.6 million during the quarter and a shareholder loan of SEK 40 million after the end of the quarter and repaid all mezzanine loans. All of these measures have a negative impact on profit in the quarter, but reduce the financial risk and thus strengthen future earnings.

SBB has worked actively with the company's bond investors. We have agreed that when our "June 2018 bond" is fully repaid we will move our "April 2020 bond" to the parent company, Samhällsbyggnadsbolaget i Norden AB. This will contribute to a cleaner capital structure. We have also agreed with our hybrid investors to change the terms for the hybrid in order to achieve an allocation of 50% of the hybrid bonds to equity and 50% to debt, which was positively confirmed by Standard & Poor's.

In summary, we delivered an net operating income of SEK 233 million during the first quarter, adjusted for non-recurring items SEK 244 million, compared with SEK 131 million in the first quarter of last year. Adjusted equity ratio increased to 37%. We have also strengthened our financial position, which has resulted in our BB rating from Standard & Poor's.

SOCIAL RESPONSIBILITY

As a long-term partner to municipalities, social commitment is important for us. We are proud to be able to create summer jobs for young people living in our residential areas and we are a proud sponsor of Mentor.

During the first quarter, we have intensified our sustainability efforts by starting work on our first green bond. Access to housing is a fundamental prerequisite for social development and central to jobs and growth. Our building rights, in central locations with good access to public transport, have relatively low prices of SEK 3,000 - 5,000 per square meter, which makes it possible to build rent regulated residentials and community service properties. The recent government-imposed regulations are likely to exclude many people from a right to own housing and to damage the housing market in the long-term. As a stakeholder in community services, we must be an active participant and intensify our property development work and continue looking for constructive collaborations to continuously build housing. A good example is the 20,000 square meters BTA in Höganäs, Karlskrona and Falun, which we sold to a development company jointly owned with KlaraBo, who will develop rent regulated residentials.

OUTLOOK

Our strong net operating income in combination with long-term reduced financing costs enable continued strong cash flow. Our profitability on a 12-month rolling basis was approximately SEK 590 million at the end of the year. At the end of the first quarter, the loan-to-value ratio was 62% and we have created conditions for further reducing the leverage over the next 12 months. SBB has one of the longest fixed interest rate durations in the market and combined with the company's long average financing term of 5.8 years helps to strengthen our financial position and lower the financial risk with the objective of achieving the criteria for an Investment Grade rating in 2018. 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 service properties.

Ilija Batljan
Founder and CEO



SBB INCOME STATEMENT

THE GROUPS COMPREHENSIVE INCOME STATEMENT

IN THOUSANDS OF SEK	2018-01-01 2018-03-31	2017-01-01 2017-03-31	2017-01-01 2017-12-31
Rental income	390 368	236 198	1 338 677
Operations	-114 254	-68 594	-302 518
Maintenance	-16 500	-15 780	-62 471
Property administration	-18 778	-17 017	-73 981
Property tax	-8 113	-4 098	-22 502
Net operating income	232 723	130 709	877 205
Central administration	-21 165	-22 214	-75 838
Profit before financial items	211 558	108 495	801 367
Profit from financial items			
Interest income and similar	2 471	4 069	12 282
Interest expenses and similar	-140 911	-77 486	-476 067
Profit from property management	73 118	35 078	337 582
Changes in the value of properties	73 051	810 854	2 796 844
Changes in value of derivatives	5 120	-	-3 748
Profit before tax	151 289	845 932	3 130 678
Tax	-38 092	-197 595	-701 696
PROFIT FOR THE PERIOD	113 197	648 337	2 428 982
REPORT OVER OTHER COMPREHENSIVE INCOME			
IN THOUSANDS OF SEK	2018-01-01 2018-03-31	2017-01-01 2017-03-31	2017-01-01 2017-12-31
Interim profit	113 197	648 337	2 428 982
Other comprehensive income			
Translation gains/losses for the period	129 186	-7 295	-94 088
COMPREHENSIVE INCOME FOR THE PERIOD	242 383	641 042	2 334 894
Earnings per share	0,19	1,59	3,60

INCOME STATEMENT COMMENTS

NET OPERATING INCOME

Total rental income during the quarter amounted to SEK 390.4m (236.2). Of the rental income for the quarter, SEK 124.3m came from residential properties, SEK 233.4m from community service properties and SEK 32.7m from the remaining cash flow properties. The occupancy ratio by the end of the year amounted to 96.5 percent (96.8). The average contract duration of community service properties was 7 years (7).

The property costs during the first quarter amounted to SEK -157.6m (-105.5). The costs are mainly attributable to utility costs, maintenance costs, and other operational and management costs. The result for the operating cost items heat, electricity and snow exceeded the normal outcome for the first quarter by approximately SEK 11m. This is partly due to an extra long and cold winter as well as a large amount of snow.

SEGMENT REPORTING

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

SEGMENT REPORTING

	2018-01-01--2018-03-31			
SEKm	Residential	Community service properties	Other	Total
Rental income	124	233	33	390
Property costs	-78	-59	-21	-158
Net operating income	47	174	12	233
Value changes	55	-6	24	73
Investment properties	6 060	15 084	2 672	23 816
Value per sq.m. (SEK)	11 658	23 551	12 136	17 252

PROFIT AFTER TAX

In total, the costs for central administration during the period amounted to SEKm -21.2 (-22.2). Costs for business development, transactions, real estate development and financial management are included in the central administration. Costs that are of one-time character are also included in the amount, totaling to approximately SEK 3m.

