Q4

Smaller spaces.
Larger living.

Year-end Report 2017

"Well positioned in a cautious market."

Summary of January – December

- Net sales for projects run entirely by SSM totaled 516.2 MSEK (649.9).
- Operating profit was 170.2 MSEK (187.1) and the operating margin increased to 33.0% (28.8).
- Cash flow from current operations was -199.3 MSEK (-19.4).
- Sales start for 1,098 (188) cooperative apartments.
- 97.0% sales rate for apartments in production.
- 411 new booking and pre-purchase agreements with 10.3% increase in pre-purchase agreements to 247 (224).
- Portfolio grew by 1,683 building rights (2,918) after projects concluded during the year, acquisition of new building rights and project optimization.
- Proposed dividend for the year is 0.0 SEK (0.0).
- Stock exchange listing on Nasdaq Stockholm's Main List (Mid-Cap) on April 6, 2017 together with new share issue that contributed a net of 509.0 MSEK to the company.

Summary of October – December

- Net sales for projects run entirely by SSM totaled 107.3 MSEK (257.2).
- Operating profit amounted to 4.4 MSEK (61.7) and the operating margin was 4.1% (24.0).
- Cash flow from current operations was 57.7 MSEK (11.1).
- Sales start for 512 (0) cooperative apartments.
- 111 new booking and pre-purchase agreements.
- A cautious market with price development slowing in the Stockholm area.
- Portfolio grew by 515 building rights (350), mainly due to land allocation in Sundbyberg and acquisition in Hägersten.
- Two new members of the Executive Committee recruited: Jan Michelson as CIO and Maria Boudrie as Chief Legal Officer.

Significant events after the balance sheet date

- At the beginning of February, SSM's joint venture company Studentbacken, which is owned 50 percent by SSM, gained a land allocation from the City of Stockholm for 100 student housing units at Brommaplan. The apartments will be rental units with occupation planned in 2021.

Key ratios[1]

	Jan-Dec		Oct-Dec	
(MSEK)	2017	2016	2017	2016
Net sales	516.2	649.9	107.3	257.2
Net sales JV	519.2	748.4	76.2	252.8
Gross profit	68.0	147.1	6.2	58.2
Operating profit	170.2	187.1	4.4	61.7
Earnings for the period	139.2	144.7	-2.5	50.7
Gross margin, percent	13.2	22.6	5.7	22.6
Operating margin, percent	33.0	28.8	4.1	24.0
Interest coverage ratio, times	4.1	4.0	0.7	5.7
Equity ratio, %	59.2	29.1	59.2	29.1
Return on equity, percent	22.0	61.0	-1.0	73.7
Earnings per share, before and after dilution, SEK	3.78	4.81	-0.06	1.68
Number of acquired building rights	1,935	2,951	400	350
Number of completed apartments	255	46	-	-
Number of started apartments	204	238	-	-
Number of sold apartments	1,414	1,479	1,414	1,479
Accumulated number of apartments sold in current production	1,371	1,427	1,371	1,427
Share sold (in production), %	97.0	96.5	97.0	96.5

[1] SSM's operations are not affected by clear seasonal variations. However, larger projects may be subject to a material effect on sales and profit/loss in individual quarters depending on when the projects are started and completed. This effect on sales and profit/loss should therefore be considered over a longer cycle, such as a twelve-month period.

CEO's comments

"Our position, product, portfolio and debt/equity ratio, together with experience and dedication among our employees, make us well equipped for market conditions going forward."

An intensive, eventful and challenging year

2017 was an intensive and eventful year for SSM. During the year, SSM's employees demonstrated the solid expertise, efficiency and high level of commitment that we have within the Group. In April, SSM was listed on the Nasdaq Stockholm exchange and during the year, we increased our portfolio by 1,638 building rights and started sales of 1,098 homes. We also completed our Rosteriet project in Liljeholmen and Twin House project in Danderyd and began production for our Kosmopoliten project in Kista. And during the fourth quarter, the first tenants moved into Turbinhallen in Nacka.

Our strategic joint venture with reputable global financial partner Partners Group was another significant event during 2017. The collaboration includes the Tellus Towers, Järla Station and Metronomen projects and has a project value of SEK 7.6 billion. This cooperation has allowed us to substantially strengthen our financial capabilities, achieve a desired risk spread and create a platform that will give us the right conditions for maintaining our desired joint venture share in the Group in line with our long-term strategy for the coming years.

Well positioned in a cautious market

Sales of one- and two-room apartments in the Greater Stockholm area remained largely unchanged during the year. The number of one- and two-room units sold decreased by -1.4 percent during the year, mainly due to the fact that 275 fewer apartments were sold during the fourth quarter in Greater Stockholm area.

SSM signed 411 new booking or pre-purchase agreements during the year and sales via pre-purchase agreements went up 10.3 percent to 247 units. Sales started projects were negatively affected by the cautious market during the fourth quarter, which meant fewer production starts than planned 2017. Sales in ongoing production continued to be at a market-leading level of 97.0 percent at year-end.

From a macroeconomic perspective, Sweden and Stockholm are economically stable and the demand for smaller homes is increasing all the time. Once the market stabilizes, homebuyers will also adapt to the new conditions created by changes to amortization requirements. For many more people, their choice of housing will be smaller homes outside of the city. We will be able to meet this demand with our portfolio of affordable and space-efficient homes which in its entirety is located near public rail transport outside of the city. This positions us well for continued growth.

Well equipped for market conditions going forward

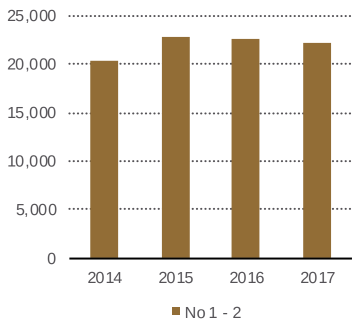
Our operating profit for the fourth quarter was 4.4 MSEK. Our lower earnings compared with the corresponding quarter last year can be explained by a lower gross profit and lower profits from joint ventures as well as items affecting comparability. Operating profit for the year totaled 170.2 MSEK and the operating margin increased to 33.0 percent. Our earnings were affected by larger non-recurring items on both the income and cost sides. During the entire year, SSM outperformed three of the Group's four financial goals. During 2017 we continued to strengthen the company's competitiveness from a niched and attractive market position in building rights and new projects as well as financial capabilities. This makes us well-equipped for market conditions in both the short and longer term.

Mattias Roos
President & CEO

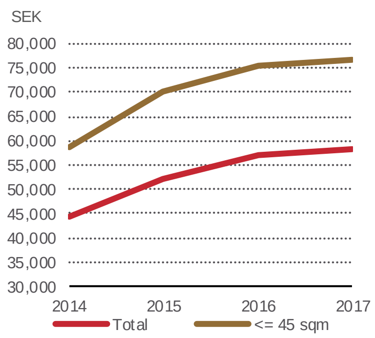
Housing market in Greater Stockholm

"Sales of smaller homes remained stable despite the more cautious market at the end of the year."

No. of sold cooperative apartments (1–2 room units) in Greater Stockholm area



Average price (FY) for cooperative apartments in Greater Stockholm area



Source: Svensk Mäklarstatistik, January 2017

High demand for smaller, affordable homes within the region

The housing market in Greater Stockholm is characterized by a long-term structural housing shortage. This has generally been caused by increased urbanization, the slow pace of movement between existing homes, the lack of rental apartments and the deficit in new production. Above all, there is a lack of housing for Stockholmers with normal to low incomes as well as people moving to Stockholm and searching for their first residence.

SSM's vision and business idea is to address the shortage of housing in the Greater Stockholm area by building new cooperative apartments, rental units and student housing. The company's homes are mostly affordable, space-efficient one- and two-room-and-kitchen units, located outside of the city close to public rail transport, which is in line with preferences of SSM's target group.

At the end of the year, the housing market in Greater Stockholm was characterized by turbulence driven by the debate about excess supply, a drop in prices and uncertainty regarding amortization requirements. Despite the decline in the market, the structural housing shortage and need for smaller homes remain, which means that SSM will continue to have the potential for continued good growth in the future.

