



STENDÖRREN

*Lokaler som gör skillnad*

INTERIM FINANCIAL REPORT  
**JANUARY -  
JUNE 2020**

# STENDÖRREN IN SHORT

RENTAL INCOME:

**318 MKR**

NET OPERATING INCOME:

**233 MKR**

NET PROFIT:

**124 MKR**



## **JANUARY-JUNE 2020**

**(JANUARY-JUNE 2019 in brackets)**

- Rental income increased by 7 % to SEK 318 million (297) and net operating income increased by 18 % to SEK 233 million (198).
- Lease agreements that were renegotiated during the period led to an increase in rental values of 30 % on average.
- Income from Property Management increased to SEK 124 million (71).
- Cash flow from operating activities amounted to SEK 70 million (52), corresponding to SEK 2,47 per share (1,83).

- Changes in the value of investment properties for the period amounted to SEK 20 million (89), mainly attributable to improved cash flows and slightly changed assumptions about market rents and yield requirements.
- Profit for the period decreased to SEK 109 million (126), corresponding to SEK 3,88 per share (4,48).

## **SIGNIFICANT EVENTS DURING THE SECOND QUARTER**

- Stendörren has limited effects as a result of the Covid-19 virus. Regarding the third quarterly rent

LETTABLE AREA:

733 000 M<sup>2</sup>

FAIR VALUE:

9 308 MKR

LOAN TO VALUE:

51%

EQUITY RATIO:

40%<sup>1)</sup>



of 2020, The Company agreed to monthly rental payments instead of quarterly rental payments for the third quarter in respect of some tenants, resulting in outstanding rents of circa 1,4 million SEK as at the date of this report. Granted deferral of payment of the third quarters rent amounts to about 0,3 million SEK following a payment plan of 6 months. Stendörren's share of granted rent rebates according to the state aid amounts to 0,5 million SEK. These rent rebates equals just under 0,4 percent of the third quarterly rent. The cashflow for the third quarterly rent is in other aspects in line with previous quarters

- On April 17, the notice of the Annual General Meeting was announced, which was held on May 20, 2020
- On April 23, the Annual Report for 2019 was published on the company's website.
- During the quarter, Johan Malmberg was appointed as Head of Transaction and he will take up the position on 25 August.

*1) The stated equity ratio is calculated excluding the leasing debt of 225 SEK million brought by the application of IFRS 16. If this item would be included in the calculation the equity ratio would be negatively impacted by approximately 0,9 %.*





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*In this report there may be found summation deviations in individual tables due to roundings.*

*Stendörren Fastigheter AB (publ) is a real estate company active in the segment of warehouse and light industrial properties. Stendörren is listed on Nasdaq Stockholm (Ticker: STEF B)*

# STENDÖRREN OVERVIEW

## BACKGROUND

Stendörren Fastigheter AB (publ) ("Stendörren", or "the company") is a real estate company that invests primarily in warehousing, logistics and light industrial real estate in the Greater Stockholm and Mälardalen region. Stendörren originates from Kvalitena AB (publ) ("Kvalitena"), a company founded in the mid-1990's.

Since April 10, 2018, the share is traded on Nasdaq Stockholm's medium-sized list, Mid Cap.

## MISSION

Stendörren creates long-term and value add growth by acquiring, developing and managing properties. The company will operate primarily in Greater Stockholm and the Mälardalen region, with an emphasis on warehouses, logistics and light industrial buildings.

## OBJECTIVES

Stendörren will create a high risk-adjusted return for its shareholders by acquiring, developing and managing properties in the Stockholm and the Mälardalen region.

## FINANCIAL OBJECTIVES

Stendörren has three stated financial goals:

- to exhibit a long-term average annual return on equity of at least 12 %
- to achieve a long-term interest coverage ratio of at least 2,0 times
- to maintain a long-term equity / assets ratio of 35 % (and never less than 20 %)

## PROPERTY PORTFOLIO

As at June 30, 2020, the property portfolio of Stendörren consisted of 124 properties. All properties are located in the greater Stockholm and Mälardalen region with a total market value of SEK 9 308 million. The ten largest lease agreements accounted for about one quarter of the total annual rent and the company's largest lease agreement with Coop Sweden represents just under 9 % of the total annual rent. The real estate portfolio comprised a total of approximately 733 000 sqm of which warehouse, logistics and light industrial accounted for approximately

66 % of the total lettable area.

At the end of the quarter, the company had 24 properties, wholly or partly consisting of building rights which, when fully developed, are expected to create approximately 601 000 sqm of total building area, mainly for warehouse, logistics, light industrial use as well as residential use. The market value of the building rights portfolio amounts to SEK 1 261 million at quarter end.

Within the existing real estate portfolio, the company is working with the development of new detailed plans for residential assets. The new plans, which are at different stages of the planning process, are likely to result in building rights for up to 1 500 new units at completion. The status of the planning has been considered in determining the market value of these building rights. The company's residential building rights represent approximately one quarter of the valuation of the entire building rights portfolio.

## FINANCING

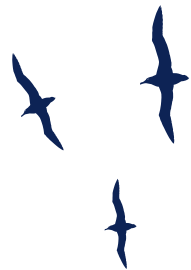
As of June 30, 2020, the company's equity amounted to SEK 3 933 million (2 903) and the Group's interest-bearing liabilities amounted to SEK 5 139 million (5 393), corresponding to a loan-to-value ratio of 51 % (59).

The average time to maturity of interest-bearing liabilities amounted to 2,8 years (2,2) and the average fixed-interest term to 2,3 years (1,7). The average interest rate on the company's total interest-bearing loans amounted to 2,5 % (2,4) and the average interest rate on loans from credit institutions was 2,2 % (1,9). At quarter end, the company had one outstanding bond of SEK 650 million with a nominal interest rate of Stibor 90 plus 4,25 %, maturing in June 2021.

## DIVIDEND

Given the significant investment opportunities that exist within the company's project portfolio, the 2020 Annual General Meeting decided, in accordance with the Board's proposal, that the dividend be abolished in favor of reinvestment in the project portfolio.

*The goal fulfilment is shown in the graphs on page 9.*



# KEY RATIOS

	2020 JAN-JUN	2019 JAN-JUN	2019 JAN-DEC
<b>PROPERTY RELATED KEY RATIOS</b>			
Lettable area, sqm thousand	733	721	731
No. of properties	124	122	124
Fair value properties, SEK million	9 308	8 754	9 147
Letting ratio, by area	89%	87%	88%
Letting ratio, economic	89%	87%	88%
NOI yield, total portfolio, 12 month average	4,7%	4,7%	4,5%
NOI yield, excluding projects and land, 12 month average	5,6%	5,6%	5,3%
Total return, 12 month average	6,6%	8,4%	7,2%
Weighted Average Unexpired Lease Term, years	3,8	4,1	4,0
Average annual rent, SEK/Sqm	903	871	904
<b>FINANCIAL KEY RATIOS</b>			
Rental income, SEK million	318	297	592
Net Operating Income, SEK million	233	198	397
Income from property management, SEK million	124	71	135
Excess ratio, 12 month average	70%	66%	67%
Total assets, SEK million	10 002	9 197	9 608
Average interest rate, total debt	2,5%	2,4%	2,2%
Average interest maturity, years	2,3	1,7	2,5
Average loan maturity, years	2,8	2,2	2,3
Interest Cover Ratio, 12 month average	2,2	2,1	1,8
Equity ratio	40%	32%	41%
Return on Equity, 12 month average	8%	13%	9%
Loan to Value, total assets	51%	59%	50%
Loan to Value, property	48%	46%	46%
<b>STOCK RELATED KEY RATIOS</b>			
Market capitalization, SEK million	3 419	3 322	4 758
Stock price, SEK	120,50	118,00	169,00
Book equity per share, SEK <sup>1)</sup>	110,95	103,12	108,48
Long term net asset value, EPRA NAV, SEK million	3 694	3 355	3 556
Long term net asset value, EPRA NAV per share, SEK	130,21	119,17	126,29
Actual net asset value, EPRA NNNAV, SEK million	3 373	3 068	3 240
Actual net asset value, EPRA NNNAV per share, SEK	118,90	108,97	115,06
Profit per share, SEK	3,88	4,48	10,30
Cash flow from operations per share, SEK	2,47	1,83	5,07
No. of outstanding shares, end of period	28 371 441	28 155 641	28 155 641
No. of outstanding shares, average in period	28 190 027	28 155 641	28 155 641
<b>OTHER RATIOS</b>			
No. of employees, end of period	53	55	55
No. of employees, average in period	54	54	54

1) Book equity excluding hybrid capital per share.