Net financial items for the period amounted to SEKm -138.4 (-73.4), which primarily consist of financial expenses but also interest rate for shareholder loans and other financial expenses as installment fees and exchange rate differences. Financial expenses include extraordinary costs in the form of installment fees for borrowing and cost of early repayment of expensive loans with approximately SEK 16m during the period. Financial income consists mainly of exchange rate differences.

Value changes of the properties amounted to SEK 73.1m (810.9) where SEK -0.4m (-3.8) was realized value change and SEK 73.5m (814.7) was unrealized value change. A major part of the unrealized value change was value creation regarding building rights of SEK 1m. The remaining value changes can be explained by an increase in the operating net as a consequence of investments and leasing of the property stock, as well as reduced yield requirements.

The after-tax profit amounted to SEK 113.2m (648.3), which was weighed down by SEK -38.1m (-197.6) in taxes. SEK -9.2m (-8.4) relates to current taxes and SEK -28.9m (-189.2) concerned deferred taxes related to the properties.

BALANCE SHEET

STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK	2018-03-31	2017-03-31	2017-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Goodwill	24 559	-	-
Total intangible fixed assets	24 559	-	-
Tangible fixed-assets			
Investment properties	23 816 278	16 892 269	23 000 726
Equipment, tools and installations	10 690	9 593	10 376
Total tangible fixed assets	23 826 968	16 901 862	23 011 102
Financial assets			
Shares in associated companies /joint ventures	102 019	96 128	110 691
Other long-term receivables	16 029	252	10 554
Total financial assets	118 048	96 380	121 245
Total non-current assets	23 969 575	16 998 242	23 132 347
Current assets			
Current receivables			
Account receivables	24 444	3 993	26 271
Other receivables	227 328	123 520	277 898
Prepaid expenses and accrued income	41 841	54 288	39 472
Total short-term payables	293 613	181 801	343 641
Cash and cash equivalents	291 906	252 630	92 749
Total current assets	585 519	434 431	436 390
TOTAL ASSETS	24 555 094	17 432 673	23 568 737

STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK

	2018-03-31	2017-03-31	2017-12-31
EQUITY AND LIABILITIES			
Equity	8 180 940	5 227 528	7 636 057
Long-term liabilities			
Liabilities to credit institutions	6 465 246	5 525 455	6 595 568
Bond loans	7 373 976	4 529 720	5 941 057
Derivative	31 610	-	35 247
Long-term loans to shareholders	-	33 600	33 600
Deferred tax liabilities	903 033	394 215	863 105
Other long-term liabilities	15 890	58 920	13 750
Total long-term liabilities	14 789 755	10 541 910	13 482 327
Short-term liabilities			
Liabilities to credit institutions	443 045	701 308	637 176
Bond loans	417 466	-	660 289
Account payables	36 497	100 528	134 826
Short-term liabilities to owners	40 000	-	40 000
Current tax liabilities	41 821	33 327	53 839
Other liabilities	344 408	646 564	653 810
Accrued expenses and prepaid income	260 162	181 608	270 413
Total short-term liabilities	1 583 399	1 663 235	2 450 353
TOTAL EQUITY AND LIABILITIES	24 555 094	17 432 673	23 568 737

GROUPS STATEMENT OF CHANGES IN EQUITY – IN SUMMARY

	Share Capital	Other contributed capital	Balanced result	Hybrid bond	Non- controlling interest	Total Equity
Opening Equity 2017-12-31	723	767 582	998 233	-	-	1 766 538
Share Issue	73 105	2 270 798				2 813 865
Issue hybrid bond				668 387		668 387
Issue warrants		2 099				2 099
Dividend				-12 658	-64 290	-76 948
Acquired minority interests					315 000	315 000
Redeemed minority interests					-187 778	-187 778
Net profit for the period			2 352 034	12 658	64 290	2 428 982
Other comprehensive income			-75 786		-18 302	-94 088
Closing Equity 2017-12-31	73 828	3 040 479	3 274 481	668 387	578 882	7 636 057
Opening Equity 2018-01-01	73 828	3 040 479	3 274 481	668 387	578 882	7 636 057
Issue hybrid bond				315 300		315 300
Issue warrants		450				450
Dividend				-12 250		-12 250
Net profit for the period			100 947	12 250		113 197
Other comprehensive income			101 398		27 788	129 186
Closing Equity 2018-03-31	73 828	3 040 929	3 476 826	983 687	606 670	8 181 940