Sales of smaller apartments remained constant

According to Svensk Mäklarstatistik, a real estate consultancy, sales of smaller apartments remained generally unchanged during the year. During 2017, the number of one and two-room-and-kitchen units sold in the Greater Stockholm area totaled 22,265, a decrease of -1.4 percent, which can primarily be explained by 275 fewer one- and two-room units sold during the fourth quarter. At the same time, the number of sold homes of up to 45 square meters totaled 10,308, up from 10,262 in 2016.

Higher price levels in 2017 despite drop in Q4

Average housing prices in Stockholm County continued to increase compared to last year, although the last quarter of the year was characterized by a general slowdown in the market and decline in prices. According to Svensk Mäklarstatistik, between 2016 and 2017, the average price per square meter for a cooperative apartment in the Greater Stockholm area increased 2.7 percent to 58,538 SEK (56,986). The average price per square meter for units of up to 45 square meters in the same area grew 1.6 percent during the same comparison period to SEK 76,554 (75,335).

Household expectations impacted by uncertainty

SEB's Housing Price Indicator for January 2018 showed a change in household expectations regarding housing prices towards the end of 2017. A greater number of people believe that prices will go down rather than up in the Stockholm area. However, SEB also reports that at the same time, there are signs that the market is stabilizing, though it is too early to draw conclusions. In addition, the Bank of Sweden decided on February 14 to maintain the repo rate at the same level at -0.50 percent. The Bank expects to start raising rates slowly from the beginning of 2018.

Project portfolio

PROPERTIES WHERE PRODUCTION HAS STARTED

Project	Property	Floor area	Area	Schedule: Sales start	Schedule: Start of production	Schedule: Occupation	Sales started: During Q4 2017	Sales started: Total	Booked: During Q4 2017	Booked: Total	Sold: During Q4 2017	Sold: Total [1]	Sales rate[1]
The Lab[4]	266	14,456	Solna	4/13/2014	Q3 2014	Q4 2016 - Q3 2017	-	266	-	-	-	266	100.0%
Bromma Tracks	249	12,144	Bromma	10/5/2014	Q4 2014	Q1 2017 - Q4 2017	-	249	-	-	-	249	100.0%
Turbinhallen[4]	205	12,871	Nacka	10/11/2015	Q4 2015	Q4 2017 - Q2 2018	-	205	-	-	2	203	99.0%
The Tube	50	2,354	Sundbyberg	4/10/2016	Q2 2016	Q1 2018 - Q2 2018	-	50	-	-	-	42	84.0%
West Side Solna[4]	252	11,826	Solna	10/15/2015	Q4 2015	Q3 2019 - Q1 2020	-	252	-	-	-	249	98.8%
Metronomen[4]	188	7,612	Telefonplan	5/29/2016	Q3 2016	Q2 2019 - Q1 2020	-	188	-	-	-	183	97.3%
Kosmopoliten	204	10,024	Kista	4/26/2017	Q2 2017	Q3 2021 - Q1 2022	-	204	-	-	1	180	87.7%
Total	**1,414**	**71,287**										**1,372**	**97.0%**

PROPERTIES FOR SALE PRIOR TO PRODUCTION START

Project	Property	Floor area	Area	Schedule: Sales start	Schedule: Start of production	Schedule: Occupation	Sales started: During Q4 2017	Sales started: Total	Booked: During Q4 2017	Booked: Total [1]	Sold: During Q4 2017	Sold: Total	Sales rate[1]
Sollentuna Hills	188	10,886	Sollentuna	5/21/2017	2018	2022	-	183	4	76	-	-	
Platform West	109	4,901	Täby	5/31/2017	2018	2020	-	109	-	-	15	46	41.3%
Täby Market	90	4,198	Täby	9/28/2017	2018	2020	-	90	10	9	-	-	
Elverket i Nacka 1[4]	168	8,457	Nacka	10/5/2017	2018	2021	168	168	40	38	-	-	
Bromma Boardwalk	272	17,200	Mariehäll	10/18/2017	2018	2020	272	272	30	32	-	-	
Tentafabriken[4]	72	1,828	Sollentuna	10/26/2017	2018	2020	72	72	9	12	-	-	
Total	**899**	**47,470**					**512**	**894**	**93**	**167**	**15**	**46**	

PROJECT PORTFOLIO UNDER DEVELOPMENT

Project	Apts.	Floor area	Area	Schedule: Sales start	Schedule: Start of production	Schedule: Occupation
Täby Turf[2]	173	8,448	Täby		2018	2020
The Loft[2][4]	120	2,968	Täby		2018	2020
Tellus Lamell[4]	18	758	Telefonplan		2019	2022
Tellus Towers (78)[3][4]	686	28,895	Telefonplan	2018	2019	2022
Tellus Towers (58)[3][4]	522	21,977	Telefonplan	2018	2019	2022
Järla Station[4]	312	13,546	Nacka	2018	2019	2023
Elverket i Nacka 2[4]	273	10,820	Nacka	2018	2019	2022
Clustret	370	19,000	Jakobsberg	2019	2019	2022
Spånga Studios	140	5,850	Spånga	2019	2019	2021
Älvsjö Quarters[2]	516	21,000	Älvsjö		2020	2022
Bromma Tracks II	90	3,900	Bromma	2019	2019	2021
Bromma Square[4]	355	18,850	Bromma	2019	2020	2021
Akalla City	180	8,700	Akalla	2019	2020	2022
Wiking	150	7,000	Sollentuna	2019	2019	2021
East Side Spånga	230	10,650	Spånga	2019	2020	2021
Hägersten	250	12,700	Hägersten	2019	2019	2021
Bällstaviken	240	11,550	Ulvsunda	2019	2020	2021
Total	**4,625**	**206,612**				
Total 12/31/2017	**6,938**	**325,369**				

ACQUISITIONS AFTER THE PERIOD

Brommaplan[4]	100	2,700	Bromma		2020	2021
TOTAL 2/21/2018	**7,038**	**328,069**				

The information about each project in the table is in all material aspects the company's current assessment of each project in its entirety. These assessments and the final outcome of each project may change due to factors both within and beyond the company's control such as the design of detailed development plans, government decisions and market development as well as the fact that several of the projects are in the planning phase and the plan for each project may change.

[1] Number of signed booking agreements (booked) or legally-binding pre-purchase agreements (sold) indicate sales as February 21, 2018. However, all key ratios are calculated on the balance sheet date (December 31, 2017).

[2] Rental units.

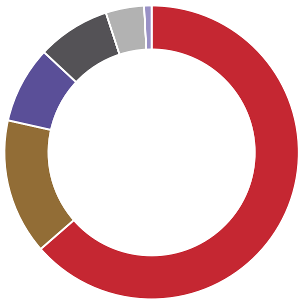
[3] The Tellus Towers project will be divided into cooperative apartments, rental units and hotel operations.

[4] Joint ventures. SSM conducts an active joint venture strategy that strives for an equal distribution of projects run as joint ventures and by SSM alone. SSM also participates in joint ventures to acquire building rights as well as to maintain a desired level of risk within the Group. On July 17, 2017, SSM established a joint venture with Partners Group for the Tellus Towers, Järla Station and Metronomen projects. In addition to the joint venture with Partners Group, SSM has joint venture agreements with Alecta, Profi Fastigheter, Studentbacken and Libu Invest. At year-end, 49.5 percent of SSM's building rights were within the framework of joint venture agreements.

Project portfolio

"SSM signed 411 new booking and pre-purchase agreements during the year and the share of homes sold via pre-purchase agreements increased by 10.3 percent."

Building rights, by municipality



SSM is continuing to meet the genuine need in the market for smart and affordable housing that targets one- and two-person households. The company's long-term goal to produce 60 percent cooperative apartments, 30 percent rental units and 10 percent student housing.

The expectant market that arose as a result of consumer uncertainty linked to supply and price levels had a negative effect on sales during the latter part of the year. Despite this, 411 new agreements were signed (both booking and pre-purchase agreements) during the year. The number of agreements signed exclusively through pre-purchase agreements increased by 10.3 percent and totaled 247 (224).

