



Samhällsbyggnadsbolaget

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

Q3



PERIOD IN BRIEF

RENTAL INCOME,
SEKm

1 227

OPERATING PROFIT,
SEKm

294

NET PROFIT FOR THE
PERIOD, SEKm

999

PERIOD IN BRIEF

- Rental income increased to SEK 1 227m (954).
- Net operating income increased to SEK 797m (620).
- Cash flow from operations before changes in working capital was SEK 255m (220).
- Profit before tax amounted to SEK 1 204m (2 637), of which:
 - Income from property management are included with SEK 294m (250).
 - Unrealised value changes on properties excluding building rights are included with SEK 756m (1 774).
 - Unrealised value changes as a result of building rights are included with SEK 134m (580).
 - Realised value changes relating to properties are included with SEK 14m (33).
 - Unrealised value changes on derivatives are included with SEK 6m (-).
- Net income after tax for the period amounted to SEK 999m (2 048) after deduction for deferred tax of SEK -188m (-530) and current tax of SEK -17m (-60), corresponding to earnings per share of SEK 1.31 (3.20) before dilution.
- The value of the property portfolio increased to SEK 25.1bn (23.0). The value per 2017-09-30 was SEK 22.1bn.
- Long term net asset value (EPRA NAV) increased to SEK 8 294m (6 680), corresponding to SEK 11.24 (9.05) per share.

SEK 25.1bn
Property value

SEK 11.24
Long-term net
asset value
per share

THIRD QUARTER

RENTAL INCOME,
SEKm

427

OPERATING PROFIT,
SEKm

112

NET PROFIT FOR THE
QUARTER, SEKm

482

IMPORTANT EVENTS DURING THE THIRD QUARTER

- Income for the quarter was SEK 427m (370) and contributed to an operating surplus of SEK 293m (263). The cash flow from current operations amounted to SEK 99m (88) before changes in working capital.
- Profit before tax amounted to SEK 517m (498), of which income from property management are included with SEK 112m (112), value changes on properties included with SEK 402m (385).
- During the quarter SBB together with Offentliga Hus and Amasten entered into an agreement with the newly established company Studentbostäder i Sverige AB to sale SBBs current student housing properties. SBB will initial own 23.1 percent of the shares in Studentbostäder i Sverige AB.
- In July a community service property in Stockholm containing elderly care was acquired.
- SBB initiated a change of issuer in SBB i Norden AB's (publ) notes with symbol SBBIN 002, Samhällsbyggnadsbolaget i Norden AB (publ) was registered as issuer of the notes in the system of Euroclear as of 11 July 2018.
- In July SBB expanded its community service property portfolio in the Nordic metropolitan regions through the purchase of two elderly care homes in Tønsberg in the Oslo region.
- SBB established a EUR commercial paper programme with a framework amount of EUR 200m in July.
- In July SBB redeemed all outstanding preference shares in the subsidiary AB Höggullen (publ).

- SBB entered in to a LOI with the municipality of Skellefteå for the acquisition of the new cultural center in Skellefteå including hotel operations, the property is acquired for more than SEK 1.0bn. The municipality of Skellefteå will sign a 50-year lease with SBB. After the period SBB have signed a definitive agreement with the municipality.
- During the quarter, SBB sold three non-strategic properties in Bergen and Falun with an underlying agreed property value of SEK 138.5m.
- Samhällsbyggnadsbolaget i Norden AB (publ) issued a new hybrid bond with an initial volume of SEK 1,000m. The hybrid bonds are issued under a framework of SEK 1,500m which enables for an additional SEK 500m could be issued under the framework. The hybrid bonds are perpetual instruments and carry an initial floating rate coupon of 3m Stibor + 635 basis points.
- During the quarter, SBB sold 13 000 s.qm. building rights for residential use in Nyköping to Backastad.
- SBB repurchased outstanding notes amounting to SEK 1.2bn in the end of September. In connection with the transaction SBB issued new senior unsecured notes of SEK 1.0bn with settlement in October.
- SBB sold 39 properties with an underlying property value of SEK 1.153bn to a joint venture co-owned to 50 percent with Property AD.

IMPORTANT EVENTS AFTER THE THIRD QUARTER

- In early October SBB placed a bid on all preference shares in Karlbergsvägen 77 Fastighets AB (publ) for the purpose to convert the property for school premises. The acquisition will be done through offering of 2.77 contemplated Class D shares per preference share in Karlbergsvägen.
- SBB issued hybrid bonds with a volume of SEK 100m under its existing framework of SEK 1,500m (ISIN SE0011642776), following continued demand from investors since the initial issue in September 2018. The issue price was 101.35 percent of the nominal value, corresponding to a margin of 606 basis points to first call, lower than the initial floating rate coupon of 3m Stibor + 635 basis points. SBB issued additional SEK 100m hybrid bonds to an issue price of 101.8 percent of the nominal value, corresponding to a margin of 606 basis points.
- SBB signed an agreement with Phoenix Insurance Company that SBB shall repurchase 17,500,000 warrants for a total purchase price of SEK 93.07m. According to the agreement, SEK 85.75m of the purchase price for the warrants shall be paid in cash and the remaining purchase price of SEK 7.32m shall be paid by a new issue of 600,000 ordinary shares of Class B. As a part of the agreement, Phoenix Insurance Company has undertaken to immediately apply for subscription of shares in the Company regarding the remaining 17,500,000 warrants at an adjusted exercise price of SEK 7.30.
- In October SBB signed an agreement to acquire two community service properties and eight residential properties with a total property value of SEK 289m.

SBB KEY RATIOS

	2018	2017	2018	2017	2017
	Jan-Sep	Jan-Sep	July-Sep	July-Sep	Jan-Dec
Rental income, SEKm	1 227	954	427	370	1 339
Net operating income, SEKm	797	620	293	263	877
Surplus ratio, %	65	65	68	71	66
Interim profit, SEKm	999	2 048	482	362	2 429
Yield, %	4,8	4,7	4,8	4,7	4,8
Cash flow from current operations, SEKm ¹⁾	255	220	99	88	360
Property value (market value), SEKm	25 122	22 052	25 122	22 052	23 001
Number of properties	782	720	782	720	749
Leasable area, sq.m., thousands	1 402	1 359	1 402	1 359	1 366
Economic letting ratio, %	96,8	97	96,8	97	96,8
WAULT, community service properties, yrs	7	7	7	7	7
Shareholders' equity, excl. non-controlling equity interests, SEKm	7 391	6 040	7 391	6 040	6 389
EPRA NAV (long-term net asset value), SEKm	8 294	6 680	8 294	6 680	7 120
EPRA NNAV (actual net asset value), SEKm	7 375	5 903	7 375	5 903	6 282
Return on Shareholders' Equity, %	11	45	6	5	52
Loan-to-value ratio %	56	59	56	59	58
Equity ratio, %	36	32	36	32	32
Adjusted Equity ratio, %	40	36	40	36	36
Earnings per ordinary share, SEK	1,31	3,20	0,65	0,47	3,60
Average number of ordinary shares	737 949 031	624 855 080	737 949 031	736 912 138	653 360 953
Average number of preference shares	333 205	122 283	333 205	218 862	168 360
Number of ordinary shares	737 949 031	737 949 031	737 949 031	737 949 031	737 949 031
Number of preference shares	333 205	299 170	333 205	299 170	333 205

Se definitions of key ratios on page 35-36

1) Before changes in working capital.

INFORMATION ABOUT THE GROUP

SAMHÄLLSBYGGNADSBOLAGET I NORDEN (SBB)

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

REAL ESTATE PORTFOLIO

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

The property portfolio consisted of 782 properties as of 30-09-2018. The properties had a total value of SEK 25.1bn, where residential constituted of SEK 7.5bn, community service properties SEK 15.4bn, and the remaining properties SEK 2.2bn. The total lettable area was approx. 1,402,000 sq.m. with a rental income, on a 12-months rolling basis, of SEK 1,637m.