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

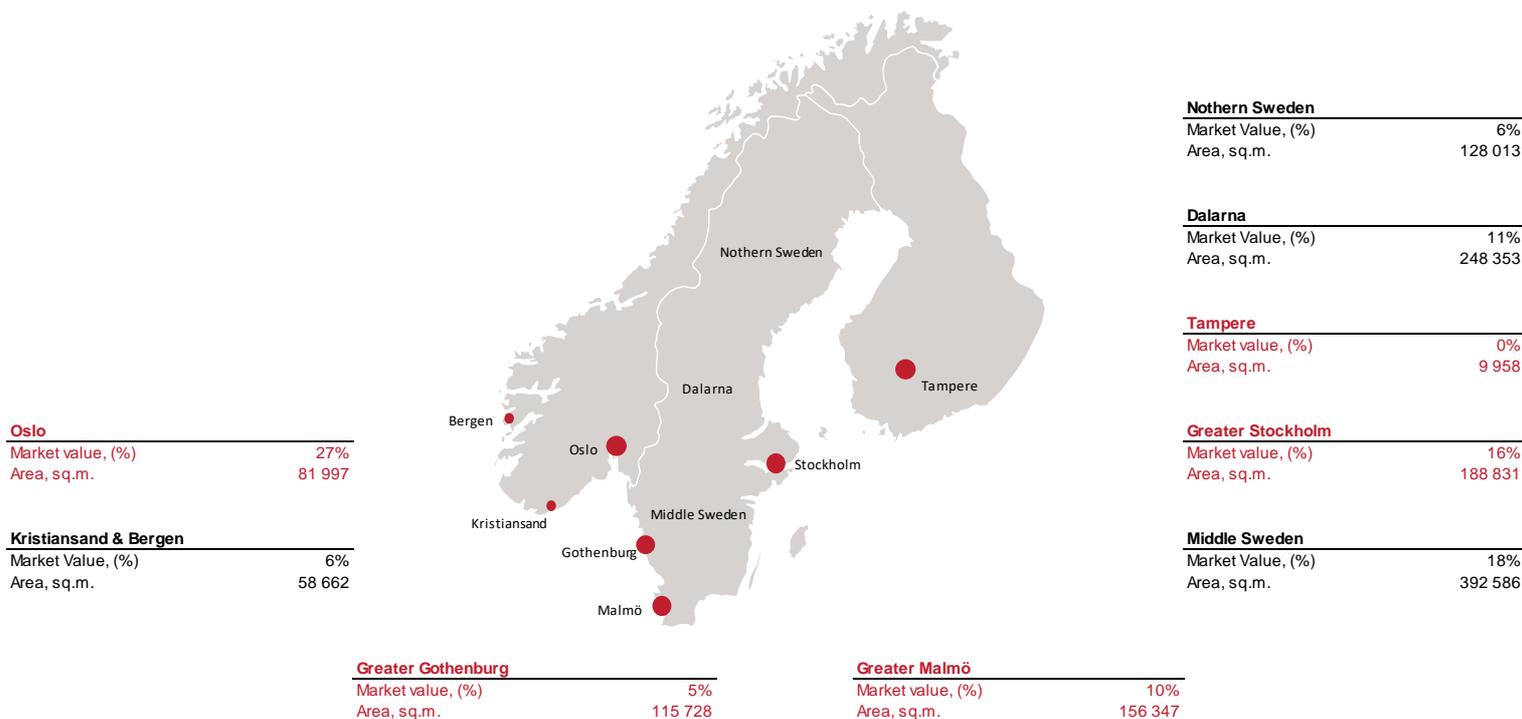
PROPERTIES

REAL ESTATE PORTFOLIO

The property value amounted to SEK 23.8bn as of 31-03-2018. The value of the property portfolio is assessed through external valuations made by Newsec, JLL, Forum and Savills. The valuations are based on an analysis of future cash flow for every property, while considering each lease contract, the market, the rent levels, operational –

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

PROPERTY VALUE PER REGION: 59 percent of the property stock in the Nordic big city regions



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

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

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

properties are converted into building rights for housing - an important part of the community building concept; acting as a real community builder in these times of housing shortage.

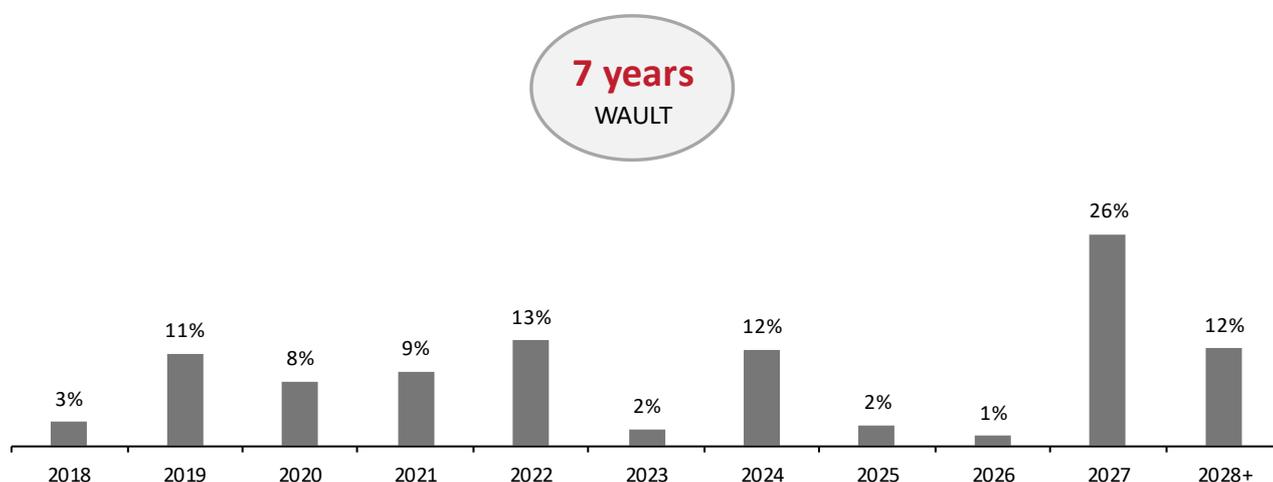
SBB manages and develops residential properties in Swedish growth municipalities. The properties are generally located close to the city center and with access to good transportation links, whether it is apartments in Kallhäll center in Järfälla Municipality, or the city centers of for example Oskarshamn,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

The community service properties include properties used by tenants who are directly or indirectly tax funded. Tenants are engaged in activities such as education, elderly care, people with special needs and other care activities, municipal and state administration. Examples of tenants include Fågelvik school and a preschool in Värmdö

municipality, Borlänge city hall, the Norwegian Ministry of Justice and Emergency Affairs, several accommodations for elderly people and about 200 properties that accommodate people with special needs (group housing). SBB is one of the Nordic region's largest players in the field of housing and long-term care facilities for the elderly and people with disabilities. Our aim is to offer modern care properties in close cooperation with the main providers of care services - often municipalities and county councils, but also private care companies. We offer properties and accommodation that meet our customers' needs and requirements, and provide everything that is essential to make the home suitable.