During 2017, SSM started sales of 1,098 homes in seven projects: Kosmopoliten, Sollentuna Hills, Platform West, Täby Market, Elverket i Nacka, Bromma Boardwalk and Tentafabriken, of which sales for the latter three projects started during the fourth quarter.

The project portfolio increased during the year by 1,683 building rights through the acquisition of building rights and optimization of projects. During the year, SSM completed the Rosteriet project in Liljeholmen and Twin House in Danderyd, with a total of 255 cooperative apartments, of which 30 are student apartments in the form of cooperative apartments.

Production of the 204 homes in the Kosmopoliten project started during the year and at year-end, SSM had seven projects corresponding to 1,414 cooperative apartments in production. The sales rate for units in ongoing production continued at a market-leading level and was 97.0 percent on the reporting date.

After the reporting date, 100 additional building rights in the form of rental units for students were gained through a land allocation at Brommaplan. On the reporting date, SSM had 7,038 building rights in 29 projects in its portfolio.

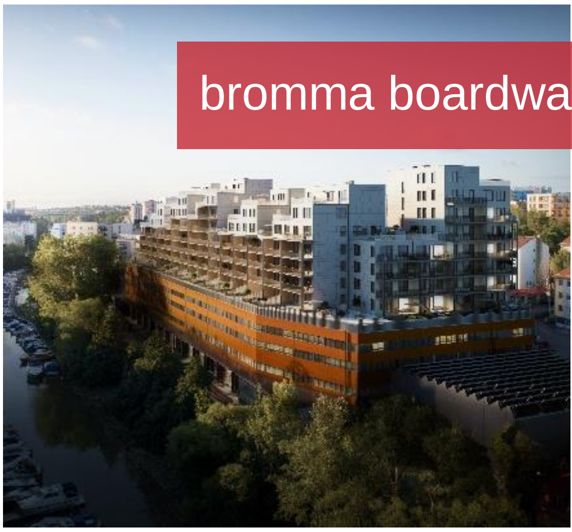
Of the 5,524 building rights in SSM's portfolio where production has not yet started, 84 percent are cooperative apartments and the remaining 15.7 percent are rental units. In addition, about 1,000 building rights that today are intended to become cooperative apartments may be converted into rental units. These rental apartments will still generate profits after conversion.

Current projects

On October 3, the first tenants began moving into Turbinhallen – a housing project initiated in 2015 in Gustaf de Laval's former factory from 1911. The project comprises 205 affordable and functional cooperative apartments characterized by a modern industrial feeling. The total residential floor space is 12,871 m² and the homes consist of one- to five-room apartments with a kitchen. The floor space varies from 33 to 141 m² and most of the units have a floor space of 33 to 65 m². All of the apartments have access to the fastest broadband in the market, 1,000/1,000 Mbit/s, as well as shared spaces including an indoor spa and a gym. The sales rate at the end of the year was 99.0 percent. Access is gradual and the final apartments will be occupied in the second quarter of 2018. The project is being run as a joint venture with Profi Fastigheter AB.

turbinhallen

bromma boardwalk



On October 18, sales at Bromma Boardwalk started and as at the reporting date, 32 booking agreements had been signed. The project consists of 272 cooperative apartments being built on top of an existing office building, 22-40 meters about ground, at a property located on the Ällstaån waterfront with spectacular views of Stockholm. Characterized by modern architecture, the project will consist of 10 buildings with a total floor space of 17,200 m². The homes will be one- to five-room units with a kitchen. The floor space of the units ranges from 26 to 170 m² and most of the units will be 50 to 60 m². The existing building will be interspersed with 13 townhouses and there will be a daycare center on the ground floor. Most of the homes will have a private 15 m² balcony and some will have a private terrace of 60 m² or their own garden. Planned shared spaces include rooftop terraces, an outdoor gym, an outdoor kitchen, a car pool and a garage. Initial access is planned in mid-2020. The project is being run entirely by SSM.

Sales of 72 cooperative apartments in Tentafabriken (Sollentuna) in central Sollentuna began on October 26 and as at the reporting date, 12 booking agreements had been signed. The property will be characterized by modern architecture and have three to eight floors with a total residential floor space of 1,828 m². Most of the units will be studio apartments with a floor space of 24 m² and storage facilities in direct connection to each apartment. The project will also include a number of larger studio apartments with a floor space of 49 m². According to the current plans, most of the units will have their own balcony or outdoor area, and shared spaces will include a rooftop terrace. The future tenants will enjoy the fastest broadband in the market, 1,000/1,000 Mbit, which will be included in the monthly fee. Initial access is planned at the end of 2019. The project is being run as a JV with Student Hill AB.

tentafabriken

Current projects

metronomen

The Metronomen (Telefonplan) project includes 188 cooperative apartments with a total floor space of about 7,600 m². Most of the apartments are functional, space-efficient one- and two-room units with a balcony. There are shared spaces in the form of a rooftop terrace. The project is located in a vibrant urban area that is currently being developed extensively in cooperation with the Konstfack University College of Arts, Crafts and Design and the Hyper Island college among others, both of which are contributing innovation and creativity to the area. The project has a sales rate of 97.3 percent. Access is expected from the second quarter of 2019 and the groundbreaking ceremony was held in February 2018. Since August 2017, the project has been run within the framework of a JV with Partners Group.

järla station

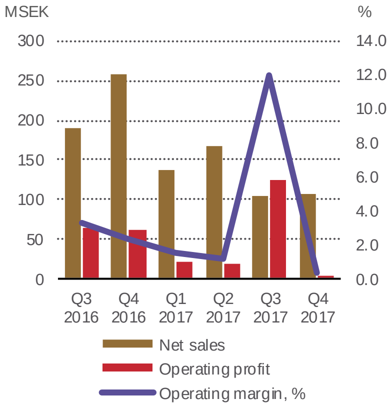
The Järla Station (Nacka) project includes 312 cooperative apartments. Most of the apartments will be space-efficient one and two-room units and approximately half will have a balcony. There are also plans for shared spaces including rooftop terraces, outdoor spaces, bike workshops and more. The project is attractively located near Lake Järla and offers a fantastic view of the water as well as proximity to shopping, services and extensive recreational areas. There is good public transport via the Saltsjöbanan light railway and the expansion of Stockholm's subway system to Nacka means that there will also be subway connections in the future. Sales will start in 2018 with access in 2023. Since August 2017, the project has been run as a JV with Partners Group.

tellus towers

The buildings in the Tellus Towers (Telefonplan) project will be among the highest residential buildings in northern Europe with two skyscrapers of 78 and 58 stories respectively and more than 1,200 apartments. Most of the apartments will have a floor space of 36 to 55 m². The buildings, which also include a seven-story multi-dwelling unit, have been designed by prize-winning architect Gert Wingårdh and modeled on Chinese architect Gary Chang's concept of maximizing smaller spaces. In addition to shops, cafés and grocery stores, there will be a restaurant, sky bar, spa and rooftop pools. The project is now in the detailed planning phase. The sales start is scheduled for 2018 and production will start in 2019 with access from 2022. The project will be run through a number of partnerships. Since August 2017, the project has been run as a JV with Partners Group.

Comments on the results

Net sales, operating profit, operating margin



October – December 2017

Net sales and operating profit/loss

Net sales in the Group, which applies the percentage of completion method for all projects, declined to 107.3 MSEK (257.2) during the quarter. The drop in sales is due to lower activity in wholly-owned projects and the transfer of the formerly wholly-owned Metronomen project to the JV with Partners Group as of the third quarter. Sales refer to the Bromma Tracks, The Tube and Kosmopoliten projects. Invoiced construction contracts within JV projects accounted for 58.3 percent (21.1) of sales, referring to the Turbinhallen project. The gross margin fell to SEK 5.7 percent (22.6). The lower gross margin is due to the higher proportion of invoiced construction projects during the quarter as well as an item affecting comparability for 2016 that improved the margin by 8.4 percentage points, or 21.6 MSEK. The item affecting comparability for 2016 refers to the external sale of homes within the scope of an incentive program that had accumulated for several years.

The cost of sales and administration dropped to 18.7 MSEK (25.5). The previous quarter included an item affecting comparability of -12.4 MSEK in total for provisions for the above-mentioned incentive program. The increase between periods is due to the larger organization in line with the company’s goals, requirements on listed companies and the move to new head office during the quarter.