Classification	Rental income, SEKm	Total, %
Residential	541	33
Group Housing	155	10
Government	691	42
Indirect government	113	7
Other	137	8
Total	1 637	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

Samhällsbyggnadsbolaget (SBB)'s regulated rental residentials part of the portfolio is growing and we currently own almost 9,000 rental apartments, and more than 1,000 apartments in LSS (apartments for people with special needs) properties. Over the last three quarters we have acquired elderly homes in Stockholm, Oslo and Helsinki, making us one of Sweden's largest housing companies. Our total rental income, based on a rolling 12-month period, amounted to SEK 1,637 million. Of the total, 92 per cent, SEK 1,500 million, originate from regulated rental residentials or from state and municipalities through our community service properties. This creates a low risk exposure that is unique in its kind in today's challenging environment.

SBB is characterized by safe cash flows as our revenues are only marginally affected by economic downturns or other external factors. Our properties are situated in attractive locations in larger cities of the Nordic region. Furthermore, our portfolio of community service properties and regulated rental residentials have long average lease terms. We have many years of experience of close cooperation with municipalities which also contributes to the strong foundation for development of building rights for residentials and community service properties. This combination provides low risk assets which have a value-added potential to overdeliver and create long-term value.

FOCUS ON CONSOLIDATION

The work on consolidating the balance sheet with aim to improve our financial position intensified during the third quarter. As part of this work, we have repaid approximately SEK 1.2 billion of our bonds maturing in April 2020. In the short term this affects our earnings negative but over time our financial position will be strengthened significantly. During the third quarter, we reduced our financial costs by SEK 89 million, on a 12-month rolling basis. At the end of the third quarter, our average interest rate was 2.5 percent compared to 3.5 percent a year ago. We also divested non-

strategic properties totalling SEK 1.5 billion during the third quarter.

STRENGTHENING EQUITY STORY

We also continue to strengthen our equity. At the end of the quarter we issued a perpetual bond of SEK 1 billion, followed by an additional SEK 0.2 billion after the quarter. In addition, also after the end of the quarter, we have issued ordinary shares for a total of SEK 135 million in cash and announced an issue of D shares totalling SEK 470 million.

STRONG NET OPERATING INCOME WITH STRONG CASH FLOWS

During the first nine months of the year, we delivered a net operating income of SEK 797 million, which adjusted for non-recurring items amounted to SEK 817 million, an increase of 29 percent from SEK 633 million during the corresponding period of the previous year. Our strong net operating income combined with long-term reduced financing costs enables continued strong cash flow. Our estimated earnings capacity using rolling 12 months at the end of the third quarter was SEK 766 million, corresponding to an increase of 32 percent from SEK 582 million at the end of 2017.

LONG-TERM OWNERS

During the third quarter we launched a new property management organization. We recognise that the combination of our own technical management and proximity to our tenants where the tenants are the most important criteria in the long-term. We know that everything one does, and even what one does not do, play a role and are important components of long-term management and ownership.

LONG-TERM PARTNER TO MUNICIPALITIES

The largest owners of community service properties are municipalities, and if we look at the Nordic region as a whole, Sweden is at the forefront when it comes to the professionalization of real estate management in relation to community service properties. We are convinced that this development will grow and get 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. During the third quarter we created a unique collaboration in Skellefteå, where the municipality signed a 50-year lease and we will become the owners of the Nordic region's, probably, most sustainable property. This is an investment in the 'billionth class' and is expected to be ready for occupation in early 2021. The municipality is responsible for the construction of the property and SBB are responsible for the long-term ownership.

OUTLOOK

During the first nine months of 2018 we have been working actively with renovations of 355 apartments, which is more than double from last year, and in line with our target of 600 apartments for the second half of 2018 and the first half of 2019. Our regulated rental residentials properties' value on average is equivalent to approximately SEK 12,000 per square meter in our balance sheet and we see great

opportunities for value growth when we start renovations from low rental rates. I have said it before and I would like to repeat it again; Swedish regulated rental residentials with low regulated rents are very safe and stable assets. SBB's portfolio of regulated rental residentials combined with the high percentage of state and municipality tenants in our community service properties, represent a stable and long-term investment. In addition, we are a community builder and at the end of the third quarter we had almost 50 ongoing development projects in different phases of zoning plans. These projects total approximately 900,000 sqm BTA, which convert into potential for new construction of approximately 10,000-12,000 homes.

At the end of the third quarter, our net loan-to-value ratio was 56 percent and we will continue to create conditions for further reducing the LTV ratio over the next 12 months. SBB aims to strengthen its financial position in order to achieve the criteria for an Investment Grade rating at the end of 2018. All in all, this gives us good prerequisites for continuing the work of creating the Nordic region's leading player focusing on community service properties and regulated rental residentials.

Ilija Batljan
CEO and founder



SBB INCOME STATEMENT

THE GROUP'S COMPREHENSIVE INCOME STATEMENT

IN THOUSANDS OF SEK	2018-01-01 2018-09-30	2017-01-01 2017-09-30	2018-07-01 2018-09-30	2017-07-01 2017-09-30	2017-01-01 2017-12-31
Rental income	1 227 279	954 281	427 156	369 736	1 338 677
Operating costs	-275 426	-228 722	-73 952	-76 287	-302 518
Maintenance	-64 532	-43 574	-25 822	-12 785	-62 471
Property administration	-65 449	-48 909	-26 305	-12 716	-73 981
Property tax	-24 615	-13 025	-8 549	-4 970	-22 502
Net operating income	797 257	620 051	292 528	262 978	877 205
Central administration	-66 918	-58 616	-23 973	-16 522	-75 838
Profit before financial items	730 339	561 435	268 555	246 456	801 367
Profit from financial items					
Profit from Joint Ventures	2 709	-	2 709	-	-
Interest income and similar	2 480	11 01	617	1 587	12 282
Interest expenses and similar	-441 615	-322 908	-159 679	-135 889	-476 067
Profit from property management	293 913	250 128	112 202	112 154	337 582
Changes in the value of properties	903 976	2 387 349	401 955	385 396	2 796 844
Changes in value of derivatives	6 037	-	2 437	-	-3 748
Profit before tax	1 203 926	2 637 477	516 594	497 550	3 130 678
Tax	-204 842	-589 764	-34 488	-135 788	-701 696
PROFIT FOR THE PERIOD	999 084	2 047 713	482 106	361 762	2 428 982
REPORT OVER OTHER COMPREHENSIVE INCOME					
IN THOUSANDS OF SEK	2018-01-01 2018-09-30	2017-01-01 2017-09-30	2018-07-01 2018-09-30	2017-07-01 2017-09-30	2017-01-01 2017-12-31
Interim profit	999 084	2 047 713	482 106	361 762	2 428 982
Other comprehensive income					
Translation gains/losses for the period	192 540	-47 283	-32 223	-9 594	-94 088
COMPREHENSIVE INCOME FOR THE PERIOD	1 191 624	2 000 430	449 883	352 168	2 334 894
Earnings per share before dilution	1,31	3,20	0,64	0,47	3,60
Earnings per share after dilution	1,29	3,20	0,63	0,47	3,60

INCOME STATEMENT COMMENTS

NET OPERATING INCOME

Total rental income during the period amounted to SEK 1 227.3m (954.3) and for the quarter SEK 427.2m (369.7). Of the rental income for the period, SEK 404.2m came from residential properties, SEK 718.4m from community service properties and SEK 104.6m from the remaining cash flow properties. The occupancy ratio by the end of the year amounted to 96.8 percent (96.9). The average contract duration of community service properties was 7 years (7).

The property costs during the period amounted to SEK -430.0m (-334.2) and for the quarter SEK -134.6m (-106.8). The costs are mainly attributable to utility costs, maintenance costs, and other operational and management costs. The result for the operating cost items heat, electricity and snow exceeded the normal outcome for the period by approximately SEK 20m. This is partly due to an extra long and cold winter as well as a large amount of snow during the first tertial.