For definitions, please see page 35. Explanations to the used key ratios can also be found on [www.stendorren.se](http://www.stendorren.se)



## BALANCED PORTFOLIO

Good balance between investment properties with stable cash flows and project properties with great value potential give a high, safe and long-term return.

### FINANCIAL TARGETS

### CURRENT PERFORMANCE

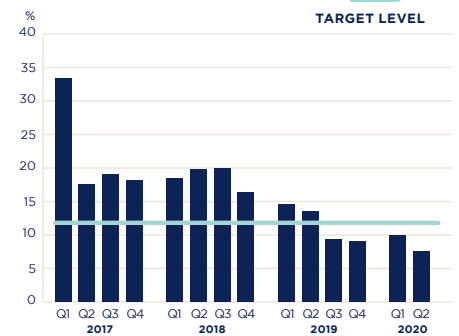
### HISTORIC PERFORMANCE

#### ROE (AVERAGE)

The long term average Return On Equity should exceed 12%

# 8%

The ROE for the period is the result of an increase in equity (35%) on account of the issue of the hybrid bonds during Q3 2019 as well as a combination of increased non-recurring costs in connection with certain projects and a modest increase in the valuation of the Companies properties.

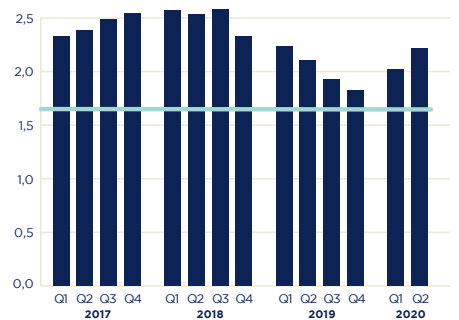


#### INTEREST COVER RATIO

Long term ICR should exceed 2,0X.

# 2,2x

The interest coverage ratio exceeds 2,0.

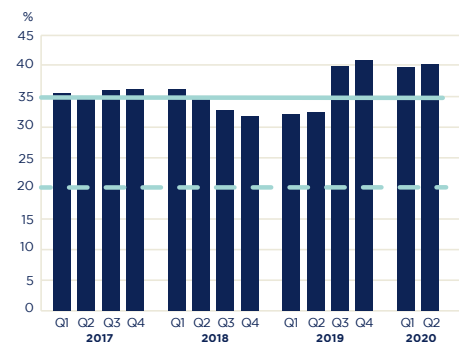


#### EQUITY RATIO

The long term Equity Ratio shall be at 35% (and never be below 20%).

# 40%

The equity ratio is well above 35% and is in line with the previous quarter.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## CONDENSED

AMOUNTS IN SEK MILLION	2020 JAN-JUN	2019 JAN-JUN	2020 APR-JUN	2019 APR-JUN	2019 JAN-DEC
Rental income	318	297	160	148	592
<b>Total income</b>	<b>318</b>	<b>297</b>	<b>160</b>	<b>148</b>	<b>592</b>
Operating expenses	-52	-67	-23	-28	-122
Maintenance costs	-21	-23	-16	-17	-50
Property tax	-11	-9	-6	-5	-23
<b>Net operating income</b>	<b>233</b>	<b>198</b>	<b>115</b>	<b>98</b>	<b>397</b>
Central administration	-38	-46	-17	-25	-88
Financial income	1	0	1	0	1
Financial expenses	-68	-77	-36	-38	-166
Leasing cost, ground rent	-5	-4	-2	-2	-9
<b>Profit from property management</b>	<b>124</b>	<b>71</b>	<b>62</b>	<b>33</b>	<b>135</b>
Change in value of investment properties	20	89	-29	75	237
Change in value of financial instruments	-11	-2	-4	0	16
<b>Income before tax</b>	<b>133</b>	<b>158</b>	<b>29</b>	<b>108</b>	<b>388</b>
Deferred tax	-23	-33	-8	-26	-100
Current tax	0	1	0	2	2
<b>Net income for the period</b>	<b>109</b>	<b>126</b>	<b>21</b>	<b>84</b>	<b>290</b>
Other comprehensive income	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>109</b>	<b>126</b>	<b>21</b>	<b>84</b>	<b>290</b>
<i>Comprehensive income for the period attributable to parent company's shareholders</i>	109	126	21	85	290
Earnings per share, SEK	3,88	4,5	0,74	3,0	10,30
Earnings per share, after dilution, SEK	3,88	4,5	0,74	3,0	10,26
Average number of shares during the period, millions	28,19	28,16	28,22	28,16	28,16
Average number of shares during the period, after dilution, millions	28,19	28,24	28,22	28,26	28,27

# COMMENTS TO THE CONSOLIDATED INCOME STATEMENT

## RESULT

Increased rental income (7 % higher than the same period in 2019) and lower operating expenses resulted in an 18 % increase in operating profit when compared to the same period in 2019. However, a modest change in the valuation of the investment properties SEK 20 million (89) resulted in profits of SEK 109 million (126) corresponding to SEK 3,88 per share (4,48).

## RENTAL INCOME

Rental income increased during the period by 7 % to SEK 318 million (297). The increased rental income is driven by an increase in rents in the portfolio (about 2 % increase in Comparable Portfolio compared to the same period 2019) as well as income from the properties acquired during the reporting period. Stendörren's share of granted rent rebates according to the state aid amounts to 0,4 million SEK during the period. These rent rebates equals 0,1 % of the period's rental income.

## OPERATING EXPENSES

Property expenses decreased about 14 % to SEK 85 million (99) compared with the same period the previous year. Property costs in the Comparable Portfolio decreased by approximately SEK 22 million (ca 23 % decrease). Significant items driving this cost decrease consists of a mild winter and lower electricity prices and greater focus on energy savings in the property portfolio.

## CENTRAL ADMINISTRATION

The costs for central administration during the period amounted to SEK 38 million (46) and comprised of costs for central administration, company management, board and auditors.

## NET FINANCE COSTS

The net finance costs decreased during the period by 12 % to -71 SEK million (-81) while the average interest-bearing debt during the reporting period de-

creased by 7 % compared to the same period in 2019. For details on interest rates, see page 25.

## INCOME FROM PROPERTY MANAGEMENT

The income from property management during the period increased by 75 % to SEK 124 million (71) compared with previous year, mainly due to lower operating costs and interest costs.

## VALUE CHANGES

The reported change in the fair value of the properties amounts to SEK 20 million (89) for the period, which corresponds to 0,2 % of the fair value of the portfolio at the beginning of the year (the corresponding fair value change in the first half of 2019 amounted to 1,1 %). The value changes in the property portfolio in the period are driven partly by improved cash flows through renegotiated leases, increased project costs for certain properties as well as changes to assumptions regarding market rents and yield requirements. To some extent and for a few properties, there has also been increased project costs negatively affecting individual property valuations. The market valuation of the interest rate derivatives resulted in a change in value of -11 million (-2).

## TAX

The tax expense in the income statement consists of current tax of SEK 0 million (1) and deferred tax of SEK -23 million (-33).