Participations in joint ventures amounted to 13.4 MSEK (29.0). The lower income recognition for the current period is chiefly due to lower activity in ongoing production and the completion of the Rosteriet project. JV projects are accounted for using the equity method, which means that revenues are not recognized in the consolidated accounts but only in SSM’s share of the profit. The participation primarily refers to the West Side Solna, The Lab and Turbinhallen projects. See also Note 6 for summaries of the income statement and balance sheet for the joint ventures.

Other operating income was 3.6 MSEK (0.0). The impact on the profit consists of a reversal of the profit elimination for the Metronomen project that arose in connection with the transaction that established the JV with Partners Group. Refer to the section “Establishment of a joint venture with Partners Group” on page 12 and Note 3 for a more detailed description of the transaction.

The Group’s operating profit for the quarter dropped to 4.4 MSEK (61.7), mainly due to lower gross profit and participations in joint ventures according to the previously provided independent variables. The operating margin was 4.1 percent (24.0).

The loss for the period was -2.5 MSEK (profit: 50.7) and in addition to the above, it was affected by a more or less unchanged net financial expense of -7.1 MSEK (-7.5) and a reduced tax expense between the periods of 0.2 MSEK (-3.6).

January – December 2017

Net sales and operating profit/loss

Net sales in the Group totaled 516.2 MSEK during the period (649.9). The drop in sales compared with the previous year is caused by reduced activity in wholly-owned projects in the second half of 2017 and an item affecting comparability for 2016 of 88.2 MSEK. Deductions for new projects were not initiated to the same extent. The item affecting comparability for 2016 refers to the external sale of apartments within the scope of an incentive program that had accumulated for several years. The gross margin dropped by 9.4 percentage points between the periods due to the lower margins in the third and fourth quarters 2017 and an item affecting comparability for 2016 related to an incentive program that improved the margin by 4.8 percentage points, corresponding to 30.9 MSEK.

The cost of sales and administration amounted to -73.8 MSEK (-36.4). The current period includes an item affecting comparability totaling -8.7 MSEK, consisting of IPO-related costs during the year. The increase can otherwise be explained by a larger organization in line with the company's goals, requirements on listed companies, a larger project portfolio and the change of head office in the fourth quarter. The reduced project activity combined with the application of a new accounting policy for the capitalization of overhead costs reduced the level of capitalization in the current year.

Participations in joint ventures amounted to 49.5 MSEK (76.4). The lower outcome in this period is due to reduced activity in JV projects over the year. Deductions from new JV projects were not initiated to the same extent. See also Note 6 for summaries of the income statement and balance sheet for all JVs.

Other operating income was 126.5 MSEK (0.0). 112.6 MSEK is an initial impact on the profit from the Partners Group transaction in connection with the establishment of the JV. In addition, there will be a reversal of the profit elimination recognized in the balance sheet amounting to 13.9 MSEK for the second half of 2017. Refer to the section "Establishment of a joint venture with Partners Group" on page 12 and Note 3 for a more detailed description of the transaction.

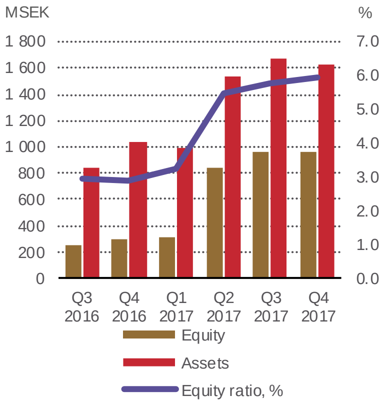
Operating profit was 170.2 MSEK during the period (187.1). This is chiefly due to lower activity in both wholly-owned and JV projects as well as a declining gross margin in the second half of the year. It was not possible to initiate deductions from new projects to the extent planned in the second half of 2017 due to the cautious situation in the market. The gross margin was reduced due to the high construction contract turnover compared with JV projects in the second half of 2017.

The operating margin grew to SEK 33.0 percent (28.8). Adjusted for the impact on the profit caused by the establishment of a JV with Partners Group and the reversal of the profit elimination, -126.5 MSEK, the reversal of the potential revenue recognition for the Metronomen project in the second half of the year of approximately 10.0 MSEK and items affecting comparability of 8.7 MSEK, the adjusted operating profit was approximately 62.4 MSEK. The adjusted operating margin amounted to approximately 12.1 percent.

Profit for the period was 139.2 MSEK (144.7) and in addition to the above, it was affected by an improved net financial expense of -31.0 MSEK (-37.6) and a reduced tax expense of -0.1 MSEK (-4.8) between the periods. The net financial expense for the comparative period includes an item affecting comparability of -7.0 MSEK for non-recurring expenses in connection with the bond issue in 2016.

Financial position, investments and cash flow

Equity, balance sheet total and debt/equity ratio



Total assets and equity

On the balance sheet date, SSM had 6,938 building rights in its project portfolio. Of these, 1,414 were homes in production. The sales rate for homes in production was 97.0 percent and unsold homes accounted for 3.0 percent. The value of unsold homes in production was 143.0 MSEK, of which 41.0 MSEK is attributable to the period 2018 – 2019 and 102.0 MSEK to the period 2020 – 2022, based on current production planning.

Capital tied up in project properties, joint ventures and claims on joint ventures was 978.4 MSEK (468.1) on December 31, 2017. The increase on the asset side of the balance sheet amounted to 590.2 MSEK and is mostly due to increases in the number of building rights, claims on joint ventures and cash and cash equivalents as a result of the new issue in connection with the listing on Nasdaq Stockholm on April 6, 2017. The Group's equity was SEK 962.6 MSEK (301.3) on the balance sheet date and the debt/equity ratio was 59.2 percent (29.1). After transaction costs, the net increase in equity due to the new issue was 515.7 MSEK.

Financing and debts

SSM's operations are capital intensive and access to capital is a basic precondition for developing the Group further. In addition to the new share issue in connection with the stock exchange listing 2017, the Group currently has two external sources of funding: bonds and loans from credit institutions. The Group's interest-bearing liabilities were 490.6 MSEK (523.4) on the balance sheet date, of which the bond loan accounted for 393.5 MSEK (390.7). Cash and cash equivalents amounted to 310.2 MSEK (63.9) on December 31, 2017. The increase in cash and cash equivalents is due to the new issue in connection with the stock exchange listing in 2017. In addition, the company has access to unused credit facilities of 20.0 MSEK (20.0).

Cash flow

Cash flow from operating activities amounted to -199.3 MSEK (-19.4) for the period January–December 2017 and 57.7 MSEK (11.1) for the quarter. The negative cash flow during the year is mainly the result of an increase in the Group's assets in project properties. Cash flow from investing activities for the period January–December 2017 totaled -34.9 MSEK (-213.9) as a result of increased investments in joint ventures and a major portion of the positive liquidity effect of 107.7 MSEK from the establishment of the JV with Partners Group. Cash flow from financing activities totaled 480.6 MSEK (244.5) during the same period, which is largely related to the new share issue in connection with the stock exchange listing.

Other

Seasonal variations

SSM's operations are not affected by clear seasonal variations, although larger projects may experience significant impacts on revenues and profits in particular quarters depending on when projects are started and completed. Revenues and profits should therefore be considered over a longer cycle such as a 12-month period.

Parent Company

The Parent Company had limited operations in the period January–December 2017 and the comparative period. Profit for the period was 1.4 MSEK (20.7).

The assets primarily include claims on Group companies as well as cash and bank balances. At the end of the period, claims on Group companies totaled 926.6 MSEK (468.0). Equity was SEK 597.2 MSEK (75.5) on the balance sheet date. The increase in cash and bank balances and equity is attributable to the new share issue when the company was listed in the second quarter of 2017.

The Parent Company had 3 employees (0) at the end of the year, including the CEO.

Personnel

The average number of employees in the Group was 72 people (62) during the quarter, of which 29 (23) were women. For the period January–December 2017, the average number of employees was 70 (58), of which 27 (22) were women. The increase in the number of employees between the periods is due to the expanding project operations in line with growth targets and increased requirements posed on the company as a listed company.