SEGMENT REPORTING

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

SEGMENT REPORTING FOR THE PERIOD 2018-01-01 - 2018-09-30

SEKm	Residential	Community service	Other	Total
Rental income	404,2	718,5	107,4	1 227,3
Property costs	-203,9	-164,1	-62,1	-430,0
Net operating income	200,3	554,4	42,6	797,3
<i>Surplus ratio</i>	<i>49,6%</i>	<i>77,2%</i>	<i>40,7%</i>	<i>65,0%</i>
Central administration				-66,9
Net financials				-436,4
Operating profit				293,9
Value changes properties	597,1	239,7	67,2	904,0
Value changes derivatives				6,0
Tax				-204,8
Profit for the period				999,1
Investment properties	7 505,4	15 437,0	2 179,8	25 122,2
Value per sq.m. (SEK)	12 333	25 325	11 830	17 914

SEGMENT REPORTING FOR THE PERIOD 2018-07-01 - 2018-09-30

SEKm	Residential	Community service	Other	Total
Rental income	149,9	244,6	32,7	427,2
Property costs	-67,3	-53,4	-13,9	-134,6
Net operating income	82,5	191,2	18,8	292,5
<i>Surplus ratio</i>	<i>55,1%</i>	<i>78,1%</i>	<i>57,6%</i>	<i>68,5%</i>
Central administration				-24,0
Net financials				-156,4
Operating profit				112,2
Value changes properties	182,5	161,6	57,9	402,0
Value changes derivatives				2,4
Tax				-34,5
Profit for the period				482,1
Investment properties	7 505,4	15 437,0	2 179,8	25 122,2
Value per sq.m. (SEK)	12 333	25 325	11 830	17 914

PROFIT AFTER TAX

In total, the costs for central administration during the period amounted to SEK -66.9m (-58.6). The costs for the quarter amounted SEK -24.0m (-16.5). 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 included in the amount, totaling to approximately SEK 10m.

Net financial items for the period amounted to SEK -436.4m (-311.3) and for the quarter SEK -156.4m (-134.3). Net financial items 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 one-off costs in the form of installment fees for borrowing and cost of early repayment of expensive loans with approximately SEK 80m during the period.

Value changes of the properties amounted to SEK 904.0m (2 387.3) where SEK -14.0m (-32.9) was realized value change and SEK 890.0m (2 354.4) was unrealized value change. A part of the unrealized value change was value creation regarding building rights of SEK 134m (580). 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 999.1m (2 047.7), which was weighed down by SEK -204.8m (-589.8) in taxes. SEK -17.1m (-60.4) relates to current taxes and SEK -187.7m (-529.4) concerned deferred taxes related to the properties. As a result of the new tax rules applicable as of 2019-01-01 deferred tax has been revalued to 20.6 percent. The government has decided to lower the tax rate in two steps, first to 21.4 percent in 2019 and then to 20.6 percent in 2021. SBB has decided to calculate deferred tax liabilities to 20.6 percent since they are not expected to be reversed to any significant extent in 2019 and 2020.

BALANCE SHEET

STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK	2018-09-30	2017-09-30	2017-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Goodwill	24 912	-	-
Total intangible fixed assets	24 912	-	-
Tangible fixed-assets			
Investment properties	25 122 206	22 051 904	23 000 726
Equipment, tools and installations	4 011	11 772	10 376
Total tangible fixed assets	25 126 217	22 063 676	23 011 102
Financial assets			
Shares in associated companies /joint ventures	99 425	106 479	110 691
Receivables associated companies /joint ventures	1 282 116	-	-
Other long-term receivables	37 144	101 706	10 554
Total financial assets	1 418 685	208 185	121 245
Total non-current assets	26 569 814	22 271 861	23 132 347
Current assets			
Current receivables			
Account receivables	17 845	23 001	26 271
Other receivables	228 054	170 492	277 898
Prepaid expenses and accrued income	124 892	38 198	39 472
Total short-term payables	370 791	231 691	343 641
Cash and cash equivalents	142 581	101 474	92 749
Total current assets	513 372	333 165	436 390
TOTAL ASSETS	27 083 186	22 605 026	23 568 737

STATEMENT OF GROUPS FINANCIAL POSITION – IN SUMMARY

IN THOUSANDS OF SEK

	2018-09-30	2017-09-30	2017-12-31
EQUITY AND LIABILITIES			
Equity	9 852 115	7 338 737	7 636 057
Long-term liabilities			
Liabilities to credit institutions	6 582 411	5 073 382	6 595 568
Bond loans	6 386 502	6 207 496	5 941 057
Derivatives	29 496	-	35 247
Long-term loans to shareholders	-	33 600	33 600
Deferred tax liabilities	1 039 721	729 791	863 105
Other long-term liabilities	130 475	85 754	13 750
Total long-term liabilities	14 168 605	12 130 023	13 482 327
Short-term liabilities			
Liabilities to credit institutions	396 237	1 505 036	637 176
Commercial papers	1 822 664	-	-
Bond loans	29 446	618 433	660 289
Account payables	68 434	81 859	134 826
Short-term liabilities to owners	-	40 000	40 000
Short-term liabilities to Joint Ventures	8 931	-	-
Current tax liabilities	36 754	81 890	53 839
Other liabilities	365 181	633 148	653 810
Accrued expenses and prepaid income	334 819	175 900	270 413
Total short-term liabilities	3 062 466	3 136 266	2 450 353
TOTAL EQUITY AND LIABILITIES	27 083 186	22 605 026	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 2017-01-01	723	767 582	998 233	-	-	1 766 538
Share Issue	73 105	2 270 798			469 962	2 813 865
Issue hybrid bond				668 387		668 387
Issue warrants		2 099				2 099
Dividend				-12 658	-64 290	-76 948
Acquired minority interests					315 000	315 000
Redeemed minority interests					-187 778	-187 778
Net profit for the period			2 352 034	12 658	64 290	2 428 982
Other comprehensive income			-75 786		-18 302	-94 088
Closing Equity 2017-12-31	73 828	3 040 479	3 274 481	668 387	578 882	7 636 057
Opening Equity 2018-01-01	73 828	3 040 479	3 274 481	668 387	578 882	7 636 057
Issue hybrid bond				1 303 300		1 303 300
Issue warrants		9 370				9 370
Dividend			-82 104	-51 762	-27 148	-161 014
Redeemed minority interests					-127 222	-127 222
Net profit for the period			920 174	51 762	27 148	999 084
Other comprehensive income			155 152		37 388	192 540
Closing Equity 2018-09-30	73 828	3 049 849	4 267 703	1 971 687	489 048	9 852 115