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## CONDENSED

AMOUNTS IN SEK MILLION	30 JUN 2020	30 JUN 2019	31 DEC 2019
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible assets	4	5	4
Investment properties	9 308	8 754	9 147
Land leases	225	225	225
Equipment	7	3	7
Long-term receivables	3	0	3
Interest rate derivatives	4	1	17
<b>Total non-current assets</b>	<b>9 551</b>	<b>8 988</b>	<b>9 403</b>
<i>Current assets</i>			
Other current receivables	67	113	67
Cash and bank balances	384	96	138
<b>Total current assets</b>	<b>451</b>	<b>209</b>	<b>205</b>
<b>TOTAL ASSETS</b>	<b>10 002</b>	<b>9 197</b>	<b>9 608</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>3 933</b>	<b>2 903</b>	<b>3 840</b>
<i>Non-current liabilities</i>			
Interest-bearing liabilities	4 380	4 033	3 535
Other non-current liabilities	13	13	14
Leaseholds land leases	225	225	225
Deferred tax liability	542	452	519
Provisions	4	4	4
<b>Total non-current liabilities</b>	<b>5 164</b>	<b>4 727</b>	<b>4 297</b>
<i>Current liabilities</i>			
Interest-bearing liabilities	759	1 360	1 281
Other current liabilities	146	207	190
<b>Total current liabilities</b>	<b>905</b>	<b>1 567</b>	<b>1 471</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10 002</b>	<b>9 197</b>	<b>9 608</b>
<i>Equity attributable to</i>			
Parent company shareholders	3 932	2 903	3 840
Non-controlling interests	-	-	-

# COMMENTS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## FIXED ASSETS

The property's fixed assets mainly consist of investment properties. As of June 30, 2020, the value of the investment properties amounted to SEK 9 308 million (8 754). All properties were acquired during the period November 5, 2014 to June 30, 2020. For analysis and comments on the property portfolio, see pages 18-21.

## CURRENT ASSETS

Current assets amount to SEK 451 million (209) consisting of cash and cash equivalent funds of SEK 384 million (96) and rental receivables and other current receivables of 67 million SEK (113).

## EQUITY

As of June 30, 2020, the Group's equity amounted to SEK 3 933 million (2 903) and the equity ratio to 40,2 % (32,4).

## INTEREST-BEARING LIABILITIES

The reported value of the Group's interest bearing liabilities at the end of the reporting period amounts to SEK 5 139 million (5 393) corresponding to a loan-to-value ratio of 51 % (59). The liabilities consist of loans from credit institutions of SEK 4 500 million (4 043), bonds of SEK 650 million (1 360) and seller notes of SEK 10 million (12). Loan arrangement costs of - 21 million (- 22) have been deducted from the interest bearing liabilities in accordance with the company's accounting principles. The short term part of the interest bearing liabilities amount to SEK 759 million (1 360) and consists of loans and amortizations that are due within the next 12 months.

## INTEREST AND DEBT MATURITIES

Stendörren aims to reduce interest- and refinancing risks in its operations by spreading the maturity structure for interest rates and loan maturities over several years. Interest rate risks are managed mainly

through interest rate derivatives. For a more detailed description of the loan portfolio, see page 25.

## DEFERRED TAX LIABILITY

Deferred tax liabilities amounted to SEK 542 million (452) on June 30, and relate mainly to the tax on the temporary difference between the properties' fair value and their residual tax value as well as deferred tax on untaxed reserves and unutilized loss carried forward.

## OTHER CURRENT LIABILITIES

In addition to the short term interest bearing liabilities, current liabilities include accounts payable, accrued expenses and prepaid income, tax liabilities and other current liabilities, together amounting to SEK 146 million (207).

# CONSOLIDATED CHANGES IN EQUITY

As of June 30, 2020, the Group's equity amounted to SEK 3 933 million (2 903).

## CONDENSED STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN SEK MILLION	SHARE CAPITAL	OTHER CAPITAL CONTRIBUTED	RETAINED EARNINGS	HYBRID BOND	TOTAL SHAREHOLDERS' EQUITY
<b>Opening equity 2018-01-01</b>	<b>17</b>	<b>1 144</b>	<b>1 239</b>	<b>-</b>	<b>2 399</b>
Dividend			-62		-62
Share option programme		1			1
Emission of share	0	22			22
Comprehensive income Jan-Dec 2018			419		419
<b>Opening balance equity 2019-01-01</b>	<b>17</b>	<b>1 167</b>	<b>1 596</b>	<b>-</b>	<b>2 780</b>
Dividend adjustment			-1		-1
Share option programme		-2			-2
Issued capital hybrid bond				800	800
Transaction costs hybrid bond				-14	-14
Dividend hybrid bond				-13	-13
Comprehensive income Jan-Dec 2019			277	13	290
<b>Closing equity 2019-12-31</b>	<b>17</b>	<b>1 165</b>	<b>1 872</b>	<b>786</b>	<b>3 840</b>
Repurchase share option programme		-8			-8
Share option programme		18			18
Dividend hybrid bond				-27	-27
Comprehensive income Jan-Jun 2020			82	27	110
<b>Closing equity 2020-06-30</b>	<b>17</b>	<b>1 175</b>	<b>1 954</b>	<b>785</b>	<b>3 933</b>



# CONSOLIDATED CASH FLOW STATEMENT

## CONDENSED

AMOUNTS IN SEK MILLION	2020 JAN-JUN	2019 JAN-JUN	2020 APR-JUN	2019 APR-JUN	2019 JAN-DEC
<b>Cash flow from operating activities</b>					
Profit from property management	124	71	62	35	135
Adjustment for other non-cash items	4	9	-2	-1	-10
Income tax paid	-2	-2	0	0	-2
<b>Cash flow from operating activities before change in working capital</b>	<b>125</b>	<b>78</b>	<b>59</b>	<b>34</b>	<b>123</b>
<i>Changes in working capital</i>					
Change in operating receivables	0	-20	14	-14	17
Change in operating liabilities	-55	-6	-55	-2	3
<b>Cash flow from operating activities</b>	<b>70</b>	<b>52</b>	<b>18</b>	<b>18</b>	<b>143</b>
<i>Investment activities</i>					
Investments in existing properties	-80	-115	-36	-61	-267
Other investments and sales	1	0	1	0	-4
Property acquisitions	-79	-71	0	0	-156
Property sales	25	-	25	0	-
<b>Cash flow from investment activities</b>	<b>-133</b>	<b>-186</b>	<b>-10</b>	<b>-61</b>	<b>-427</b>
<i>Financing activities</i>					
Issued capital	10	-2	18	-1	-2
Issued hybrid capital (net of costs)	-	-	-	-	786
Dividend hybrid bond	-27	-	-14	-	-13
Raised interest bearing liabilities	1 703	229	0	119	632
Repayment of interest bearing liabilities	-1 376	-129	-26	-25	-1 114
Interest rate derivatives, net	-	-	-	0	-
Deposits	-1	1	-	0	2
Dividend	-	-32	0	-16	-32
<b>Cash flow from financing activities</b>	<b>309</b>	<b>67</b>	<b>-22</b>	<b>77</b>	<b>259</b>
<b>Cash flow for the period</b>	<b>245</b>	<b>-67</b>	<b>-14</b>	<b>34</b>	<b>-25</b>
Cash and cash equivalents at the beginning of period	138	163	398	62	163
Cash flow for the period	245	-67	-14	34	-25
<b>Cash and cash equivalents at the end of the period</b>	<b>384</b>	<b>96</b>	<b>384</b>	<b>96</b>	<b>138</b>

# COMMENTS TO THE CASH FLOW STATEMENT

## **CASH FLOW FROM OPERATIONS**

During the reported period the cash flow from operating activities before changes in working capital amounted to SEK 125 million (78). The net change in working capital was SEK -55 million (-26), the cash flow from operating activities resulting in SEK 70 million (52).