Transactions with related parties

During the quarter, SSM did not engage in any material transactions with related parties except for customary transactions between Group companies and joint ventures. These transactions were carried out on market terms.

Risks and uncertainties

SSM's operations are affected by a number of external factors, the effects of which on the results and financial position can be controlled to a varying degree. When assessing the future development of the Group, it is important to consider risk factors alongside opportunities for profit growth.

The main risks to which the Group's operations are exposed include strategic risks such as macroeconomic developments and reduced demand for housing as well as operational risks such as price and project risks. SSM is also exposed to a number of financial risks including risks relating to the Group's liquidity and debt financing. The objective of the Group's risk management is to identify, measure, control and limit risks in its operations. More information about the company's risk management is provided on pages 43–45 of SSM's Annual Report 2016 as well as in Note 15.

Shares and share capital

The company's registered share capital on the balance sheet date was 39.3 MSEK divided into a total of 39,252,542 registered shares. There is one share class in the company and each share has a quota value of 1 SEK (1).

At the end of the period, shares corresponding to 68.9 percent of the capital and votes in the company were held by Eurodevelopment Holding AG. No other owner held more than 10.0 percent of the capital and votes.

Establishment of a joint venture with Partners Group

On July 17, 2017, SSM established a joint venture with the international finance partner Partners Group. The joint venture was established through the formation of a new holding company (the “JV Company”) held 50 percent by SSM and 50 percent by Partners Group.

The JV Company and its wholly-owned subsidiaries entered into an agreement with SSM to (i) acquire all of the shares in SSM’s wholly-owned subsidiaries that hold the Tellus Towers and Järla Station projects (the “Subsidiaries”), (ii) acquire the design-build contract and the accrued contract revenue for the Metronomen project (the “Design-build Contract”). SSM also transferred promissory notes for receivables for the Metronomen housing cooperative directly to Partners Group. In total, the joint venture covers approximately 1,700 building rights with a combined estimated value of about 7.6 SEKbn upon completion. The estimated period of completion is five to six years from the date of agreement.

The Subsidiaries and the ongoing design-build contract for the Metronomen project were transferred for a purchase price of 85.4 MSEK, which corresponds to equity, paid project development costs and accrued construction contract revenues. The transfer of promissory notes for receivables for the Metronomen housing cooperative to Partners Group was carried out for a purchase price of 258.4 MSEK. An additional purchase price of a maximum of 550.0 MSEK may be applied when the city plan for the Tellus Towers project has been finalized and specific project milestones have been reached. The possession date for the transfer of the JV Company to the Subsidiaries and the Design-build Contract and for the transfer of promissory notes for receivables for the Metronomen project to Partners Group was August 14, 2017.

The positive net effect on the SSM Group’s liquidity was approximately 107.7 MSEK on the possession date. The impact on SSM’s profits for Q3 and Q4 2017 totals 126.5 MSEK and comprises three components: (i) 50.8 MSEK is the value of the agreed additional purchase price of 550.0 MSEK for Tellus according to the valuation method; (ii) 61.8 MSEK refers to 50 percent of the impact on the profit from the transfer of promissory notes for receivables for the Metronomen housing cooperative to Partners Group; (iii) 13.9 MSEK constitutes a first reversal of the profit elimination recognized in the balance sheet from the transfer of promissory notes for receivables for the Metronomen housing cooperative to Partners Group, totaling 61.8 MSEK.

Proposed dividend

The Board of Directors propose 0.0 SEK (0.0) as dividend for the year.

Events after the reporting period

At the beginning of February, SSM’s joint venture company Studentbacken, which is owned 50 percent by SSM, gained a land allocation from the City of Stockholm for 100 student housing units at Brommaplan. The apartments will be rental units and the first tenants are expected to be able to move in during 2021.

The Group's statement of comprehensive income

	Oct-Dec		Jan-Dec	
(MSEK)	**2017**	**2016**	**2017**	**2016**
Net sales	107.3	257.2	516.2	649.9
Expenses for production and management	-101.1	-199.0	-448.2	-502.8
Gross profit	**6.2**	**58.2**	**68.0**	**147.1**
Sales and administration expenses	-18.7	-25.5	-73.8	-36.4
Earnings from joint ventures	13.4	29.0	49.5	76.4
Other income	3.6	-	126.5	-
Operating profit	**4.4**	**61.7**	**170.2**	**187.1**
Financial income	3.4	4.0	13.3	11.9
Financial expenses	-10.4	-11.4	-44.2	-49.5
Net financial items	**-7.1**	**-7.5**	**-31.0**	**-37.6**
Pre-tax profit	**-2.7**	**54.3**	**139.2**	**149.5**
Tax	0.2	-3.6	-0.1	-4.8
EARNINGS FOR THE PERIOD	**-2.5**	**50.7**	**139.2**	**144.7**
Profit attributable to				
Parent company shareholders	-2.5	50.6	139.1	144.7
Minority interest	0.0	0.0	0.0	0.0
PROFIT FOR THE PERIOD	-2.5	50.7	139.2	144.7
Earnings per share, before and after dilution (SEK)	-0.06	1.68	3.78	4.81
Number of shares at end of period*	39,252,542	30,100,000	39,252,542	30,100,000
Average number of shares during the period*	39,252,542	30,100,000	36,820,223	30,100,000

In the Group, there are no items reported under Other comprehensive income which is why total comprehensive income is the same as the profit for the period.

*On January 23, 2017, the Swedish Companies Registration Office registered a share split of 100:1 and that the number of shares after the split amounts to 30,100,000. Profits and equity per share have been calculated on the basis of the number of shares after the share split.

The Group's statement of financial position

(MSEK)	12/31/2017	12/31/2016
ASSETS		
Fixed assets		
Intangible assets		
Software	0.9	1.4
Total intangible assets	0.9	1.4
Tangible assets		
Machinery and equipment	0.5	0.4
Total tangible assets	0.5	0.4
Financial assets		
Participations in joint ventures	206.8	187.1
Receivables from joint ventures	212.5	69.1
Other long-term receivables	135.2	203.8
Total financial assets	554.5	460.0
Total fixed assets	**555.9**	**461.9**
Current assets		
Inventories		
Warehouse property	427.9	208.8
Total inventories	427.9	208.8
Other current assets		
Accounts receivable	19.3	29.4
Recognized, non-invoiced revenue	70.9	163.4
Receivables from joint ventures	131.2	3.1
Tax receivables	0.5	0.5
Other receivables	101.5	81.0
Prepaid costs and accrued income	8.7	24.0
Liquid funds	310.2	63.9
Total current assets	**1,070.1**	**574.0**
TOTAL ASSETS	**1,626.0**	**1,035.8**

The Group's statement of financial position, cont.

(MSEK)	12/31/2017	12/31/2016
EQUITY AND LIABILITIES		
Equity		
Share capital	39.3	30.1
Paid-up capital	506.5	-
Profit brought forward	416.8	271.2
Equity attributable to Parent Company shareholders	**962.6**	**301.3**
Minority interest	0.0	0.0
Total equity	**962.6**	**301.3**
Long-term liabilities		
Bond issues	393.5	390.7
Liabilities to credit institutions	97.1	132.8
Other long-term liabilities	0.7	49.6
Provisions	12.5	14.4
Deferred tax liabilities	0.5	1.1
Total long-term liabilities	**504.3**	**588.6**
Current liabilities		
Accounts payable – trade	66.8	43.3
Provisions	4.3	2.8
Current tax liabilities	2.0	1.6
Other liabilities	59.1	62.7
Accrued costs and prepaid income	26.8	35.5
Total current liabilities	**159.1**	**146.0**
TOTAL EQUITY AND LIABILITIES	**1,626.0**	**1,035.8**