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

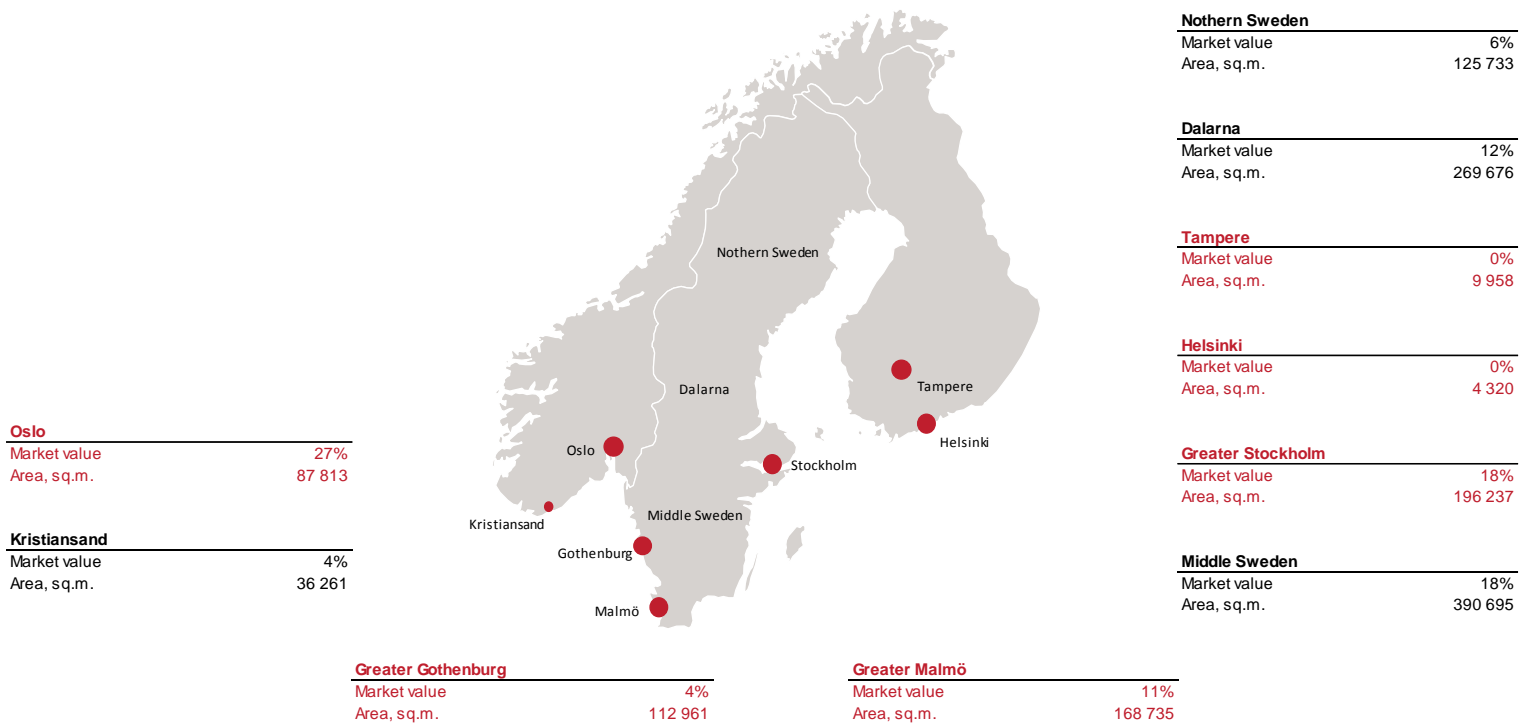
PROPERTIES

INVESTMENT PROPERTIES

The property value amounted to SEK 25.1bn as of 30-09-2018. The value of the property portfolio is assessed through external valuations made by Newsec, JLL and Savills. The valuations are based on an analysis of future cash flow for every property, while considering each lease contract, the market, the rent levels, operational –

maintenance and property administration costs as well as the need for future investments. The yield requirements in the valuation are in the range of 2.55 percent to 9.0 percent. The valuation of the real estate also includes approximately SEKm 1,285 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: 61 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 30 percent of the company's real estate value and 1 percent in Finland. About 59 percent of the real estate

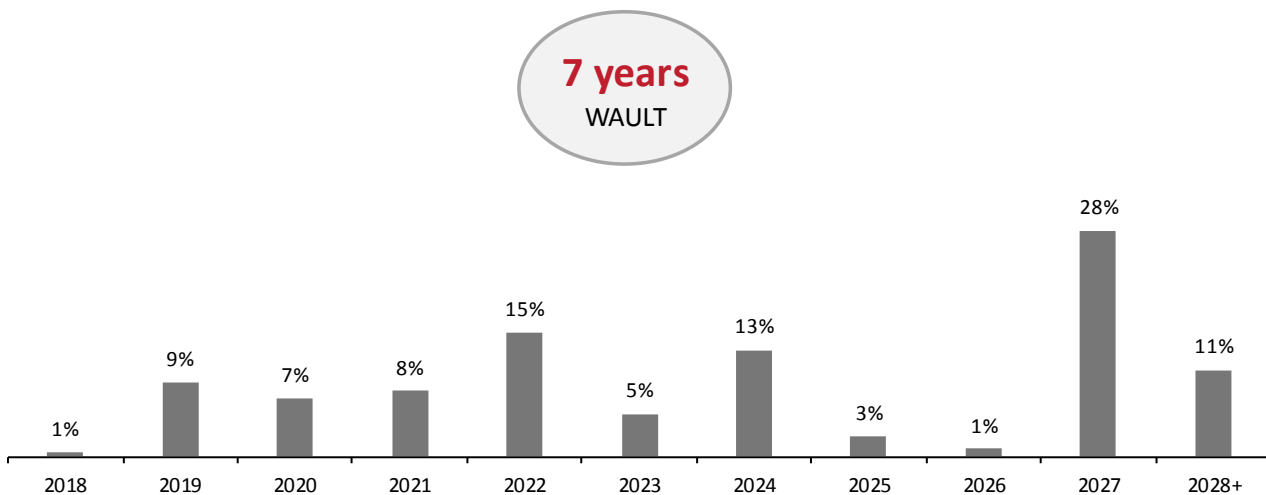
value consisted of residential and community service properties in Sweden. The remaining 10 percent are properties in Sweden, where the company actively conducts property development work where the properties are converted into building rights for housing - an important part of the community building concept; acting as a real community builder in these times of housing shortage.

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

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

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

LEASE MATURITY STRUCTURE COMMUNITY SERVICE PROPERTIES



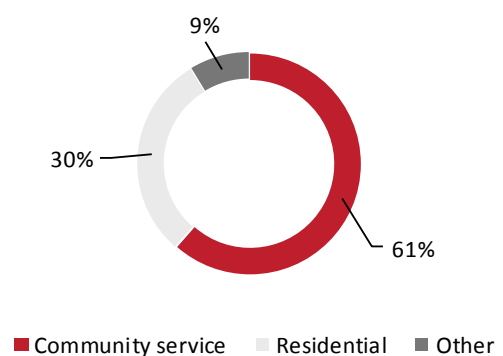
Community service properties have a long weighted average lease expiry.

SENSITIVITY ANALYSIS

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

	Change	Value change
Rental value	+/- 5 %	SEKm 1 271 / -1 268
Discount rate	+/- 0.25 %	SEKm -316 / 325
Exit yield	+/- 0.25 %	SEKm -712 / 879

PROPERTY VALUE PER SEGMENT



RENOVATIONS

So far, during the year, SBB has partly completed the renovation of 355 apartments in the stock. To continue this work, two project managers have been hired, who took office on 1 October. The project managers will drive the succession renovations in our residential areas to further increase the pace of this work.

ACQUISITIONS

- In early July, a property portfolio consisting of two community service properties and 35 residential properties with a market value of approximately SEK 730m was acquired. The properties are located in Stockholm, Oskarshamn and Avesta. The community service properties consist of a retirement home and a property for educational purposes. Their leaseable area amounts to approximately 12 000 sq.m. with rental income of approximately SEK 18.5m and is fully rented with an average remaining rental term of 6.5 years. The largest tenant is Stockholm Stad, which accounts for 17 percent of rental income. Residential properties consist of more than 900 apartments with a rental income of approximately SEK 57.5m and their leaseable area amounts to approximately 63 700 sq.m.

- During the quarter, the portfolio of community service properties in Norway was expanded by acquiring two care homes in Tønsberg in the Oslo region with a market value corresponding to NOK 178m. The properties have a total leaseable area of 5 846 sq.m. with an estimated annual operating net of approximately NOK 11.8m. The accommodation is fully rented to Attendo with recently renewed leases with a term of 5 years.

- In August, SBB signed a letter of intent to invest in Skellefteå's future cultural center. The declaration of intent means that the entire property, incl. cultural houses and hotels, is sold to SBB for SEK 1 050m. SBB will own the property and rent it to a subsidiary to Skellefteå municipality. The rental period will be 50 years.

In addition to the renovation of apartments, two major energy projects have started in our residential properties in Skara and Tidaholm, and there is currently a procurement of another energy project in Motala. The system solution is about exhaust air heat pumps with district heating edge and new control equipment. In the Motala project, energy from wastewater will also be recycled and through heat pumps produce heat. Energy projects are estimated to generate a decrease of purchased energy by about 20-30 percent.

JOINT VENTURES

- SBB sold two student housing properties in early July to the newly established company Studentbostäder i Sverige AB, which is owned jointly with Offentliga Hus (publ) and Amasten AB (publ). SBB's holding in the company is 23.10 percent. Student housing in Sweden AB's property portfolio consists of 21 properties with a value of SEK 900m.