## **CASH FLOW FROM INVESTMENT ACTIVITIES**

Cash flow from investment activities amounted to SEK -133 million (-186) resulting from direct and indirect acquisitions resulting from SEK -79 million (-71), and investments in existing properties of SEK -79 million (-115). Cash generated by the sale of properties during the period was SEK 25 million (0).

## **CASH FLOW FROM FINANCING ACTIVITIES**

The cash flow from the financing activities during the period amounted to SEK 309 million (67), as a result of additional property loans of SEK 1 703 million (229). Amortization and repayment of existing loans amounted to SEK -1 376 million (-129).

## **CASH FLOW IN PERIOD**

Net cash flow for the period amounted to SEK 245 million (-67) and cash and cash equivalents amounted to SEK 384 million (96) at the end of the period.





# PROPERTY PORTFOLIO SUMMARY

## PROPERTY PORTFOLIO 30 JUNE

Stendörren's property portfolio consists of 124 properties as at 30 June 2020. All properties are located in the Stockholm and Mälardalen region with a total market value of SEK 9 308 million. The property portfolio is reported quarterly at fair value. All properties are valued internally each quarter based on, among other things, an updated analysis of actual cash flow, market rental levels, expected costs and an assessment of the market yield. All properties are externally valued at least once a year.

At the end of the reporting period, the property portfolio comprised of approximately 733 000 sqm of lettable area. Warehouse, logistics and light industrial properties accounted for approximately 66 % of the total lettable area. The office space held in the portfolio (22 % of lettable area) is mainly office space leased in combination with light industrial properties. A distribution based on rental income would give a higher proportion of offices due to the average rent for this area being higher than for the rest of the portfolio. The risk of rental losses due to bankruptcies is greatly reduced by the diversification and number of the tenants combined with the fact that 79 % of the properties have at least two tenants. During the period, the property portfolio increased by SEK 161 million. The increase is due to property acquisitions amounting to SEK 82 million, and divestments amounting to SEK -21 million. In addition, a total of SEK 80 million was invested in existing properties while unrealized changes in value totalling SEK 20 million were reported. (see table on page 22).

## GEOGRAPHIC DISTRIBUTION OF PROPERTY PORTFOLIO

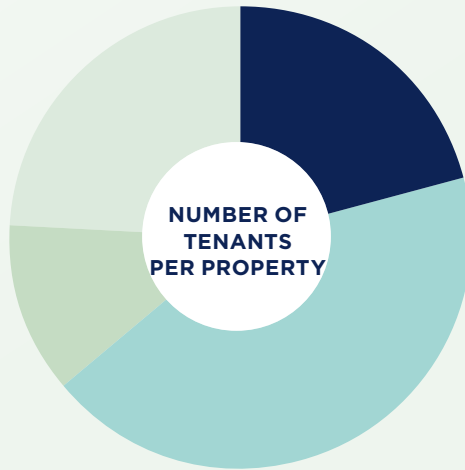
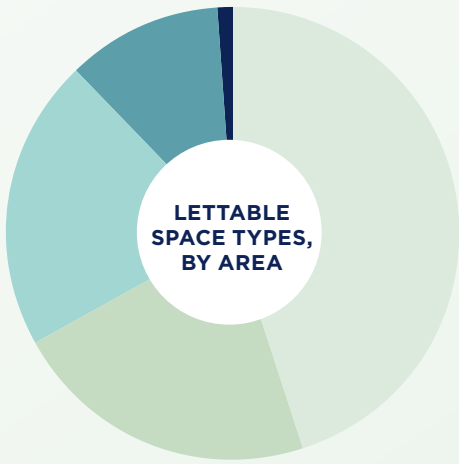
Stendörren puts a lot of effort into identifying interesting industrial areas with potential in Greater Stockholm and the rest of the Mälardalen region. The focus is on developing and strengthening the presence in these areas. The total rental income consists of 68 % of rental income from properties in Greater

Stockholm. Stendörren's largest investments are in Högdalens industrial area, which results in synergies in both management and leasing. In Veddesta the company has large and efficient properties resulting in efficient management. Locations including Upplands-Väsby and Sollentuna along the E4 towards Arlanda, Brunna in Upplands-Bro northwest of Stockholm and Stockholm-Syd in Södertälje are other areas which Stendörren intends to develop further in the upcoming years. In addition to the Greater Stockholm area the company has invested in a number of locations in Mälardalen situated in strong locations projected to benefit from Stockholm's future growth. (see diagram on over geographical distribution on page 19).

## TENANTS AND RENTAL AGREEMENTS

The tenants in the property portfolio range from well-established small to medium sized companies and large multinational businesses. Any rental losses in the property portfolio have been small in recent years. During the reporting period, actual rental losses amounting to SEK 0,5 million have been reported. During the period SEK 3,7 million of provisions for uncertain rent receivables have been booked. As at June 30, the ten largest leases made up 24 % of the total annual rent in the portfolio. The company's largest lease agreement with Coop Sweden, represents about 9 % of the total annual rent. Stendörren strives to achieve long leases with their tenants and the weighted average unexpired lease term (WAULT) was 3,8 years at quarter end. The company also strives for a scattered maturity structure. These factors in combination with the spread multiple tenants and multiple industries reduces risk for vacancies and rental losses.

Stendörren is a proactive manager and works continuously to renegotiate the leases in line with current market rental. ➤

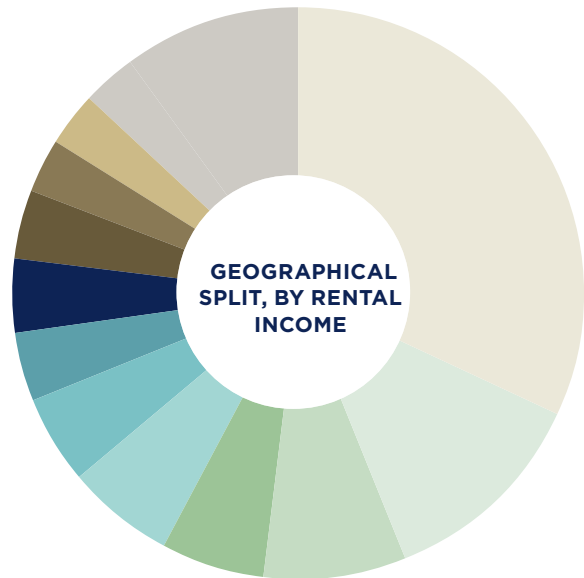
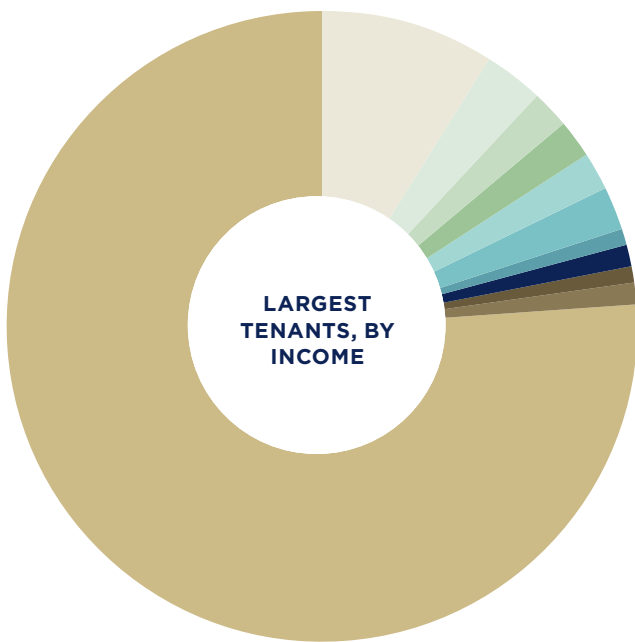


**TENANTS/PROPERTY**

(area)