The Group's statement of changes in equity

(MSEK)	Share capital	Other paid-in capital	Profit brought forward	Total	Minority interest	Total equity
	Attributable to Parent Company shareholders					
Equity, January 1, 2016	30.1		143.3	173.4	0.2	173.5
Profit						
Profit for the year			144.7	144.7	0.0	144.7
Total profit			144.7	144.7	0.0	144.7
Transactions with shareholders						
Paid dividend			-18.5	-18.5	-0.1	-18.6
Share-based payments			1.7	1.7	-	1.7
Total transactions with shareholders			-16.8	-16.8	-0.1	-17.0
EQUITY, DECEMBER 31, 2016	**30.1**		**271.2**	**301.3**	**0.0**	**301.3**
Equity, January 1, 2017	30.1		271.2	301.3	0.0	301.3
Profit						
Profit for the year			139.1	139.1	0.0	139.2
Total profit			139.1	139.1	0.0	139.2
Transactions with shareholders						
New issue at IPO	9.2	530.8		540.0		540.0
Transaction costs in connection with IPO		-24.3		-24.3		-24.3
Share-based payments			6.5	6.5	-	6.5
Total transactions with shareholders	9.2	506.5	6.5	522.1	-	522.1
EQUITY, DECEMBER 31, 2017	**39.3**	**506.5**	**416.8**	**962.6**	**0.1**	**962.6**

The Group's cash flow statement

(MSEK)	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Cash flow from current activities				
Operating profit before financial expenses	4.4	61.7	170.2	187.1
Items not affecting liquidity	1.9	2.1	-117.2	2.4
Recognized profits in joint ventures	-13.4	-29.1	-49.5	-76.4
Received dividend from joint ventures	42.0	62.0	42.0	62.0
Received interest	0.5	-5.8	0.5	2.1
Paid interest	-11.0	0.2	-42.0	-30.8
Paid income taxes	-0.2	-1.2	-0.6	-2.0
Cash flow before changes in operating capital	24.3	90.0	3.3	144.4
Cash flow from changes in operating capital				
Decrease/increase in property projects	-1.0	-86.2	-277.1	-195.3
Decrease/increase in accounts receivables	32.2	-26.9	10.1	-27.7
Decrease/increase in other current receivables	-22.1	-39.9	51.2	-25.3
Decrease/increase in supplier liabilities	-38.2	22.8	-23.4	14.8
Decrease/increase in current liabilities	62.5	51.4	36.5	69.7
Total change in operating capital	33.5	-78.8	-202.7	-163.8
CASH FLOW FROM CURRENT ACTIVITIES	**57.7**	**11.1**	**-199.3**	**-19.4**
Cash flow from investment activities				
Investments in intangible assets	-0.8	-1.0	-0.8	-1.0
Investments in tangible assets	-0.4	-0.4	-0.5	-0.4
Investments in financial assets	-27.8	-57.1	-188.2	-221.5
Decrease of financial assets	13.6	9.0	154.6	9.0
Cash flow from investment activities	-15.4	-49.4	-34.9	-213.9
Cash flow from financing activities				
Capital contributions	-0.4	-	515.7	-
Dividend	-	-0.0	-	-18.6
Increase in long-term liabilities	35.1	271.1	64.9	516.1
Amortization of long-term liabilities	-100.0	-208.0	-100.0	-253.0
Cash flow from financing activities	-65.3	63.1	480.6	244.5
Decrease/increase in liquid funds	-23.0	24.7	246.3	11.2
Liquid funds, opening balance	333.2	39.1	63.9	52.7
LIQUID FUNDS AT THE END OF THE PERIOD	**310.2**	**63.9**	**310.2**	**63.9**

Parent Company's statement of comprehensive income

	Oct-Dec		Jan-Dec	
(MSEK)	**2017**	**2016**	**2017**	**2016**
Net sales	6.3	-	21.3	-
Gross profit	6.3	-	21.3	-
Sales and administration costs	-8.2	-9.9	-40.9	-10.7
Operating profit	**-1.9**	**-9.9**	**-19.6**	**-10.7**
Earnings from Group companies	20.0	46.0	20.0	46.0
Interest income and similar profit/loss items	9.6	8.3	36.8	26.0
Interest expenses and similar profit/loss items	-9.0	-9.2	-35.7	-40.6
Profit after financial items	18.6	35.3	1.4	20.7
Tax	0.0	-	0.0	-
PROFIT FOR THE PERIOD	**18.6**	**35.3**	**1.4**	**20.7**

In the Parent Company, there are no items reported under Other comprehensive income which is why total comprehensive income is the same as the profit for the period.

Parent Company's statement of financial position

(MSEK)	12/31/2017	12/31/2016
ASSETS		
Fixed assets		
Participations in Group companies	472.3	92.3
Receivables from Group companies	402.8	330.7
	3.0	-
Total fixed assets	**878.1**	**423.0**
Current assets		
Receivables from Group companies	51.4	45.0
Tax receivables	0.2	0.1
Prepaid expenses and accrued revenue	1.8	3.6
Cash and bank balances	80.6	10.2
Total current assets	**134.1**	**59.0**
TOTAL ASSETS	**1,012.2**	**481.9**

(MSEK)	12/31/2017	12/31/2016
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	39.3	30.1
Share premium	506.5	-
Share-based payments	4.6	-
Unrestricted equity	45.4	24.7
Profi/loss for the period	1.4	20.7
Total equity	**597.2**	**75.5**
Long-term liabilities		
Other long-term liabilities	393.5	390.7
Total long-term liabilities	**393.5**	**390.7**
Current liabilities		
Accounts payable – trade	3.0	1.9
Other liabilities	4.9	0.0
Accrued expenses and prepaid liabilities	13.7	13.9
Total current liabilities	**21.5**	**15.8**
TOTAL EQUITY AND LIABILITIES	**1,012.2**	**481.9**

Parent Company's changes in equity

(MSEK)	Restricted equity Share capital	Unrestricted equity Paid-in capital	Profit brought forward	Total equity
Equity, January 1, 2016	30.1		43.2	73.3
Profit				
Profit for the year			20.7	20.7
Total profit			20.7	20.7
Transactions with shareholders				
Paid dividend			-18.5	-18.5
Total transactions with shareholders			-18.5	-18.5
EQUITY, DECEMBER 31, 2016	**30.1**		**45.4**	**75.5**
Equity, January 1, 2017	30.1		45.4	75.5
Profit				
Profit for the year			1.4	1.4
Total profit			1.4	1.4
Transactions with shareholders				
New issue at IPO	9.2	530.8		540.0
Transaction costs in connection with IPO		-24.3		-24.3
Share-based payments			4.6	4.6
Total transactions with shareholders	9.2	506.5	4.6	520.3
EQUITY, DECEMBER 31, 2017	**39.3**	**506.5**	**51.4**	**597.2**

Parent Company's cash flow statement

	Oct-Dec		Jan-Dec	
(MSEK)	**2017**	**2016**	**2017**	**2016**
Cash flow from current activities				
Operating profit before financial expenses	-1.9	-9.9	-19.6	-10.7
Items not affecting liquidity	-	-0.2	4.6	-0.2
Received interest	9.6	8.3	36.8	26.0
Paid interest	-8.3	8.9	-32.8	-22.6
Paid income taxes	-0.1	-0.1	-0.1	-0.1
Cash flow before changes in operating capital	-0.8	7.0	-11.2	-7.6
Cash flow from changes in operating capital				
Decrease/increase in other current receivables	28.9	-8.5	-4.6	-3.6
Decrease/increase in supplier liabilities	2.8	1.9	1.2	1.8
Decrease/increase in current liabilities	3.7	4.8	4.6	9.3
Total change in operating capital	35.5	-1.9	1.2	7.5
CASH FLOW FROM CURRENT ACTIVITIES	**34.7**	**5.1**	**-10.1**	**-0.1**
Cash flow from investment activities				
Investments in financial assets	-62.4	-10.8	-435.2	-170.7
Decrease of financial assets	-	9.0	-	9.0
Received dividend from Group companies	-	10.0	-	10.0
Cash flow from investment activities	-62.4	8.2	-435.2	-151.7
Paid out dividend	-	-	-	-18.5
Capital contributions	-0.4	-	515.7	-
Increase in long-term liabilities	-	194.9	-	388.5
Amortization of long-term liabilities	-	-208.0	-	-208.0
Cash flow from financing activities	-0.4	-13.1	515.7	162.0
Decrease/increase in liquid funds	-28.1	0.3	70.4	10.2
Liquid funds, opening balance	108.8	10.0	10.2	0.0
LIQUID FUNDS AT THE END OF THE PERIOD	**80.6**	**10.2**	**80.6**	**10.2**

Notes

Note 1 General Information

SSM Holding AB (publ), corporate identity no. 556533-3902, is the Parent Company of the SSM Group. SSM has its registered office in Stockholm at Torsgatan 13, 111 23 Stockholm, Sweden.