- During the quarter, SBB formed a joint venture together with Property AD AB. The company has 39 properties at an underlying property value of SEK 1 153m. The properties are centrally located in the municipalities of Oskarshamn, Västervik, Nyköping, Karlskrona, Hudiksvall, Karlstad, Älvdalen, Malung-Sälen, Motala, Hedemora, Tomelilla, Hörby, Ludvika, Skövde, Ovanåker, Helsingborg, Flen, Norrköping, Torsby, Hagfors and Svalöv. The total leaseable area comprises 108 248 sq.m. with an operating net of approximately SEK 59m. The properties include both residential and office buildings. The joint venture company focus will be on transaction and rental.

DIVESTMENTS

- During the quarter, three non-strategic properties were sold, one in Bergen in Norway and two in Falun. Total agreed property value amounts to SEK 138.5m, which means that the properties are sold at approximately 6 percent above the latest valuation.

- SBB divested 13 000 sqm building rights for residential purposes in Nyköping to Backastad. The building rights are located within the properties Raspen 1-3 in the area of Nöthagen and will be developed to Swedish rent regulated residentials. The detailed plan is on consultation and is expected to be adopted in 2019.

CHANGES IN THE PROPERTY STOCK

	SEKm
Initial fair value 2018-01-01	23 001
Acquisitions	2 370
Investments	214
Divestments	-1 970
Reclassification	-5
Translation gains/losses	622
Unrealised value changes	890
Fair value at the end of the period	25 122



Skrubbyveln 4, Stockholm

PROPERTY DEVELOPMENT

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

SBB believes that a crucial factor for sustainable community- and urban development is location and, most importantly, locations with easily accessible communications. In modern day urban living it should be possible to live without owning a car and in order to do so, communications, services, health care, schools and care services must be located in the immediate vicinity. SBB has made several property acquisitions of development areas by railway stations. Several of SBBs development areas are located in prioritized areas of communications, such as the new high-speed railway Ostlänken, the Stockholm commuter train services and Flytorget (Oslo).

SBB's Property Development Organisation

Samhällsbyggnadsbolaget (SBB) has a business orientated project organization with substantial experience within property development and transactions. The organization, which as of autumn 2018 has been strengthened with further resources in the development team, is led by the Deputy Managing Director/Vice president Krister Karlsson and handles approximately 900 000 sq.m. GFA (gross floor area) in various stages in the planning process. SBB works actively in creating flexible and rational building rights in various segments (e.g. co-operatively owned housing, rental housing and community buildings) and create building rights that are attractive to many investors, both cooperative companies, publicly traded companies and public housing companies. SBB has extensive experience of initiating and executing sales of building rights early in the planning process. Since the beginning in 2016, SBB has sold approximately 460 000 sq.m. GFA, totaling to an agreed property value of SEK 1,640 million (average price 3 600 kr/sq.m. GFA), of which SEK 226 million has already been closed. Of the total volume of SEK 1,640 million, SEK 600 million has been sold during the current financial year.

Building Rights

SBB had per 2018-09-30 around 50 ongoing development projects in various stages of the planning process, with a total of approximately 900 000 sq.m. GFA (gross floor area). The planning process in Sweden consists of four phases, and SBB categorizes them as follows; Project ideas (phase 1), Pending formal planning decision (phase 2), Formal

Municipality	Property	GFA 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	135 000
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	12 000
Lund	Landsdomaren 7	5 500
Karlskrona	Gullbernahult 1	7 000
Borlänge	Klövervallen 1	10 100
Total sq.m. initiated plans (phase 3)		615 400
Project ideas (sq.m. GFA) (phase 1)		47 080
Pending formal planning decision (GFA) (phase 2)		116 000
Planning permission granted (GFA) (phase 4)		113 440
Total building rights portfolio (GFA) (All phases)		891 920
<i>Of which is land allocations (GFA)</i>		<i>229 900</i>
<i>Of which is sold but not yet closed (GFA)</i>		<i>404 030</i>
<i>Total value of building rights sold but not yet closed (SEK)</i>		<i>1 411 000 000</i>

planning process initiated (phase 3), Planning permission granted (phase 4).

The above-mentioned sales have not yet been taken in possession as per 2018-09-30, as they are conditioned upon the detailed plan taking legal force. They have however to a certain extent been considered in connection to the valuation of the properties and thus affected the unrealized value changes.

SBB estimates that the value of the building rights portfolio upon being granted planning permission (phase 4) will exceed the book value by SEK 500 – 900 million.

Key events in the third quarter 2018:

- Approx. 13 000 sq.m. GFA was sold to Backastad for the development of rental housing within Nyköping Raspen 1. To be taken into possession when planning permission has been granted.
- Public consultation of the plan conducted for the projects Nyköping Raspen 1-3 and the first phase of Haninge Kalvsvik 11:9, 1:4.
Total volume approx. 180 000 sq. m. GFA.
- Planning process has been formally initiated for the projects Borlänge Kvarnsveden, Borlänge Klövervallen, Karlskrona Gullbernahult 1 and Lund Landsdomaren 7.
Total volume approx. 20 000 sq.m. GFA.
- The new owners of 35 apartments in the JV-project Bacchus in Falkenberg have moved in.

Property Development in Joint Ventures

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

The pictures below show the first completed apartment building in Falkenberg on the Bacchus peninsula, developed within one of SBB's JV collaborations.



FINANCING

On 30 September 2018, the Group's interest-bearing liabilities amounted to SEK 15 217m, of which SEK 6 978 related to liabilities to credit institutions, SEK 6 416m to bond loans and SEK 1 823m to commercial paper. The net loan ratio was 56 per cent. The fair value of the liabilities as at 30 September 2018 is deemed to be in accordance with the carrying amount. The average interest rate for external financing amounted to 2.49 per cent, which is a reduction of 0.44 percent, compared to Q2 2018. The average period of fixed interest for all outstanding loans was 4.49 years. The debt maturity structure for all external financing is shown in the tables on the right-hand side. Excluding commercial paper, SEK 426m matures within one year. To handle the refinancing risk in connection with the commercial paper outstanding, there are back-up facilities in place.

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

Approximately half of the source of debt financing is comprised of bank loans, mainly in SEK but also in NOK, followed by bond loans in SEK and NOK and commercial paper in SEK and EUR. In addition, SBB has issued hybrid capital which is included in the equity in the balance sheet. By the end of Q3 2018, capital markets financing (including commercial paper) amounted to 54 percent.

Samhällsbyggnadsbolaget has continued to develop positively on the financial side during Q3 2018. At the end of 2017, SBB's average rate of interest amounted to 3.5 percent. During 2018, the average interest rate decreased by over one percentage point. At the end of Q3 2018, fixed rate loans amounted to 49 percent. and floating rate loans amounted to 51 percent.

SBB has obtained credit ratings from three credit rating agencies; Fitch (BB, positive outlook), S&P (BB) and Moody's (B+).

In July 2018, SBB launched a EUR 200m Commercial Paper Programme. Swedbank AB, Finnish Branch is the Arranger as well as a Dealer, together with Danske Bank A/S, Finnish Branch and Nordea Bank Abp, Finland. As at 30 September 2018, there was EUR 48m outstanding.

DEBT MATURITY STRUCTURE (EXCLUDING COMMERCIAL PAPER)

Maturity year	Nominal amount, SEKm	Share
< 1 year	426	3%
< 2 year	1 802	13%
< 3 year	3 297	24%
< 4 year	3 166	23%
< 5 year	54	0%
> 5 year	4 737	35%
Total	13 482	100%

DEBT MATURITY STRUCTURE (INCLUDING COMMERCIAL PAPER)

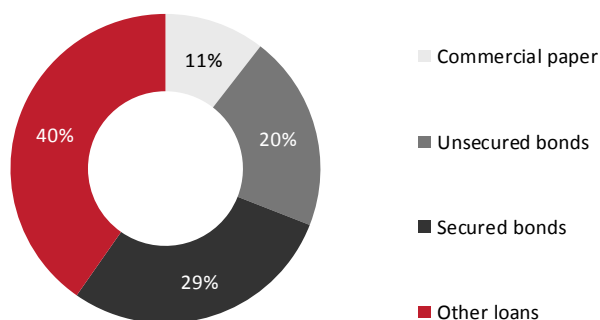
Maturity year	Nominal amount, SEKm	Share
< 1 year	2 249	15%
< 2 year	1 802	12%
< 3 year	3 297	22%
< 4 year	3 166	21%
< 5 year	54	0%
> 5 year	4 737	31%
Total	15 305	100%

The proceeds have been used to repay bank loans and bond loans carrying a high rate of interest and is a part of the company's strategy to lower the cost of financing as well as to strengthen its key ratios.