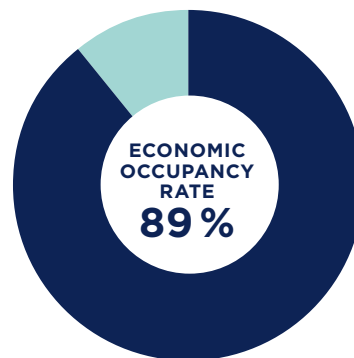
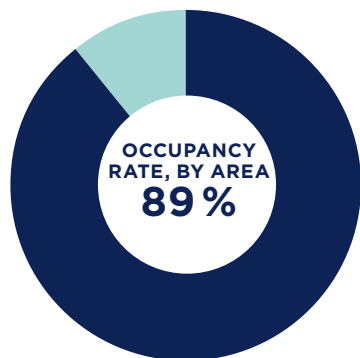
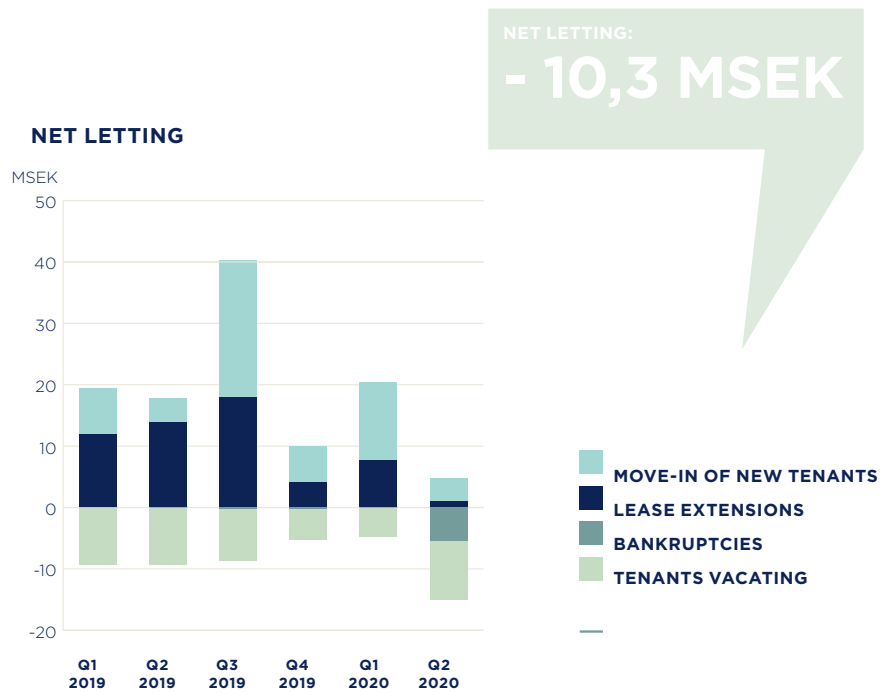
- 1 st, 21%
- 2-5 st, 43%
- 6-10 st, 12%
- 11- st, 24%

- Storage and logistics, 45%
- Office, 22%
- Light storage, 21%
- Retail, 11%
- Other, 1%



- COOP Logistics AB, 9%
- Exploria AB, 3%
- Åtta.45 Tryckeri AB, 2%
- Unilever Europe BV, 2%
- Stockholm Vatten AB, 2%
- Alfa Laval Tumba AB, 2%
- Fuchs Lubricants Sweden AB, 1%
- Bactiguard AB, 1%
- Enköpings kommun, 1%
- PostNord Sverige AB, 1%
- Other, 76%

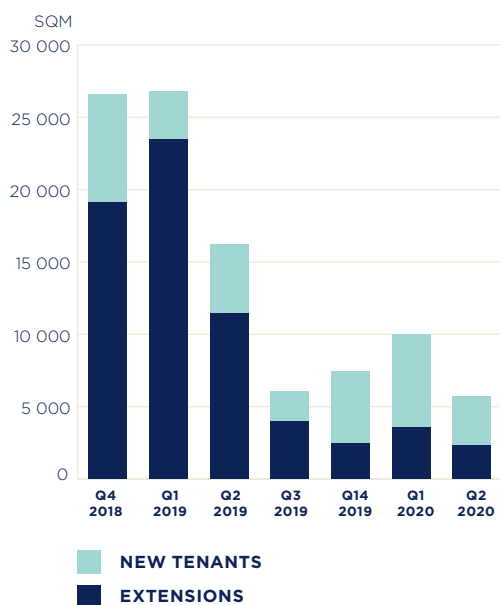
- Stockholm, 32%
- Upplands-Bro, 12%
- Botkyrka, 8%
- Västerås, 6%
- Enköping, 6%
- Täby, 5%
- Södertälje, 4%
- Uppsala, 4%
- Eskilstuna, 4%
- Nacka, 3%
- Järfälla, 3%
- Flen, 3%
- Other, 10%



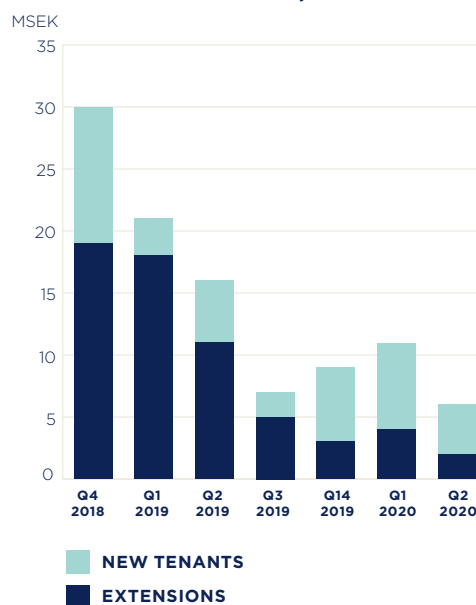
► The company has a relatively high occupancy rate and low vacancies. The occupancy rate in the Stockholm area for warehouse and light industrial premises has been stable over the past 10 years and amounted to approximately 90%. The area-weighted occupancy rate in Stendörren's portfolio amounted to 89% (87) as of June 30, 2020, and the economic occupancy rate was 89% (87). The occupancy rate is a static measure of the rental situation on the report date and may vary a few percentage points up or down depending on temporary relocation vacancies or projects that have commenced or terminated at different times. The occupancy rate falls marginally during the second quarter. In general, demand for premises rema-

ins strong. Of the total vacancy, approximately 478 sqm (corresponding to approximately 0,1% of the total lettable area) is contracted with new tenants that have not yet taken up the premises. Lease agreements that were renegotiated during the quarter led to an increase in rental values of 30% on average. During the quarter, new lease agreements with an annual rental value of approximately SEK 5 million have commenced. These consists of both renegotiated lease agreements and lease agreements with new tenants signed in earlier periods. The net lettings during the quarter amounts to a total of SEK -10,3 million.