The operations of the Parent Company comprise Group-wide functions and the organization of the CEO and administrative staff. The organization of project and property management is performed by the Group's subsidiaries. The Parent Company does not directly own property. SSM acquires, develops, sells and produces residential property in the Greater Stockholm region.

All amounts are reported as MSEK unless otherwise stated. Figures in parentheses are for the previous year.

Note 2 Accounting policies

Basis for preparing the reports

SSM Holding AB (publ) applies IFRS (International Financial Reporting Standards) as adopted by the European Union, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act.
This interim report was prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The same accounting policies and methods of calculations were used in this interim report as in the latest Annual Report.

IFRS 9 Financial Instruments

IFRS 9 has replaced IAS 39 and is effective as of January 1, 2018. IFRS 9 introduces new principles for the classification of financial assets and liabilities and for credit provisions. SSM has analyzed the effects of the introduction of the new standards. The new principles for the classification of financial assets are based on an analysis of the business model according to which the asset is held along with the asset's cash flow nature. These new principles are not considered to have a material impact on the Group's profit and loss or position. IFRS 9 further means that the principles for making provisions for credit losses for receivables are based on a model based on expected losses. The analysis of SSM's application of this model shows that the transition to IFRS 9 will not have a material impact on the recognized values in the Group's profit and loss or position due to the risk nature of the receivables. SSM will not apply IFRS 9 retroactively and will therefore not recalculate comparative figures in its 2018 financial reports.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 shall be applied as of 2018 and will replace the existing revenue recognition standards. SSM has carefully analyzed the Group's project development agreements with housing cooperatives to assess how revenue from the project development of residential properties should be recognized. According to SSM's assessment, agreements concluded with housing cooperatives shall be recognized as combined agreements, as pricing and risks are regarded as a whole and considered to constitute a distinct performance undertaking. This means that the total revenue from the project development, i.e. the sale of land and construction, are recognized over time, meaning that in all material respects, the same principles will be used for the percentage of completion method as used today. SSM will not apply IFRS 15 retroactively and will therefore not recalculate comparative figures in its 2018 financial reports.

Note 3 Important estimates and assessments

For information on important estimates and assessments made by the company management when preparing the consolidated financial statements, see Note 2 in SSM's Annual Report 2016. Additional important estimates and assessments that impact this report relate to the valuation of the additional purchase price attributable to the establishment of the joint venture with Partners Group and are accounted for below.

The valuation factors used to calculate the effect on profit of the future additional purchase price for Tellus Towers is based on the Group management's assumptions and estimates, which can be considered reasonable under the prevailing circumstances. These assessments and estimates are based on historic experience as well as other factors, including expected future events. An important source of knowledge is the experience gained in the detailed development plan processes for previous SSM projects.

The basis of the assessment on which the recognized impact on profit of the additional purchase price consists of three valuation factors: (i) the probability of the detailed development plan being approved, (ii) an assessment of the least possible implementation of the project for the current entirety in the adoption of a detailed development plan and (iii) the likelihood that partial transactions related to sales of rental apartments, cooperative apartments and hotels in Tellus Towers to an external party can be carried out before the detailed development plan is finalized.

If the project cannot be carried out or is altered to such an extent that no additional purchase price is payable, a potential loss of a maximum of 110.7 MSEK may arise for the Group based on the impact on profit recognized in the third quarter of 2017. This consists of the part that has been taken up as income in the present quarter, 50.8 MSEK, and the corresponding profit value for deducted assets taken up as income for the Tellus Towers project, less the VAT effect, 59.9 MSEK.

The estimates and assessments are regularly evaluated on a quarterly basis. There is a risk that the final profit may deviate from the reported profit. If the basis of assessment for the implementation of the project changes negatively or positively during the next quarter, this may have an ongoing impact on the profit.

Note 4 Financial instruments – fair value

Information on the fair value of lending and borrowing. The carrying amounts and fair values of non-current borrowing are as follows:

The fair value of current borrowing corresponds to its carrying value since the discount is not significant. Fair values are based on discounted cash flows using a discount rate corresponding to the estimated effective interest rate for alternative borrowings and classified in Level 2 of the fair value hierarchy, see the note Financial instruments per category in the Annual Report. The difference between the carrying amount and the fair value consists of the transaction costs related to each loan, accrued over the duration of the loan.

There were no transfers between levels or valuation categories in the period.

(MSEK)	Reported value 12/31/2017	12/31/2016
Bond issue	393.5	390.7
Liabilities to credit institutions	97.1	132.8
TOTAL LONG-TERM LIABILITIES	**490.6**	**523.4**

(MSEK)	Fair value 12/31/2017	12/31/2016
Bond issue	400.0	400.0
Liabilities to credit institutions	62.4	133.0
TOTAL LONG-TERM LIABILITIES	**462.4**	**533.0**

Note 5 Net sales and major customers

Group-wide information. Distribution of revenues from all products and services:

Analysis of revenueby revenue type	Jan-Dec 2017	2016
Project revenue, contracted	481.5	612.0
Sale of other construction services	21.7	29.9
Sale of other construction goods	1.8	2.5
Other revenue	11.1	5.6
TOTAL	**516.2**	**649.9**

The Group has its registered office in Sweden. Revenue is wholly attributable to customers in Sweden.

Note 6 Holdings in joint ventures

The information below shows the amounts as presented in the joint venture entities' accounting adjusted for differences in accounting principles between the Group and the JV entities.

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Consolidated share amounts to 30%

Summarized income statement	Jan-Dec 2017	2016
Net Sales	236.0	654.9
Costs for production and management	-185.4	-528.0
Other operating expenses	-0.3	-0.4
Operating profit/loss	50.2	126.6
Depreciation, amortization and impairment	-	-
Financial income	17.1	34.1
Financial expenses	-2.2	-5.5
Profi/loss before tax	**65.1**	**155.2**
Tax on profit/loss for the year	-	-
Profit/loss for the year	**65.1**	**155.2**

Summarized balance sheet	12/31/2017	12/31/2016
Current assets		
Liquid funds	73.9	74.0
Other receivables	78.4	356.5
Total current assets	**152.3**	**430.4**
Current liabilities	-31.5	-64.8
Total current liabilities	**-31.5**	**-64.8**
Fixed assets	166.5	55.0
Long-term financial debt	-56.0	-114.5
Other long-term liabilities	-	-59.4
Total assets and long-term liabilities	**110.6**	**-59.4**
Net assets	**231.3**	**306.2**

STUDENT HILL

Consolidated share amounts to 50%

Summarized income statement	Jan-Dec 2017	Jan-Dec 2016
Net Sales	1.7	7.0
Costs for production and management	-2.3	-2.3
Other operating expenses	-3.2	-0.4
Operating profit/loss	-3.9	4.3
Depreciation, amortization and impairment	-	-
Financial income	-	0.8
Financial expenses	-0.6	-1.0
Profi/loss before tax	**-4.5**	**4.1**
Tax on profit/loss for the year	-	-
Profit/loss for the year	**-4.5**	**4.1**

Summarized balance sheet	12/31/2017	12/31/2016
Current assets		
Liquid funds	7.1	0.1
Other receivables	0.0	15.1
Total current assets	**7.1**	**15.1**
Current liabilities	-4.1	-8.7
Total current liabilities	**-4.1**	**-8.7**
Fixed assets	0.9	0.9
Long-term financial debt	-1.2	-0.1
Other long-term liabilities		
Total assets and long-term liabilities	**-0.3**	**0.8**
Net assets	**2.7**	**7.1**

PROFI Turbinhallen

Consolidated share amounts to 50%	Jan-Dec	
Summarized income statement	**2017**	**2016**
Net Sales	87.9	80.2
Costs for production and management	-24.5	-30.2
Other operating expenses	-0.0	-0.0
Operating profit/loss	63.4	50.0
Depreciation, amortization and impairment	-	-
Financial income	3.8	2.9
Financial expenses	-6.5	-2.8
Profi/loss before tax	**60.7**	**50.1**
Tax on profit/loss for the year	0.1	-
Profit/loss for the year	**60.7**	**50.1**