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

LEASE MATURITY STRUCTURE COMMUNITY SERVICE PROPERTIES



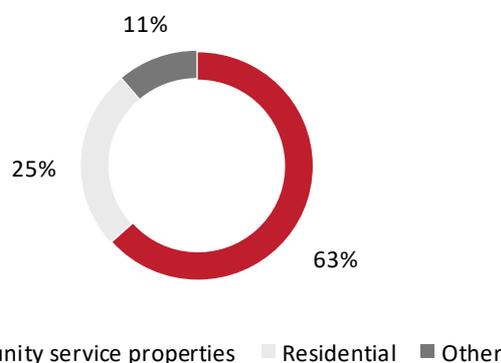
Community service properties have a long weighted average lease expiry.

SENSIVITY ANALYSIS

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

	Change	Value change
Rental value	+/- 5 %	SEKm 991/-992
Discount rate	+/- 0.25 %	SEKm -283/290
Yield	+/- 0.25 %	SEKm -670/755

PROPERTY VALUE PER SEGMENT





Landsdomaren 7, Lund

RENOVATIONS

Total number of negotiated rent residential corresponds to 1,279 apartments with an average increase in parity with the rest of the market. During the first quarter we have started renovation of 91 apartments (of which 50 were

completed during the quarter). In total, an additional 360 apartments are being prepared for renovation this year. We also started investing in the rebuilding and building of a number of community service properties.

ACQUISITIONS

- In February, an acquisition of three elderly care and health care properties in the Tampere area was completed in Finland. This is the company's first acquisition in Finland and was valued at approximately EUR 7.4m. The properties have a total rentable area of 11,000 sq.m. and are expected to generate a net operating income of EUR 0.5m in 2018.

- In March, the property management company Hestia Sambygg AB was acquired as part of the creation of an in-house management organisation. The acquisition was made by SBB through acquiring 49% of the shares of Ilija Batljan Invest AB for SEK 1 and 51% of the shares from Investmentaktiebolaget Kybele. In connection with the acquisition, a goodwill record of approximately SEK 25m occurred.

CHANGES IN THE PROPERTY STOCK

	SEKm
Initial fair value 2018-01-01	23 001
Acquisitions	198
Investments	92
Divestments	-1
Translation gains/losses	453
Unrealised value changes	73
Fair value at the end of the period	23 816

REAL ESTATE DEVELOPMENT

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

SBB's organization of property development

SBB's project organization has solid experience in property development and transactions. The organization, led by Deputy CEO Krister Karlsson, handles approximately 1,000,000 sq.m. building rights in various planning stages. SBB works actively to create flexible and rational building rights to fit a wide range of investors such as HSB, Riskbyggen, PEAB, Botrygg, K2A and Innovation Properties. SBB also has extensive experience in initiating and executing sales in the early stages of the planning process.

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

Realised building rights

Two sales of building rights from the property Falkenberg Bacchus 1



Illustration from IM to potential apartment buyer

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

Building rights

SBB had approximately 40 ongoing development projects in various planning phases with a total of approximately 1,000,000 sq.m. at 31 March 2018.

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

Municipality	Property	Sq.m. building right
Development projects with formal planning process initiated		
Nyköping	Raspen 1,2,3	156 000
Nykvarn	Kaffebryggaren 1	33 500
Falun	Falun 9:22	100 000
Ulricehamn	Krämarens 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	Grytan 6 m.fl.	1 000
Oskarshamn	Hälsan 22	10 000
Karlshamn	Lasarettet 8	6 500
Karlstad	Letten 1	20 000
Total (sq.m.). Phase 3		550 800
Project ideas (sq.m.). Phase 1		169 080
Prior to formal planning process decision (sq.m.). Phase 2		139 470
Projects with planning permission (sq.m.). Phase 4		70 340
Total building rights portfolio (sq.m.). All phases		929 690
<i>of which are land allocations (sq.m)</i>		<i>261 900</i>
<i>of which are sold (sq.m)</i>		<i>240 000</i>
Total value, sold building rights (SEK)		826 000 000

A number of sales have per 2018-03-31 not yet been accounted for as they are conditioned upon the detailed development plan gaining legal force. However, they have been taken into consideration in the valuation of the properties and have thereby affected the unrealized value changes. After the end of the quarter, SBB has sold an additional 23,000 sq.m. building rights in Burlöv, Höganäs, Karlskrona and Falun. SBB estimates that the value of the buildings rights portfolio after which the development plans have gained legal force may exceed the book value of the building rights portfolio by SEK 500-900m.