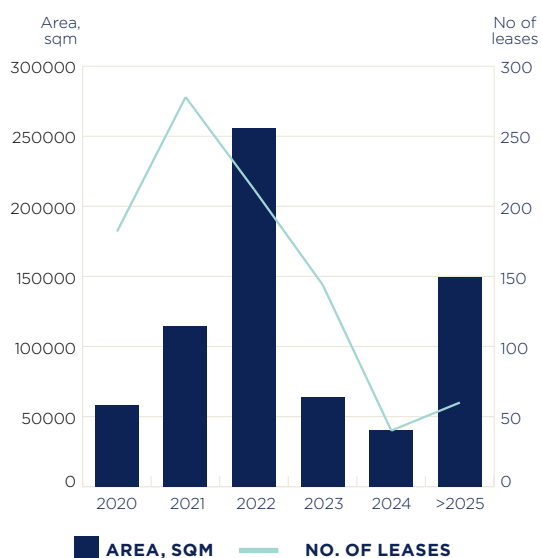
### NEWLY SIGNED LEASES AREA



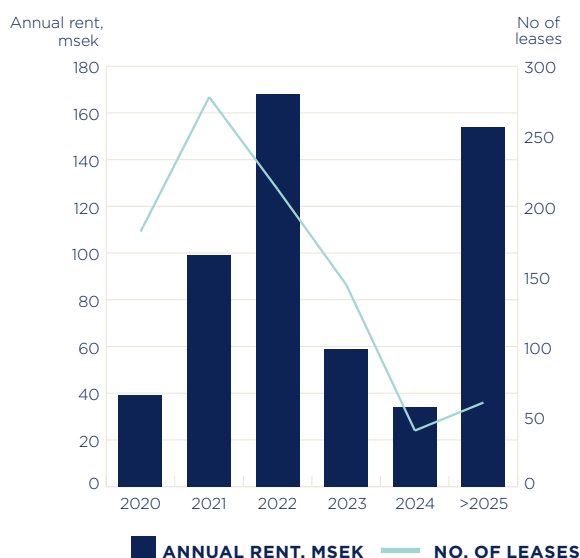
### NEWLY SIGNED LEASES, ANNUAL RENT



### ANNUAL LEASE EXPIRY AT 30 JUNE 2020, BY AREA



### ANNUAL LEASE EXPIRY AT 30 JUNE 2020, ANNUAL RENT



### BUILDING RIGHTS AND PROJECTS

As at June 30, 2020, Stendörren had 24 properties wholly or partly consisting of building rights. When these building rights have been fully exploited it is estimated that up to 601 000 sqm of building area can be created, mainly for light industrial, logistics and retail. In some of these properties, the planning is under way to convert the building rights to another area of use, such as residential. The opportunities are considered very good as the building rights are concentrated in several of Greater Stockholm's most attractive areas such as the Stockholm municipality, Botkyrka, Södertälje (Stockholm-Syd), Västerhaninge, Upplands-Bro and Sollentuna. Development

within building rights and project properties are primarily driven by demand. The focus is on finding existing and new tenants that are in need of larger or entirely new premises and meeting these needs by customized additional investments or developing an entirely new construction. Negotiations are ongoing with potential tenants for the company's project properties. The discussions are proceeding well and the company is positive about the future potential that these areas have. In order to minimize risk exposure, long leases are usually signed with customers before the investments are initiated. The company intends to continuously develop a large part of these properties over the next few years.

# PROPERTY VALUATION

Each quarter Stendörren performs a fair value assessment of 100% of the real estate portfolio. In average 20-30% of the portfolio is valued by external valuation firm and the remainder is valued internally. This means that every property in the portfolio is externally valued at least once during a rolling twelve-month period.

The valuation model used by both the external valuation firms and in the internal Stendörren valuations is based on a discounted cash flow model, supplemented with local price analyses. The valuation model and parameters used are reported in accordance with the principles described in Note 11 (Investment Properties) to the Annual Report 2019. All properties are classified to level 3 in accordance with IFRS 13. Additional expenses which are value increasing are activated. All other expenses are reported as an expense in the period in which they arise. For larger development projects, interest expense is capitalized during the development.

All of the company's 124 properties have been externally evaluated during the period July 2019 to June 2020. The combined market value of the property

portfolio per June 30, 2020 amounts to SEK 9 308 million. A summary of the valuation parameters is found in the table below. The external evaluations carried out during the year have been carried out by mainly Nordier Property Advisors and Newsec Sweden. The building rights within the property portfolio, totally valued at SEK 1 261 million (1 049), are valued based on local price analysis and comparison to others similar properties recently sold. Unrealized changes in value of the property portfolio during the period amounted to SEK 20 million (89), corresponding to 0,2% of market value at the beginning of the period. The value changes in the real estate portfolio during the period are driven partly by changes to cash flows through renegotiated leases or changed costs and partly by changed assumptions of market rents and yield requirements. To some extent, increased adaptation and project costs have affected the valuation of individual properties negatively.

Average yield requirements have been reduced slightly compared to the previous quarter and the average yield requirement as of June 30, 2020 amounted to 6,1% (see table of valuation parameters below).

VALUATION PARAMETERS (PREVIOUS YEAR IN BRACKETS)	MIN	MAX	WEIGHTED AVERAGE
Market yield requirement	5,0% (5,2%)	13,5% (13,8%)	6,1% (6,2%)
Discount rate, cash flow	5,0% (5,0%)	15,8% (16,0%)	8,1% (8,2%)
Discount rate, residual value	7,1% (7,3%)	15,8% (16,0%)	8,2% (8,4%)
Long term vacancy assumption	4,0% (3,0%)	30,0% (25,0%)	6,2% (6,1%)

CHANGE IN REPORTED VALUE, PROPERTIES, MSEK	JAN-JUN 2020	JAN-DEC 2019
<b>Investment properties, beginning of period</b>	<b>9 147</b>	<b>8 476</b>
Property acquisitions	82	160
Property sales	-21	-
Investments in existing properties	80	267
Fair value changes of properties	20	243
<b>Investment properties, end of period</b>	<b>9 308</b>	<b>9 147</b>



# FINANCING

As of June 30, 2020, the average time to maturity of the interest bearing liabilities to credit institutions amounted to 3,1 years (2,4). Including the bond loan, the average time to maturity amounted to 2,8 years (2,2). Stendörren uses interest derivatives to hedge against a sharp rise in the reference rate Stibor 90. Hence a portfolio of interest-caps has been acquired with average Stibor cap-level of 2,25 %. The total nominal value of the cap portfolio was SEK 2 734 million. During 2019, the company entered into a 5-year interest rate swap agreement with 800 million SEK in nominal amount hedged at the rate -0.1%. Including the effect of the portfolio of interest caps and swap the average fixed interest term on interest-bearing liabilities amounted to 2,3 years (1,7).

The average interest rate on the company's loans from credit institutions was 2,2 % (1,9) and average interest on total interest bearing debt amounted to 2,5 % (2,4). Stendörren have a bond loan (2018-2021) amounts to SEK 650 million and it runs with a nominal interest of Stibor 90 plus 4,25 %.

During the third quarter 2019, the company issued hybrid bonds totalling SEK 800 million in nominal value, which are reported as equity under IFRS (see further under equity on page 16). Interest and loan maturity for all interest bearing liabilities are distributed over years as shown in the table below (amounts are nominal amounts and exclude prepaid financing fees).





## INTEREST- AND LOAN MATURITY

YEAR OF MATURITY	MSEK	INTEREST MATURITY/YEAR <sup>1)</sup>		LOAN MATURITY/YEAR	
		INTEREST RATE	SHARE OF TOT.	MSEK	SHARE OF TOT.
2020	1 621		31%	5	0%
2021	600		12%	929	18%
2022	855		17%	780	15%
2023	1 034		20%	1 502	29%
2024	1 050		20%	704	14%
>2024	0		0%	1 241	24%
<b>Total</b>	<b>5 160</b>	<b>2,50 %</b>	<b>100 %</b>	<b>5 160</b>	<b>100 %</b>

1) The interest maturity for 2020 includes all loans that run with Stibor as base interest and that are not covered by interest derivatives.