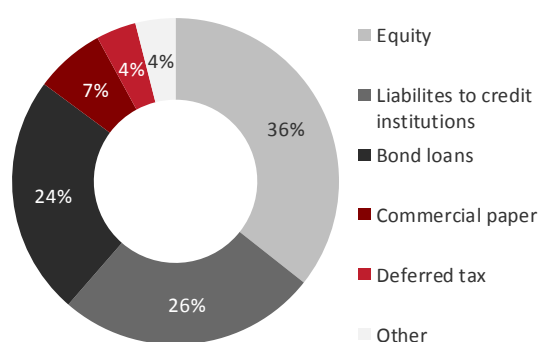
At the beginning of September 2018, SBB issued its second hybrid bond loan of SEK 1 000m (framework amount of SEK 1 500m). The hybrid bond loan is perpetual and carries an initial rate of interest of 3m Stibor plus 635 basis points (no Stibor floor). At the end of September 2018, SBB announced that it had bought back bond loans totaling SEK 1 205m under a public tender offer. The proceeds were reported per 28 September 2018. SBB bought back SEK 846m of the 2017/2020 bond loan (ISIN SE0009805468), SEK 317m of the 2018/2021 bond loan (ISIN SE00010414581) and SEK 42m of the 2018/2021 bond loan (ISIN SE0010985713). In connection with the public tender offer, SBB issued a new four-year senior unsecured bond loan of SEK 1 000m, carrying an initial rate of interest of 3m Stibor plus 360 basis points (no Stibor floor). SBB received the proceeds from this bond loan on 5 October 2018.

SBB has ongoing discussions with its main lenders regarding interest rates and maturities for the shorter end of its bank loan portfolio and assesses the prospects to refinance these bank loans at market rates to be good. At the same time, SBB monitors the interest rate swap market in order to be able to extend the fixed interest term on its borrowing.

SOURCES OF DEBT FINANCING



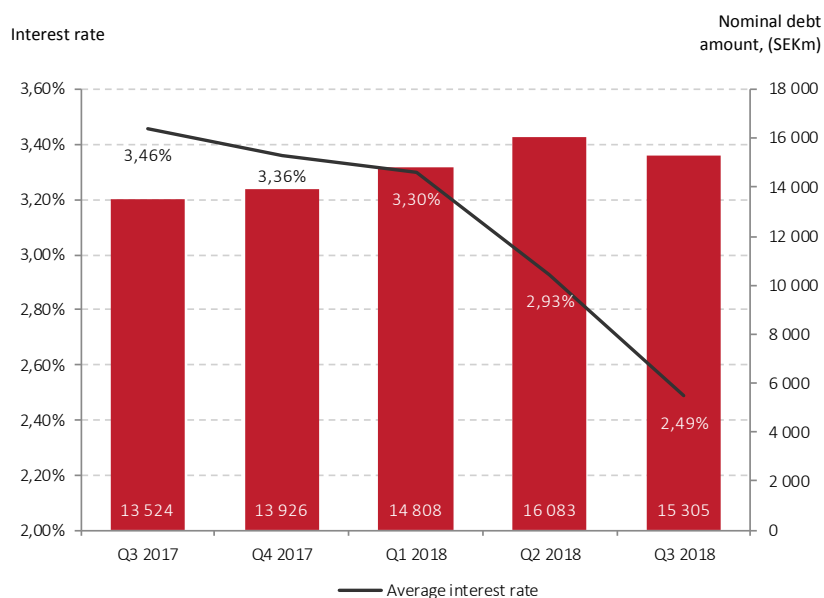
CAPITAL STRUCTURE



OUTSTANDING SENIOR UNSECURED BOND LOANS

ISIN-code	Currency	Nominal amount, SEKm	Of which bought back by SBB, SEKm	Maturity	Interest rate, %
SE0010869123	SEK	300	-	dec/2019	2.90
SE0010985713	SEK	250	48	maj/2021	3.65
SE0010414581	SEK	750	-	jan/2021	3.90
SE0009805468	SEK	1 500	1 201	apr/2020	6.00
TOTAL		2 800	1 249		

THE GROUP'S AVERAGE INTEREST RATE





Samhøllsbyggnaðsbolaget

NOREWEGIAN MINISTRY OF JUSTICE IN OSLO

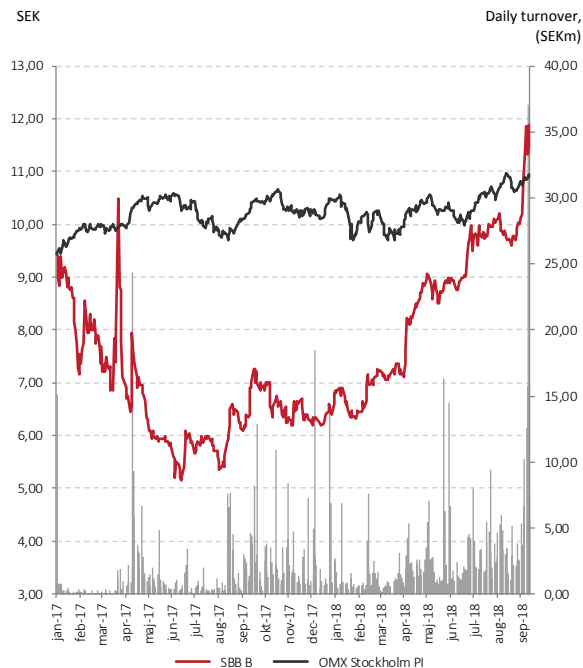


THE SHARE

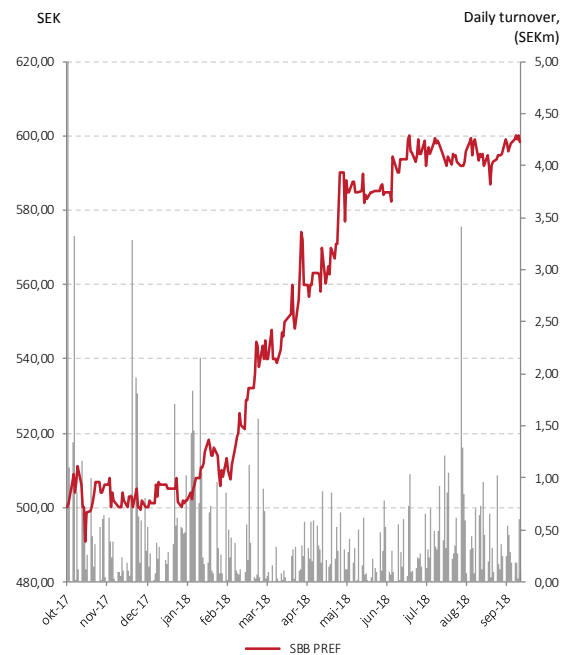
SBB's Class B share is listed on Nasdaq First North. As of 30-09-2018 the number of class B shares amounted to 527,971,540. In addition, the company has class A shares totaling 209,977,491 and 333,205 preference shares.

The price of the class B share was per 30-09-2018 SEK 11.90 and for preference share SEK 602.9 per 30-09-2018. The market value of Class B shares (including the value of Unlisted ordinary shares of Class A at the same price) was SEK 8,782m and for the preference share SEK 201m.