Property development in JV

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



Nöthagen (Raspen 1-3), Nyköping municipality

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

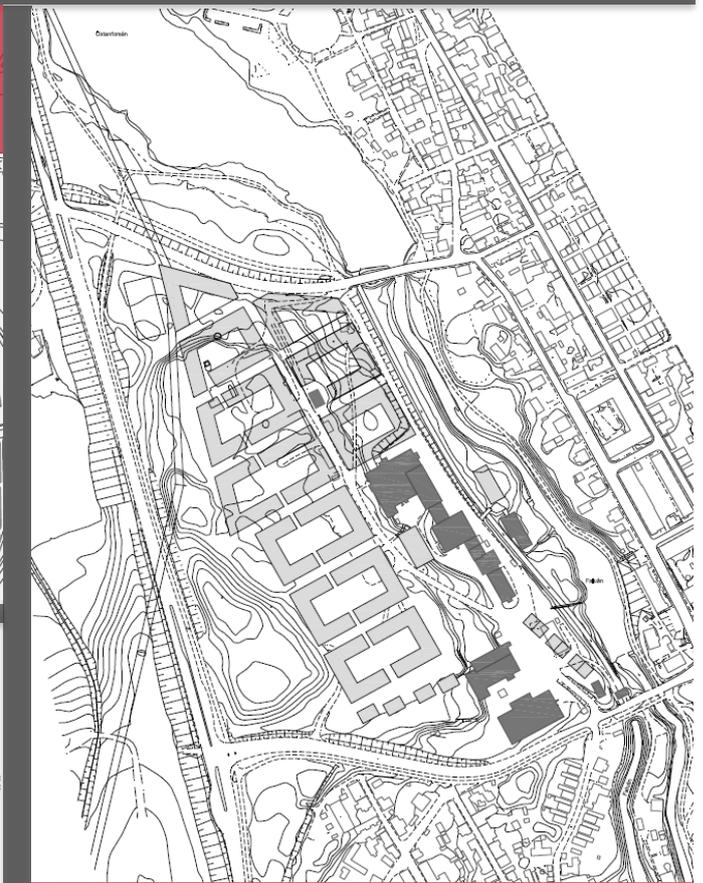
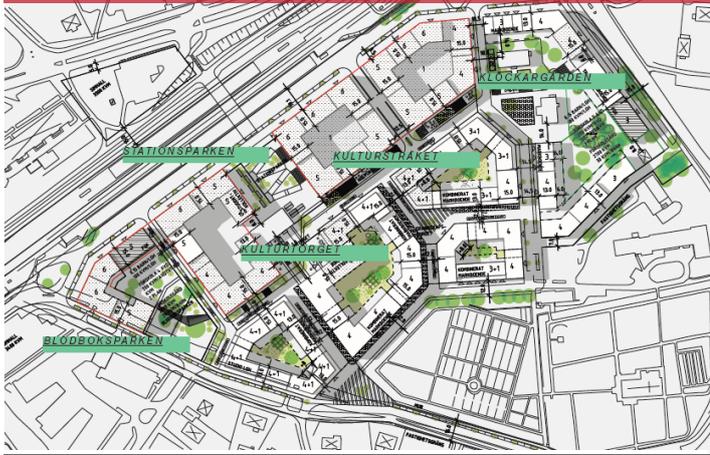
- 156,000 sq.m.
- 65,000 sq.m. sold

• Population Nyköping municipality, 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



Born (Falun 9:22), Falu municipality

- 100,000 sq.m.
- 28,000 sq.m. sold

• Population Falun municipality 57,433 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)

FINANCING

Interest-bearing liabilities in the Group amounted to SEK 14,739m at the end of the period, of which SEK 6,908m relates to liabilities to credit institutions, SEK 7,791m to bond loans and SEK 40m to subordinated shareholder loans. Excluding the shareholder loan, the loan ratio was 62 percent. The fair value of the liabilities at 31 March 2018 is deemed to be in accordance with the carrying amount. The average interest rate for external financing amounted to 3.3 percent and for the owner loans to 7 percent. The average fixed interest rate maturity was 3.4 years. The maturity structure of the external financing is shown in the table to the right.

At the beginning of January, SBB announced the update of two of its financial targets: to maintain a LTV-level below 60% (previous 65%) and to have an interest coverage ratio of at least 1.8 times (previous 1.5 times).

Standard & Poor's Global Ratings announced that SBB has received a BB rating with stable outlook. This was SBB's second public rating from a leading credit rating agency and two notcheshigher than the first rating received by the company in November 2017. The rating highlights SBB's low-risk high-quality portfolio comprising Swedish regulated rental residentials and community service properties with strong cash flows where municipalities and state guarantee the tenants. The rating obtained is part of SBB's target of lowering financial costs.

During the first quarter, SBB issued a number of unsecured bonds to refinance high interest rate loans as part of the drive to lower financial costs:

- In January, SBB issued an unsecured bond of SEK 750m at a variable interest rate of STIBOR 3m + 390 and a final maturity on 29 January 2021.
- In February, SBB issues senior unsecured notes for SEK 300m at a fixed interest rate of 2.9% and final maturity date on 20 December 2019.
- In March, SBB issued an unsecured bond of SEK 250m at a variable interest rate of STIBOR 3m + 365 and a final maturity on 17 May 2021.

CREDIT MATURITY STRUCTURE

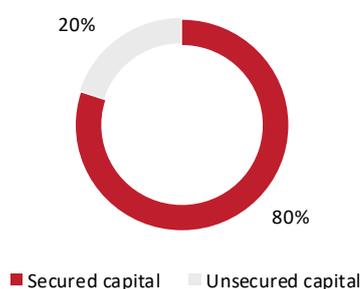
Maturity year	Utilized credit, SEKm	Proportion
< 1 year	869	6%
< 2 year	1 306	9%
< 3 year	4 114	28%
< 4 year	2 672	18%
< 5 year	851	6%
> 5 year	4 996	34%
Total	14 808	100%

During the first quarter, SBB repurchased bonds for a nominal amount of SEK 249m. The repurchase applies to unsecured bonds issued by the subsidiary SBB i Norden AB (publ) with a total outstanding nominal amount of SEK 600m including the amount purchased by SBB. The bonds carry a variable interest rate corresponding to STIBOR 3m plus 6.25 percent and a final maturity June 2018. In addition, SBB has repurchased a nominal amount of SEK 90m of unsecured bonds with a final maturity in April 2020 issued by the subsidiary SBB in Norden AB (publ) with an outstanding nominal amount of SEK 1.5 billion including the SBB repurchased volume.