Summarized balance sheet	**12/31/2017**	**12/31/2016**
Current assets		
Liquid funds	0.0	0.1
Other receivables	151.1	110.8
Total current assets	**151.1**	**110.8**
Current liabilities	-153.7	-0.0
Total current liabilities	**-153.7**	**-0.0**
Fixed assets	167.7	90.5
Long-term financial debt	-	-96.8
Other long-term liabilities	-	-
Total assets and long-term liabilities	**167.7**	**-6.4**
Net assets	**165.1**	**104.4**

PARTNERS GROUP

Consolidated share amounts to 50%	Jan-Dec	
Summarized income statement	**2017**	**2016**
Net Sales	76.2	-
Costs for production and management	-72.4	-
Other operating expenses	-5.4	-
Operating profit/loss	-1.6	-
Depreciation, amortization and impairment	-	-
Financial income	3.0	-
Financial expenses	-3.0	-
Profi/loss before tax	**-1.6**	**-**
Tax on profit/loss for the year	-0.8	-
Profit/loss for the year	**-2.4**	**-**

Summarized balance sheet	12/31/2017	12/31/2016
Current assets		
Liquid funds	20.1	-
Other receivables	150.9	-
Total current assets	**171.0**	**-**
Current liabilities	-67.7	-
Total current liabilities	**-67.7**	**-**
Fixed assets	-	-
Long-term financial debt	-	-
Other long-term liabilities	-1.5	-
Total assets and long-term liabilities	**-1.5**	**-**
Net assets	**101.8**	**-**

PROFI Bromma Square

Consolidated share amounts to 50%	Jan-Dec	
Summarized income statement	**2017**	**2016**
Net Sales	19.3	6.3
Costs for production and management	-5.4	-2.0
Other operating expenses	-1.6	-0.5
Operating profit/loss	12.3	3.8
Depreciation, amortization and impairment	-	-
Financial income	0.0	0.0
Financial expenses	-7.0	-1.1
Profi/loss before tax	**5.2**	**2.8**
Tax on profit/loss for the year	-1.3	-0.5
Profit/loss for the year	**4.0**	**2.2**

Summarized balance sheet	12/31/2017	12/31/2016
Current assets		
Liquid funds	13.0	8.8
Other receivables	2.4	0.5
Total current assets	**15.4**	**9.2**
Current liabilities	-7.3	-9.9
Total current liabilities	**-7.3**	**-9.9**
Fixed assets	252.4	250.0
Long-term financial debt	-246.6	-160.0
Other long-term liabilities	-2.6	-2.1
Total assets and long-term liabilities	**3.2**	**87.9**
Net assets	**11.3**	**87.3**

Note 7 Assets pledged as security and contingent liabilities

Shares in SSM Fastigheter AB have been pledged as collateral for issued bonds and the Group-wide value is 340.4 MSEK (225.8). Mortgages have been pledged totaling 62.2 MSEK (33.0) and floating charges totaling 23.7 MSEK (23.7). A promissory note of 0 MSEK (67.4) has been pledged as security for a loan from a credit institution.

Contingent liabilities

Guarantees of 557.4 MSEK (996.0) have been pledged to housing cooperatives and 10.3 MSEK (10.3) to joint ventures. In addition, there are commitments under construction contracts and agreements to acquire unsold apartments in production that has been completed. From time to time, SSM is a party in a dispute. No ongoing dispute is estimated to have a material effect on the position or result of the Group.

Signatures of the Board of Directors

The Board of Directors and the CEO confirm that this year-end report provides an accurate overview of the operations, financial position and performance of the Group and the Parent Company, and describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, February 21, 2018

Anders Janson
Chairman

Bo Andersson
Member

Per Berggren
Member

Sheila Florell
Member

Ulf Morelius
Member

Ulf Sjöstrand
Member

Jonas Wikström
Member

Mattias Roos
President & CEO

Auditors' report

This report has not been reviewed by SSM's auditors.

Definitions of key ratios

No. of employees
Number of contracted employees.

Return on total capital
Profit after financial items in relation to adjusted equity.

No. of shares
Number of registered shares at the end of the period, less repurchased shares, which have no voting rights or rights to a dividend.

Leverage
Interest-bearing liabilities as a percentage of total assets.

Gross margin
Gross profit divided by net sales.

Gross profit
Net sales less expenses for production and management.

Equity per share
Shareholders' equity divided by the total number of shares.

Changes compared to the same period previous year
Percentage change in amounts from the same period previous year. Marginal measures are presented in percentage units.

Adjusted equity
Shareholders' equity plus untaxed reserves less deferred tax liability.

Liquidity
Current assets excluding inventories in relation to current liabilities.

Net debt
Interest-bearing liabilities including pension liabilities and accrued interest less cash and cash equivalents, interest-bearing current and non-current receivables and capital investment shares.

Net sales, joint ventures
Total net sales in SSM's joint ventures.

Net profit margin
Profit after financial items in relation to net sales.

Earnings per share after tax
Net profit after tax in relation to the average number of outstanding shares.

Return on equity
Profit after tax divided by average shareholders' equity.

Return on total capital
Profit after financial items and interest expenses as a percentage of average total capital.

Interest coverage
Profit after financial income in relation to financial costs.

Operating margin
Operating income as a percentage of net sales.

Operating profit
Earnings before financial items.

Debt/equity ratio
Total debt relative to equity.

Equity ratio
Equity in relation to total assets.

No. of apartments in construction
Number of apartments started and not completed.

No. of apartments started
Number of apartments for which SSM has started revenue recognition.

No. of apartments completed
Number of apartments in projects that have been closed out.

Project optimization
Changes in the number of building rights in previously-acquired projects.

Building right
The forecasted number of developable apartments within the company's project portfolio.

Project
A project is included in the project portfolio when the company has acquired, agreed to acquire, or has the option to directly or indirectly acquire a property in order to develop it.

Accumulated no. of sold apartments
Total number of apartments in production that are sold through binding contracts.

Sold apartments
Number of apartments that have been sold through binding contracts.

Percentage of sold apartments in production
Accumulated number of sold apartments in relation to number of apartments under construction.

SSM applies the European Securities and Markets Authority's (ESMA) Alternative Performance Measures. These guidelines aim to make alternative key ratios in financial statements more understandable, reliable and comparable, thus promoting their usefulness. According to these guidelines, alternative key ratios are financial measurements of historical or future financial performance, financial position or cash flow that are not defined or specified in the applicable financial reporting rules: IFRS and the Annual Accounts Act. Reconciliation of alternative key ratios can be found at ssmlivinggroup.com

SSM Holding

In brief
SSM produces functionally-smart and affordable housing with attractive shared spaces, near the city and close to public transport for the company's target group – tomorrow's urbanites. The company's vision is a housing market with room for as many people as possible and its goal is to produce 60 percent cooperative apartments, 30 percent rental apartments and 10 percent student housing. SSM is the leading residential developer in its niche in the Greater Stockholm area and has about 7,000 building rights in its project portfolio. SSM aims to gradually increase the number of housing starts to reach at least 2,000 units per year by 2022. SSM was listed on Nasdaq Stockholm (Mid-cap) on April 6, 2017.

Financial targets & dividend policy
SSM's financial goals aim to maintain stable, long-term profitability and create value to deliver good returns for shareholders.

- Operating margin >20 percent
- Debt/equity ratio >30 percent
- Return on equity >25 percent
- Interest coverage ratio >2 x

SSM's dividend policy aims to secure both the owners' return on capital employed and the company's need for funds to develop the business.

- Dividend >30 of the year's profits after tax

Financial calendar

Interim report Q1 2018	May 15, 2018
AGM 2017	May 15, 2018
Interim report Q2 2018	August 28, 2018
Interim report Q3 2018	November 14, 2018

Download SSM's financial reports at ssmlivinggroup.com

Get in touch

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The information in this report is such that SSM Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 07:30 CET on February 22, 2018.

www.ssmlivinggroup.com