ORDINARY SHARES OF CLASS B



PREFERENCE SHARE



	2018-09-30	2017-09-30	2017-12-31
EPRA Earnings, SEKm	274	190	298
EPRA Earnings (EPS), SEK/share	0.37	0.30	0.46
EPRA NAV, SEKm	8 294	6 680	7 120
EPRA NAV, SEK/share ²⁾	11.24	9.05	9.65
EPRA NNNNAV, SEKm ¹⁾	7 375	5 903	6 282
EPRA NNNNAV, SEK/share ²⁾	9.99	8.00	8.51
EPRA Vacancy Rate, %	3	3	3

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

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



SHAREHOLDERS

The share capital amounted to SEK 73,828,224 per 30-09-2018 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 41.5 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	24.2
Ilija Batljan (private and through companies)	45 558 167	1 137 606		6.3	17.4
AB Arvid Svensson	26 000 000	26 666 667		7.1	10.9
Compactor Fastigheter AB	21 997 977	25 405 525		6.4	9.3
Backahill AB	13 919 159	14 605 317		3.9	5.9
Dragfast AB	7 322 229	27 000 000		4.6	3.8
Meteva AS		84 929 772		11.5	3.2
Investmentaktiebolaget Cyclops	6 349 570	2 666 666		1.2	2.5
Assindia AB	4 762 186	3 153 000		1.1	1.9
AktFast Förvaltnings AB	4 762 186	2 237 814		0.9	1.9
Stiftelsen för Strategisk Forskning		42 651 810		5.8	1.6
Lennart Schuss (private and through companies)	2 634 957	15 424 060		2.4	1.6
Postens Pensionsstiftelse		40 551 810		5.5	1.5
HighHill Intressenter AB		40 701 897		5.5	1.5
Oscar Lekander	3 174 785	292 700		0.5	1.2
Krister Karlsson	3 174 785			0.4	1.2
Other	6 825 789	200 546 896	333 205	28.1	10.2
Total	209 977 491	527 971 540	333 205	100.0	100.0

In accordance with the decision at the annual general meeting in 2018, the shareholders have appointed Mia Batljan (chairman), Rikard Svensson, Sven-Olof Johansson and Lennart Schuss to constitute the nomination committee until a new committee has been appointed as mandated by the annual general meeting in 2019.



CASH-FLOW ANALYSIS

STATEMENT OF GROUP'S CASHFLOW

IN THOUSANDS OF SEK	2018-01-01 2018-09-30	2017-01-01 2017-09-30	2018-07-01 2018-09-30	2017-07-01 2017-09-30	2017-01-01 2017-12-31
Cash flow from operations					
Net profit - property management	293 913	250 128	112 202	112 154	337 582
<i>Adjustments for non-cash items</i>					
Depreciation	663	1 312	113	628	2 144
Net interest	439 135	311 307	159 062	134 302	463 785
Interest paid	-464 164	-293 641	-169 236	-126 806	-415 585
Interest received	2 480	11 601	617	1 587	12 282
Income tax paid	-17 129	-60 350	-3 315	-33 641	-39 725
Cash flow from operations before changes in working capital	254 898	220 357	99 443	88 224	360 483
Cash flow from changes in working capital					
Increase (-)/decrease (+) of receivables	-23 699	-67 109	-51 035	-93 453	-180 535
Increase (-)/decrease (+) of liabilities	-333 009	166 855	-14 408	-395 955	330 126
Cash flow from operations	-101 810	320 103	34 000	-401 184	510 074
Cash flow from investing activities					
Investments in properties ¹⁾	-2 583 837	-12 520 352	-641 122	-635 669	-13 679 013
Disposals of properties	1 994 726	428 217	1 461 640	111 884	737 071
Investments in equipment	5 702	-6 716	822	202	-6 152
Investments in associated companies/joint ventures	12 302	-23 263	13 054	-10 734	-27 963
Investments in intangible assets	-24 912	-	-4	-	-
Change in receivables associated companies/jv	-1 282 116	-	-1 240 206	-	-
Change in other long-term receivables	-26 590	-86 606	-24 363	-35 680	3 131
Cash flow from investing activities	-1 904 725	-12 208 720	-430 179	-569 997	-12 972 926
Cash flow from financing activities					
Share Issue ¹⁾	-	2 805 484	-	129 946	2 832 167
Issue hybrid bond	1 303 300	681 450	988 000	681 450	668 387
Issue warrants	9 370	-	8 920	-	2 099
Paid dividend	-133 430	-36 811	-32 849	-16 880	-70 845

Acquired minority interests	-	315 000	-	-	315 000
Redeemed minority interests ¹⁾	-127 222	-171 482	-127 222	-171 482	-187 778
New loans	5 820 187	10 377 905	1 821 387	1 024 360	11 101 893
Amortization of loans	-4 868 360	-1 794 488	-2 516 591	-851 450	-1 846 342
Occupied debts to owners	-	73 600	-	-	73 600
Amortization of debts to owners	-73 600	-793 954	-	-	-793 954
New loans to Joint Ventures	8 931	-	8 931	-	-
Change in other long-term liabilities	116 725	26 990	60 125	61 993	-45 014
Cash flow from financing activities	2 055 901	11 483 694	210 701	857 937	12 049 213
Cash flow for the period	49 366	-404 923	-185 478	-113 244	-413 639
Cash and cash equivalents at beginning of period	92 749	506 397	329 140	214 718	506 397
Exchange differences in cash and cash equivalents	466	-	-1 081	-	-9
Cash and cash equivalents at end of period	142 581	101 474	142 581	101 474	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 2018-09-30	2017-01-01 2017-09-30	2018-07-01 2018-09-30	2017-07-01 2017-09-30	2017-01-01 2017-12-31
Revenue	-	-	-	-	-
Personnel costs	-17 192	-7 673	-6 748	-2 902	-13 486
Other operating expenses	-27 971	-21 035	-9 859	-11 778	-29 192
Operating profit/loss	-45 163	-28 708	-16 607	-14 680	-42 678
Profit/loss from financial items					
Profit from shares in group companies	6 706	-	-	-	3 062
Interest earnings and similar items	123 294	36 508	36 498	19 676	64 146
Interest payments and similar items	-85 556	-3 986	-57 089	-75	-4 908
Profit/loss after financial items	-719	3 814	-37 198	4 921	19 622
Group contributions	-	-	-	-	-2 090
Profit/loss before tax	-719	3 814	-37 198	4 921	17 532
Tax	19 312	-	19 312	-	-3 340
PROFIT FOR THE PERIOD	18 593	3 814	-17 886	4 921	14 192

STATEMENT OF OTHER COMPREHENSIVE INCOME

IN THOUSANDS OF SEK	2018-01-01 2018-09-30	2017-01-01 2017-09-30	2018-07-01 2018-09-30	2017-07-01 2017-09-30	2017-01-01 2017-12-31
Profit or loss for the period	18 593	3 814	-17 886	4 921	14 192
Other comprehensive income	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	18 593	3 814	-17 886	4 921	14 192

BALANCE SHEET OF PARENT COMPANY

BALANCE SHEET OF PARENT COMPANY IN BRIEF			
IN THOUSANDS OF SEK	2018-09-30	2017-09-30	2017-12-31
ASSETS			
Fixed assets			
Financial assets			
Shares in group companies	3 442 471	3 417 070	3 441 984
Receivables from group companies	6 197 351	1 607 932	1 600 341
Receivables from associated companies/joint ventures	37 638	-	-
Deferred tax receivable	19 312	-	-
Total financial assets	9 696 772	5 025 002	5 042 325
Total fixed assets	9 696 772	5 025 002	5 042 325
Current assets			
Short-term receivables			
Accounts receivable	23	-	183
Other receivables	6 910	7 976	5 000
Accruals and prepaid expenses	87 687	9 281	10 357
Total short-term receivables	94 620	17 257	15 540
Cash and cash equivalents	4 658	4 214	3 372
Total current assets	99 278	21 471	18 912
TOTAL ASSETS	9 796 050	5 046 473	5 061 237
EGET KAPITAL OCH SKULDER			
Eget kapital	6 218 428	5 027 121	5 033 754
Obeskattade reserver	2 090	-	2 099
Long-term liabilities			
Bond loans	1 560 955	-	-
Total long-term liabilities	1 560 955	-	-
Short-term liabilities			
Commercial papers	1 972 664	-	-
Accounts Payable	3 420	11 081	9 799
Current tax liabilities	1 381	-	1 381
Other liabilities	16 565	5 885	10 301
Accruals and Deferred Income	20 547	2 386	3 912
Total short-term liabilities	2 014 577	19 352	25 393
TOTAL EQUITY AND LIABILITIES	9 796 050	5 046 473	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		1 303 300		1 303 300
Dividend		-137 219		-137 219
Net result for the year			18 593	18 593
Other comprehensive income for the year			-	-
CLOSING EQUITY 2018-09-30	73 828	6 103 301	41 299	6 218 428

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 -45.2 (-28.7).