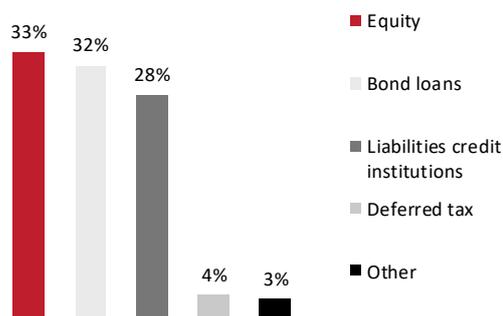
In March, SBB updated the terms of the company's hybrid bond following the approval of bondholders, which resulted in S&P issuing an analyses where the hybrid was assigned 50 percent equity content from a ratings perspective. The company followed up with issuing additional hybrid bonds of SEK 300m within the existing framework of SEK 1bn. The bonds were issued at a price of 106.1 percent of the nominal amount, which corresponds to an interest premium of 600 basis points or a yield of 5.6% due to the negative STIBOR interest rate. After the issue, the framework amount is fully utilized.

At the end of the period, SBB also held SEK 2,223m in unused credit lines, check credits and liquidity.

FINANCING STRUCTURE



CAPITAL STRUCTURE





Samhällsbyggnadsbolaget

LARGETS ACTOR ON GROUP HOUSING IN SWEDEN



THE SHARE

SBB's Class B share is listed on Nasdaq First North. As of 2018-03-31 the number of class B shares amounted to 520,352,056. In addition, the company has class A shares totaling 217,596,975 and 333,205 preference shares.

The price of the class B share was per 2018-03-31 SEK 7.14 and for preference share SEK 552 per 2018-03-31. The market value of Class B shares (including the value of Unlisted ordinary shares of Class A at the same price) was SEK 5,269m and for the preference share SEK 184m.

ORDINARY SHARES OF CLASS B



PREFERENCE SHARE



	2018-03-31	2017-03-31	2017-12-31
EPRA Earnings, SEKm	64	27	298
EPRA Earnings (EPS), SEK/share	0,09	0,07	0,46
EPRA NAV, SEKm	7 360	4 784	7 120
EPRA NAV, SEK/share ²⁾	9,97	6,75	9,65
EPRA NNNNAV, SEKm ¹⁾	6 484	4 187	6 282
EPRA NNNNAV, SEK/share ²⁾	8,79	5,91	8,51
EPRA Vacancy Rate	3,5	1,3	3,2

- 1) Real value of deferred tax has been estimated to be 5,5 %.
- 2) EPRA NAV/NNNAV SEK/share is calculated for the comparative period based on the number of shares decided.



SHAREHOLDERS

The share capital amounted to SEK 73,828,224 per 2018-03-31 with a quota value of SEK 0.1. Being a shareholder entitles the right to vote at the Annual General Meeting with one vote per class A share and 0.1 votes per class B share and 0.1 votes per preference share. The preference shares have a preferential right over the ordinary shares to an annual dividend of SEK 35, paid quarterly, per preference share. The biggest shareholder is Ilija Batljan who directly and indirectly holds 14.9 percent of the capital and 40.5 percent of the votes.

Shareholders	Amount Class A	Amount Class B	Amount Pref. shares	Share of capital, %	Voting Share, %
Ilija Batljan Invest AB	63 495 701			8,6	23,5
Ilija Batljan (private and through companies)	45 558 167	1 137 606		6,3	16,9
AB Arvid Svensson	26 000 000	26 666 667		7,1	10,6
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
Dragfast AB	7 322 229	26 400 000		4,6	3,7
Michael Cocozza	7 619 484	13 884 211		2,9	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 (private and through companies)	2 634 957	15 424 060		2,4	1,5
Oscar Lekander	3 174 785	167 700		0,5	1,2
Krister Karlsson	3 174 785			0,4	1,2
Other	6 325 789	177 810 388	333 205	25,0	9,1
Total	217 596 975	520 352 056	333 205	100,0	100,0



Frostfjärilen 44, Huddinge

CASH-FLOW ANALYSIS

STATEMENT OF GROUP'S CASHFLOW

IN THOUSANDS OF SEK	2018-01-01 2018-03-31	2017-01-01 2017-03-31	2017-01-01 2017-12-31
Cash flow from operations			
Net profit - property management	73 118	35 078	337 582
<i>Adjustments for non-cash items</i>			
Depreciation	417	517	2 144
Net interest	138 440	73 417	463 785
Interest paid	-166 011	-72 996	-415 585
Interest received	2 471	4 069	12 282
Income tax paid	-9 225	-8 395	-39 725
Cash flow from operations before changes in working capital	39 201	31 690	360 483
Cash flow from changes in working capital			
Increase (-)/decrease (+) of receivables	47 392	-17 226	-180 535
Increase (-)/decrease (+) of liabilities	-431 808	241 157	330 126
Cash flow from operations	-345 207	255 621	510 074
Investeringsverksamheten			
Investments in properties ¹⁾	-290 624	-8 617 816	-13 679 013
Disposals of properties	986	88 133	737 071
Investments in equipment	-731	-3 742	-6152
Investments in associated companies/joint ventures	9 420	-12 912	-27 963
Investments in intangible fixed assets	-24 559	-	-
Change in other long-term receivables	-4 429	14 751	3 131
Cash flow from investing activities	-309 937	-8 531 586	-12 972 926
Cash flow from financing activities			
Issue hybrid bond	315 300	-	668 387
Issue warrants	450	-	2 099
Share Issue ¹⁾	-	2 062 013	2 832 167
Paid dividend	-27 259	-14 306	-70 845
Shareholder contributions received	-	-	-
Acquired minority interests	-	-	315 000