During the period, SBB issued a hybrid bond within the framework of SEK1.5bn. The number of shares amounted to 738,282,236 shares and share capital to SEK 73,828,224.

CASH FLOW STATEMENT OF PARENT COMPANY

CASH FLOW STATEMENT OF PARENT COMPANY

	2018-01-01	2017-01-01	2018-07-01	2017-07-01	2017-01-01
IN THOUSANDS OF SEK	2018-09-30	2017-09-30	2018-09-30	2017-09-30	2017-12-31
Operating activities					
Profit after net financials	-719	3 814	-37 198	4 921	19 622
Net interest	-37 738	-32 522	20 591	-19 601	-59 238
Interest paid	-75 656	-3 986	-57 089	-75	-4 908
Interest received	123 294	36 508	36 498	19 676	64 146
Tax paid	-	-	-	-	-3 340
Cash flow from operating activities before changes in working capital	9 181	3 814	-37 198	4 921	16 282
Cash flow from changes in working capital					
Increase (-)/decrease (+) of receivables	-79 080	-13 842	-27 882	2 782	-12 125
Increase (-)/decrease (+) of liabilities	-2 127	11 160	12 281	-5 888	18 951
Cash flow from operating activities	-72 026	1 132	-52 800	1 815	23 108
Investment activities					
Investment in subsidiaries	-487	-3 415 337	-	-318 740	-3 440 251
Loans to affiliated undertakings	-4 597 010	-1 588 584	-2 422 932	-470 178	-1 580 993
Change in receivables from associated companies	-37 638	-	-37 638	-	-
Cash flow from investment activities	-4 635 135	-5 003 921	-2 460 570	-788 918	-5 021 244
Financing Activities					
Share Issue	-	4 326 235	-	108 107	4 346 708
Issue hybridbond	1 303 300	681 450	988 000	681 450	668 387
Issue warrants	-	-	-	-	2 099
Paid dividend	-128 473	-2 639	-23 800	-906	-17 643
Issue new loans	3 533 620	-	1 551 748	-	-
Cash flow from financing activities	4 708 447	5 005 046	2 515 948	788 651	4 999 551
Cash flow for the period	1 286	2 257	2 578	1 548	1 415
Liquidity at beginning of period	3 372	1 957	2 080	2 666	1 957
Liquidity at end of period	4 658	4 214	4 658	4 214	3 372

ADDITIONAL INFORMATION

General information

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

ACCOUNTING AND REPORTING STANDARDS

Basis for the consolidated accounts

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

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

Goodwill

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

Hedge accounting

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

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

INFORMATION ABOUT NEW STANDARDS

IFRS 9, Financial Instruments

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

IFRS 15, Revenues

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

INFORMATION ON FUTURE STANDARDS

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

IFRS 16, Leases

This Standard enters into force on January 1, 2019, replacing IAS 17 Lease Agreement and associated interpretations. It requires that the lessee report assets and liabilities attributable to all leases, with the exception of agreements shorter than 12 months and / or small amounts. The lease accountant's report will essentially remain unchanged. In 2018, SBB conducted an analysis of the effects the new standard is expected to have on the Group's financial position. During the analysis, the following significant leasing agreements have been identified; land lease agreements and leases for vehicles and premises. The significant lease agreements will be reported as a lease asset and a lease liability in the balance sheet at the time of transition to IFRS 16 as at 1 January 2019. The lease asset / liability is estimated at approximately SEK 100m. The income statement will be affected by the fact that land lease payments are reported as an interest expense instead of an operating cost.

PLEGDED ASSETS AND CONTINGENT LIABILITIES

Group	2018-09-30	2017-09-30	2017-12-31
Pledged assets			
Mortgages	13 179 773	8 278 006	12 170 445
Shares in subsidiaries	1 637 054	1 472 949	2 056 399
Total	14 816 827	9 750 955	14 226 844
Contingent liabilities			
Guarantees	-	-	-
Total	-	-	-
Parent company			
Pledged assets			
Shares in subsidiaries	-	-	-
Total	-	-	-
Contingent liabilities			
Guarantees	7 937 771	3 232 092	3 065 546
Total	7 937 771	3 232 092	3 065 546

HEDGE ACCOUNTING

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

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

TRANSACTIONS WITH RELATED PARTIES

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

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, 31 October 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

Fredrik Svensson
Member of the Board

Eva Swartz Grimaldi
Member of the Board

Anne-Grete Strøm Erichsen
Member of the Board

This information is information that Samhällsbyggnadsbolaget i Norden AB is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication (Swedish version), through the agency of the contact persons set out below at 08.00 CET on 31 October 2018.

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

Calendar

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

REVIEW REPORT

Samhällsbyggnadsbolaget i Norden AB (publ), corporate identity number 556981-7660

INTRODUCTION

We have reviewed the condensed interim report for Samhällsbyggnadsbolaget i Norden AB (publ) as at September 30, 2018 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm 31 October 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 NNAV (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.

Net interest-bearing liabilities

Interest-bearing liabilities less cash and cash equivalents.

Outstanding number of preference shares

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

Loan to value ratio, %

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

Outstanding number of shares

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

Return on equity, %

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

PROPERTY-RELATED DEFINITIONS

Economic occupancy rate, %

Rental income in relation to rental value.

EPRA Earnings, SEK

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

EPRA Vacancy rate, %

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

Market value of investment properties, SEK

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

Net operating income, SEK

Refers to rental income minus property costs.

Number of properties

Number of properties at the end of the period.

Number of square meter (sq.m.)

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

Rental income, SEK

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

Rental value, SEK

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

Surplus ratio, %

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

Weighted average unexpired lease term for community service properties, years

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

Yield, %

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

APPENDIX 1 – CURRENT EARNINGS CAPACITY

Below is the current earnings capability for the Group for 12 months, taking into account the Group's property portfolio as of 30-09-2018. The current earnings capacity is not a forecast but only to be regarded as a hypothetical snapshot and presented solely to illustrate revenue and expenses on a yearly basis, given the real estate portfolio,

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

THE GROUP'S EARNINGS CAPACITY

	SEKm
Rental income	1 637
Operating costs	-313
Maintenance	-102
Property administration	-56
Property tax	-27
Net operating income	1 139
Central administration	-60
Profit from Joint Ventures	42
Financial income	27
Financial costs	-382
Operating profit	766

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 30-09-2018.

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

- Property tax has been calculated based on the property's current tax assessment value per 30-09-2018.

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

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

Net asset yield and long-term changes in value

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

SENSITIVITY ANALYSIS

	Building rights profit = SEK 250m			Building rights profit = SEK 400m		
	Change in value			Change in value		
		-1%-point	+1%-point		-1%-point	+1%-point
Operating profit, rolling 12 months	766	766	766	766	766	766
Profit from creation of building rights	250	250	250	400	400	400
Change in property value (10-years average CPI)	299	48	550	299	48	550
D:o %	1.2%	0.2%	2.2%	1.2%	0.2%	2.2%
Current tax, 10%	-77	-77	-77	-77	-77	-77
Profit after tax	1 238	987	1 490	1 388	1 137	1 640
Profit SEK/share	1.68	1.34	2.02	1.88	1.54	2.22
Return on actual long-term net asset value	14.9%	11.9%	17.9%	16.7%	13.7%	19.7%
Profit / share price per 30-06-2018	14.1%	11.2%	17.0%	15.8%	12.9%	18.7%
P/E	7	9	6	6	8	5

CONTACT

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This information is information that Samhällsbyggnadsbolaget i Norden AB is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication (Swedish version), through the agency of the contact persons set out above at 08.00 CET on 31 October 2018.



Samhällsbyggnadsbolaget