Redeemed minority interests ¹⁾	-	789 116	-187 778
New loans	1 629 467	6 016 959	11 101 893
Amortization of loans	-1 035 589	-71 386	-1 846 342
Occupied debts to owners	-	-	73 600
Amortization of debts to owners	-33 600	-760 354	-793 954
Change in other long-term liabilities	2 140	156	-72 004
Cash flow from financing activities	850 909	8 022 198	12 049 213
Cash flow for the period	195 765	-253 767	-413 639
Cash and cash equivalents at beginning of period	92 749	506 397	506 397
Exchange differences in cash and cash equivalents	3 392	-	-9
Cash and cash equivalents at end of period	291 906	252 630	92 749

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



Fregatten 16, Karlskrona

INCOME STATEMENT OF PARENT COMPANY

INCOME STATEMENT OF PARENT COMPANY IN BRIEF

IN THOUSANDS OF SEK	2018-01-01 2018-03-31	2017-01-01 2017-03-31	2017-01-01 2017-12-31
Revenue	-	-	-
Personnel costs	-4 423	-1 309	-13 486
Other operating expenses	-10 424	-833	-29 192
Operating profit/loss	-14 847	-2 142	-42 678
Profit/loss from financial items			
Profit from shares in group companies	-	-	3 062
Interest earnings and similar items	38 106	-	64 146
Interest payments and similar items	-9 968	-3 888	-4 908
Profit/loss after financial items	13 292	-6 030	19 622
Group contributions	-	-	-2 090
Profit/loss before tax	13 292	-6 030	17 532
Tax	-	-	-3 340
PROFIT FOR THE PERIOD	13 292	-6 030	14 192

STATEMENT OF OTHER COMPREHENSIVE INCOME

IN THOUSANDS OF SEK	2018-01-01 2018-03-31	2017-01-01 2017-03-31	2017-01-01 2017-12-31
Profit or loss for the period	13 292	-6 030	14 192
Other comprehensive income	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	13 292	-6 030	14 192

BALANCE SHEET OF PARENT COMPANY

BALANCE SHEET OF PARENT COMPANY IN BRIEF

IN THOUSANDS OF SEK	2018-03-31	2017-03-31	2017-12-31
ASSETS			
Fixed assets			
Financial assets			
Shares in group companies	3 442 471	3 087 608	3 441 984
Receivables from group companies	3 127 405	980 252	1 600 341
Total financial assets	6 569 876	4 067 860	5 042 325
Total fixed assets	6 569 876	4 067 860	5 042 325
Current assets			
Short-term receivables			
Accounts receivable	898	-	183
Other receivables	46 188	3 385	5 000
Accruals and prepaid expenses	13 427	135	10 357
Total short-term receivables	60 513	3 520	15 540
Cash and cash equivalents	23 212	2 679	3 372
Total current assets	83 375	6 199	18 912
TOTAL ASSETS	6 653 601	4 074 059	5 061 237
EQUITY AND LIABILITIES			
Equity	5 350 096	4 072 271	5 033 754
Tax allocation reserves	2 090	-	2 099
Long-term liabilities			
Bond loans	1 281 774	-	-
Total long-term liabilities	1 281 774	-	-
Short-term liabilities			
Accounts Payable	780	801	9 799
Current tax liabilities	1 381	-	1 381
Other liabilities	7 401	505	10 301
Accruals and Deferred Income	10 079	482	3 912
Total short-term liabilities	19 641	1 788	25 393
TOTAL EQUITY AND LIABILITIES	6 653 601	4 074 059	5 061 237

CHANGES IN EQUITY

PARENT COMPANY'S REPORT OVER CHANGES IN EQUITY

IN THOUSANDS OF SEK

	Share Capital	Share Premium	Balanced result	Total Equity
Opening Equity 2017-01-01	723	21 877	3 514	26 114
Share issue	73 105	4 270 799		4 343 904
Issue hybrid bond		668 387		668 387
Issue warrants			5 000	5 000
Dividend		-23 843		-23 843
Net result for the year			14 192	14 192
Other comprehensive income for the year			-	-
Closing Equity 2017-12-31	73 828	4 937 220	22 706	5 033 754
Opening Equity 2018-01-01	73 828	4 937 220	22 706	5 033 754
Issue hybrid bond		315 300		315 300
Dividend		-12 250		-12 250
Net result for the year			13 292	13 292
Other comprehensive income for the year			-	-
CLOSING EQUITY 2018-03-31	73 828	5 240 270	35 998	5 350 096

COMMENTS GROUP COMPANY INCOME STATEMENT AND BALANCE SHEET

The parent company's operations consist of group-wide functions such as business development, transaction, property development and financial management. The company has 10 employees. The costs incl. personnel costs during the period amounted to SEKm -4.4 (-1.3).

During the period, SBB issued an additional hybrid bond of SEK 300m within the existing framework of SEK 1bn. The number of shares amounted to 738,282,236 shares and share capital to 73,828,224.

CASH FLOW STATEMENT OF PARENT COMPANY

CASH FLOW STATEMENT OF PARENT COMPANY

	2018-01-01	2017-01-01	2017-01-01
IN THOUSANDS OF SEK	2018-03-31	2017-03-31	2017-12-31
Operating activities			
Profit after net financials	13 292	-6 033	19 622
Net interest	-28 139	3 888	-26 716
Interest paid	-3 029	-3 888	-922
Interest received	38 106	-	27 638
Tax paid	-	-	-3 340
Cash flow from operating activities before changes in working capital	20 230	-6 030	16 282
Cash flow from changes in working capital			
Increase (-)/decrease (+) of receivables	-44 973	-105	1 717
Increase (-)/decrease (+) of liabilities	-12 690	1 450	7 791
Cash flow from operating activities	-37 433	-4 686	21 976
Investment activities			
Investment in subsidiaries ¹⁾	-487	-3 085 875	-3 440 251
Loans to affiliated undertakings	-1 527 064	-960 904	7 591
Cash flow from investment activities	-1 527 551	-4 046 779	-17 323
Financing Activities			
Share Issue ¹⁾	-	4 053 920	4 346 708
Issue hybridbond	315 300	-	668 387
Issue warrants	-	-	2 099
Paid dividend	-12 250	-1 733	-15 004
Group contributions	1 281 774	-	-
Cash flow from financing activities	1 584 824	4 052 187	-5 495
Cash flow for the period	19 840	722	-842
Liquidity at beginning of period	3 372	1 957	4 214
Liquidity at end of period	23 212	2 679	3 372

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

ADDITIONAL INFORMATION

General information

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

ACCOUNTING AND REPORTING STANDARDS

Basis for the consolidated accounts

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

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

Goodwill

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

Hedge accounting

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

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

INFORMATION ABOUT NEW STANDARDS

IFRS 9, Financial Instruments

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

IFRS 15, Revenues

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

INFORMATION ON FUTURE STANDARDS

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

statements is described below:

IFRS 16, Leases

This Standard enters into force on 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 small amounts. The lease accountant's report will essentially remain unchanged. There is currently a discussion about how lease agreements should be reported. The discussion mainly relates to the calculation of the lease liability taking into account future index and interest rate adjustments as well as accounting for the fair value of use at fair value after initial recognition. Since the company has a limited number of contracts of lesser value linked to land lease payments and leasing has limited impact on SBB's accounts, the assessment is nevertheless that the transition to the new standard will have a limited effect on SBB's accounts.

PLEGGED ASSETS AND CONTINGENT LIABILITIES

Group	2018-03-31	2017-03-31	2017-12-31
Pledged assets			
Mortgages	12 170 445	5 903 141	12 170 445
Floating charges	2 056 399	1 157 809	2 056 399
Total	14 226 844	7 060 950	14 226 844
Contingent liabilities			
Guarantees	-	-	-
Total	-	-	-
Parent company			
Pledged assets			
Floating charges	-	-	-
Total	-	-	-
Contingent liabilities			
Guarantees	3 065 546	-	3 065 546
Total	3 065 546	-	3 065 546

TRANSACTIONS WITH RELATED PARTIES

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

SBB bought services from Hestia Sambygg AB during the quarter who as of 2018-03-26, when SBB acquired the company, was 49 percent owned by the principal owner Ilija Batljan Invest AB. The services include consultancy services relating to financial and technical management. Pricing for the services is based on a fair market price per square meter.

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

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

Stockholm, 27 April 2018

Lennart Schuss
Chairman of the Board

Ilija Batljan
Chief Executive Officer

Sven-Olof Johansson
Member of the Board

Hans Runesten
Member of the Board

Seth Lieberman
Member of the Board

Eva Swartz Grimaldi
Member of the Board

Anne-Grete Strøm Erichsen
Member of the Board

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

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

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

Calendar

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

DEFINITIONS

FINANCIAL DEFINITIONS

Adjusted equity ratio, %

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

Average interest rate, year

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

Average interest rate, %

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

Average number of preference shares

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

Average number of shares

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

Cash flow from operating activities, SEK

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

Debt maturity, years

Remaining maturity until the expiration for interest-bearing liabilities.

EPRA

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

EPRA Earnings, SEK

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

EPRA NAV (Long term net asset value)

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

EPRA NNNAV (Actual net asset value), SEK

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

EPS (Earnings Per Share)

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

Equity ratio, %

Reported equity as a percentage of total assets.

Outstanding number of preference shares

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

Loan to value ratio, %

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

Outstanding number of shares

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

Return on equity, %

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

PROPERTY-RELATED DEFINITIONS

Economic occupancy rate, %

Rental income in relation to rental value.

EPRA Earnings, SEK

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

EPRA Vacancy rate, %

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

Market value of investment properties, SEK

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

Net operating income, SEK

Refers to rental income minus property costs.

Number of properties

Number of properties at the end of the period.

Number of square meter (sq.m.)

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

Rental income, SEK

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

Rental value, SEK

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

Surplus ratio, %

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

Weighted average unexpired lease term for community service properties, years

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

Yield, %

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

APPENDIX 1 – CURRENT EARNINGS CAPACITY

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

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

KONCERNENS INTJÄNINGSFÖRMÅGA

	MKR
Rental Income	1 608
Operating costs	-296
Maintenance	-101
Property administration	-58
Property tax	-27
Net operating income	1 126
Central administration	-53
Profit from Joint Ventures	3
Net financials	-486
Operating profit	590

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

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

Net asset yield and long-term changes in value

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

SENSITIVITY ANALYSIS

	Building rights profit = SEKm 250			Building rights profit = SEKm 400		
	Change in value			Change in value		
		-1%-point	+1%-point		-1%-point	+1%-point
Operating profit, rolling 12 months	590	590	590	590	590	590
Profit from creation of building rights	250	250	250	400	400	400
Change in property value (10-years average CPI)	283	45	522	283	45	522
D:o %	1,2%	0,2%	2,2%	1,2%	0,2%	2,2%
Current tax, 10%	-59	-59	-59	-59	-59	-59
Profit after tax	1 064	826	1 303	1 214	976	1 453
Profit SEK/share	1,44	1,12	1,77	1,65	1,32	1,97
Return on actual long-term net asset value	14,5%	11,2%	17,7%	16,5%	13,3%	19,7%
Profit / share price per 2017-12-31	20,2%	15,7%	24,7%	23,0%	18,5%	27,6%
P/E	5	6	4	4	5	4



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