## INTEREST DERIVATIVES

COUNTERPART	TYPE OF DERIVATIVE	NOMINAL VALUE, Msek	FAIR VALUE, Msek	CAP LEVEL	YEARS REMAINING
Danske Bank	Interest cap	300	-	2,00%	0,63
Danske Bank	Interest cap	300	-	2,50%	1,63
Danske Bank	Interest cap	300	-	2,00%	0,63
Swedbank	Interest cap	300	0,0	2,50%	1,63
Swedbank	Interest cap	300	0,0	2,50%	2,63
Swedbank	Interest cap	300	0,0	2,50%	2,63
Swedbank	Interest cap	250	0,0	2,25%	3,25
Swedbank	Interest cap	250	0,0	2,25%	4,25
Swedbank	Interest cap	250	0,0	2,25%	2,25
Nordea	Interest cap	184	0,0	1,50%	3,47
		<b>2 734</b>	<b>0,1</b>	<b>2,25%</b>	<b>2,20</b>

## INTEREST DERIVATIVES

COUNTERPART	TYPE OF DERIVATIVE	NOMINAL VALUE, Msek	FAIR VALUE, Msek	INTEREST	YEARS REMAINING
Swedbank	Interest rate swap	800	4,3	-0,0875%	4,22
<b>Total</b>		<b>800</b>	<b>4,3</b>	<b>-0,0875%</b>	<b>4,22</b>

# SUSTAINABILITY

*Stendörren's sustainability strategy permeates two complementary perspectives. The one perspective is about ensuring that the company acts responsibly with controlled risk and in line with expectations and requirements. The other complementary perspective is about contributing to sustainable development in a way that engages internally as externally and at the same time strengthens Stendörren's long-term business.*

**AS PART OF THE PROCESS OF** systematizing and formulating Stendörren's sustainability work, a sustainability strategy was developed in 2017. During the process, the business was highlighted from several perspectives. Partly from the outside-inside perspective to understand the societal challenges from a macro perspective, and how these and opportunities at the same level are translated into significance for the company and its market. Another step was to look at how the real estate industry answered these questions, as well as how the company's competitors worked. From the outside-inside perspective together with the stakeholder dialogue and the materiality analysis then formed the basis for Stendörren's sustainability strategy,

which is integrated throughout the business.

During 2020, the focus has remained on co-ordinating and initiating the implementation of the sustainability strategy internally within the organization while also starting to work from the laid foundation. *Read more in Sustainability Report 2019 at [www.stendorren.se](http://www.stendorren.se)*

A risk analysis related to Stendörren's most significant sustainability issues was also conducted in 2017 and is evaluated annually within the regular risk assessment in the company. Identified risks and management of these can be found in the Annual Report, pages 88–89. Evaluation of the sustainability work is done on a continuous basis.

## STENDÖRREN AND THE UN GLOBAL GOALS

The nations of the world united 2015 in Paris to sign the Agenda 2030, which includes the UN's 17 goals for sustainable development (SDG). To achieve these goals, a collective effort is required on an international, national and local level. Consequently, all companies are called on to include the global goals in both strategy and reporting. Stendörren supports the Agenda 2030 and has identified 7 global goals which have direct or indirect connection to the company's sustainability strategy and mission. These 7 goals are also the goals that Stendörren's business has an fundamental impact on:



The accelerating societal development means exciting possibilities within digitalisation and new technology. But the expected future also calls for increased demands on environmentally friendly, efficient and secure deliveries. The logistics industry is facing increased demands for sustainable transports. The importance of central location of warehouses and logistics premises as well as railway connection becomes even more evident. One of Stendörren's strategic commitment areas is called Active Partner for Sustainable Cities. By actively driving and supporting sustainability within the industry, together with strategic partners, the company can create modern and sustainable work environments for tenants and their customers. Consequently, this is how Stendörren is contributing to and developing sustainable production, distribution and logistics for the future.



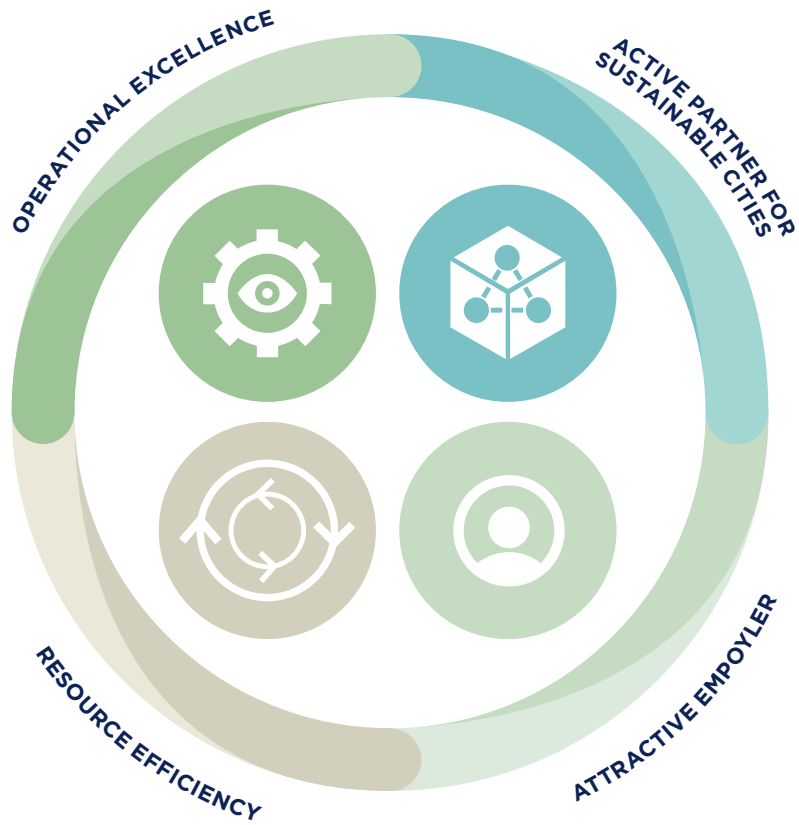
The company's slogan "Lokaler som gör skillnad" is based on Stendörrens mission; together with tenants and other business partners we develop the future of industrial premises with efficient use of resources and energy and "smart" logistics solutions. Stendörren's greatest sustainability impact comes from owning and managing its properties. To reduce the climate footprint, it is vital for Stendörren to focus on resource efficiency through the whole value chain, including facility management, renovation, choice of material, new production and type of energy use.



Health and wellness are prioritised areas for Stendörren. It is important to create the prerequisites for a safe, healthy and sound work environment internally for employees but also for tenants and suppliers. Read more in the section Attractive Employer.



# SUSTAINABILITY STRATEGY




- CORPORATE GOVERNANCE
- COMMUNICATION / TRANSPARENCY
- ANTI-CORRUPTION
- SET REQUIREMENTS AND FOLLOW UP OF SUPPLIERS, TENANTS AND PARTNERS
- GREEN FINANCING
- HUMAN RIGHTS



- INNOVATION
- EFFICIENT AND FLEXIBLE PREMISES
- BE PROACTIVE WITHIN THE INDUSTRY
- ATTRACTIVE BUSINESS PARTNER
- COMMUNITY ENGAGEMENT



- ENERGY EFFICIENCY
- CONSCIOUS CHOICE OF MATERIAL
- WASTE MANAGEMENT
- ENVIRONMENTALLY CERTIFIED PROPERTIES
- PREVENT POLLUTION AT TENANTS PREMISES
- REDUCE CLIMATE FOOTPRINT



- WORK ENVIRONMENT FOR EMPLOYEES, TENANTS AND SUPPLIERS
- DIVERSITY AND EQUALITY
- CORPORATE CULTURE AND LEADERSHIP
- SATISFIED EMPLOYEES

# CONDENSED PARENT COMPANY

Operations in the Parent Company consist of management functions of the Group's all companies and properties. These functions include, among other things, property management, project management and finance. All staff are employed by the parent company. No properties are owned directly by the parent company. The parent company's revenues during the period mainly comprise SEK 50 million in recharged services rendered by own staff. Net interest income consists of net charged interest on intercompany loans and external interest expense for the corporate bond programs. Cash and cash equivalents as of June 30, 2020 amounted to SEK 140 million (28) and the Equity amounted to SEK 1 708 million (960).

## CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY

AMOUNTS IN SEK MILLION	2020 JAN-JUN	2019 JAN-JUN	2020 APR-JUN	2019 APR-JUN	2019 JAN-DEC
Net sales	50	53	26	29	102
Operating expenses	-48	-53	-23	-29	-102
<b>Profit before financial items</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>
<i>Financial items</i>					
Net financial items	9	-2	4	-1	-16
<b>Profit after financial items</b>	<b>11</b>	<b>-2</b>	<b>7</b>	<b>-1</b>	<b>-16</b>
Allocations	0	-	0	-	-5
<b>Profit before tax</b>	<b>11</b>	<b>-2</b>	<b>7</b>	<b>-1</b>	<b>-21</b>
Deferred tax	-	-	-	-	1
Current tax	-	-	-	-	0
<b>Profit for the period</b>	<b>11</b>	<b>-2</b>	<b>7</b>	<b>-1</b>	<b>-20</b>

## BALANCE SHEET PARENT COMPANY IN SUMMARY

AMOUNTS IN SEK MILLION	30 JUN 2020	30 JUN 2019	31 DEC 2019
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible assets	4	5	4
Equipment	5	2	5
Shares and participations in subsidiaries	923	884	875
Receivables from subsidiaries	2 073	1 511	2 039
Non-current receivables and securities	0	0	0
Deferred tax assets	16	15	16
<b>Total non-current assets</b>	<b>3 021</b>	<b>2 417</b>	<b>2 939</b>
<i>Current assets</i>			
Receivables from subsidiaries	171	314	173
Current receivables	3	4	4
Cash and equivalents	140	28	39
<b>Total current assets</b>	<b>314</b>	<b>346</b>	<b>216</b>
<b>TOTAL ASSETS</b>	<b>3 335</b>	<b>2 388</b>	<b>3 155</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1 708	960	1 714
<i>Non-current liabilities</i>			
Interest bearing liabilities	647	1 348	645
Liabilities to subsidiaries	717	0	717
<b>Total non-current liabilities</b>	<b>1 364</b>	<b>1 348</b>	<b>1 362</b>
<i>Current liabilities</i>			
Interest bearing liabilities	-	-	-
Liabilities to subsidiaries	245	49	54
Other current liabilities	18	31	25
<b>Total current liabilities</b>	<b>263</b>	<b>80</b>	<b>79</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 335</b>	<b>2 388</b>	<b>3 155</b>

# SHARE CAPITAL AND OWNERSHIP

## SHARE CAPITAL

The share capital in Stendörren amounts to SEK 17 022 864,60, divided between 2 500 000 Series A shares and 25 871 441 Series B shares. Each share has a quota value of SEK 0,60. A-shares in Stendörren are entitled to ten votes at a general meeting and B-shares one vote. A shares can be converted to B shares at a ratio of 1:1. All shares carry the same right to share in the company's assets and profits. According to the Articles of Association, the company also has the option of issuing preference shares.

## AUTHORIZATIONS

On 20 May 2020, the annual shareholders' meeting resolved to authorize the board of directors to, up until the next annual shareholders' meeting, on one or several occasions, with or without deviation from the shareholders' preferential rights, with cash payment or payment through set-off or in kind, or otherwise on special conditions, resolve to issue shares of class A or B, convertibles for shares of class A or B or warrants for shares of class A or B, as well as preferential shares. However, an issue without preferential rights for the shareholders may not result in an increase of the company's shares of more than in total 10 percent calculated as at the date for the annual shareholders' meeting 2020. If the board of directors resolves on an issue without preferential rights for shareholders, the reason must be to broaden the ownership base, acquire or facilitate the acquisition of working capital, increase the liquidity of the share, carry out company acquisitions or acquire or facilitate the acquisition of capital for company acquisitions. An issue without preferential rights for shareholders must be conducted on market terms.

The annual shareholders' meeting 2020 also resolved to authorize the board of directors to, up until the next annual shareholders' meeting, on one or several occasions, resolve to purchase own shares so that the company's holding, at any given time, does not exceed 10 percent of the total number of shares in the company. Further, the annual shareholders' meeting resolved to authorize the board of directors to, up until the next annual shareholders' meeting, on one or several occasions, resolve to transfer own shares. Purchases of own shares shall be carried out on Nasdaq Stockholm and the shares may only be acquired to a price per share within the appli-

cable share price range, i.e. the range between the highest purchase price and the lowest selling price. Transfers of own shares may be carried out both on Nasdaq Stockholm or in other ways (which is further described in the notice to the annual shareholders' meeting). The purpose of the authorization to purchase own shares is to give the board of directors an increased flexibility with regard to the company's capital structure as well as to enable flexibility regarding the company's ability to distribute capital to shareholders. The purpose of the authorization to transfer own shares is to enable corporate and real estate acquisitions, raise working capital or broaden the shareholder base.

## INCENTIVE SCHEMES

Stendörren had two incentive schemes at the beginning of the reporting period that were decided by the AGM in 2017 and 2018. Both programs are targeted to the company employees and includes issues of warrants which the participants in the programs acquired in exchange for cash payment to the parent company. The warrants were acquired at market value calculated in accordance with the Black & Scholes valuation method performed by independent valuers. The first of the two programs had 215 800 warrants as all owners under the period 1-31 May 2020 chose to redeem against the same number of newly issued Series B shares which thereafter were linked to Euroclear. In the second program there are 68 746 warrants outstanding which, during the period

September 15-30 2021, can be redeemed for the same number of B shares at a subscription price of SEK 111,60 per share, corresponding to 125 % of the trade-weighted average price during the measuring period 15-22 August 2018. If all warrants in this program are redeemed, 68 746 new B-shares will be issued, each with a quota value of SEK 0,6 and the share capital will increase by SEK 41 248. The dilution at full utilization corresponds about 0,2 % of the capital and 0,1 % of the voting rights based on the number of outstanding shares as of the reporting date.

## STOCK EXCHANGE

The Stendörrens B-share is traded on Nasdaq Stockholm, on the list for medium-sized companies. The company's short name is STEF B. The company's ISIN-code is SE0006543344.

**THE LARGEST SHAREHOLDERS BASED ON DATA FROM  
EUROCLEAR SWEDEN AB PER 30 JUNE 2020**

SHAREHOLDER	TOTAL SHARES	A-SHARES	B-SHARES	% OF CAPITAL	% OF VOTES
Stendörren Real Estate AB	11 532 606	2 000 000	9 532 606	40,65	58,05
Länsförsäkringar Fastighetsfond	4 453 941	0	4 453 941	15,7	8,76
Altira AB	3 050 000	500 000	2 550 000	10,75	14,84
Verdipapirfond Odin Ejendom	1 393 845	0	1 393 845	4,91	2,74
SEB Sverigefond Småbolag	904 651	0	904 651	3,19	1,78
Humle Småbolagsfond	636 379	0	636 379	2,24	1,25
SEB SV Småbol Chans/Risk	592 840	0	592 840	2,09	1,17
Carnegie Fastighetsfond Norden	467 213	0	467 213	1,65	0,92
Anders Ivarsson Aktiebolag	463 349	0	463 349	1,63	0,91
Banque Degroof Petercam Luxembourg					
Sa sub Ucits	459 411	0	459 411	1,62	0,9
Other owners	4 417 206	0	4 417 206	15,57	8,68
<b>TOTAL</b>	<b>28 371 441</b>	<b>2 500 000</b>	<b>25 871 441</b>	<b>100</b>	<b>100</b>

1) The total number of shareholders at the reporting date was 3 512.



# OTHER INFORMATION

## CALENDAR

- Interim Financial Report Jan-Sep 2020, 6 November 2020
- Year-end report 2020, 23 February 2021

## RELATED PARTY TRANSACTIONS

The company has been a party to a consulting agreement regarding project consulting with TamGroup AB, which is one to board member Andreas Philipson's related company. The consultant who performs the work on behalf of TamGroup AB is also related to Andreas Philipson. The agreement was terminated during Q2 2020. All transactions with related parties take place on market terms. In addition to what is stated above the company has not been party to any business transaction, loan, guarantee or guarantee connection with any of the board members, leading senior executives, major shareholders or related parties to any of these.

## RISKS

Risks and uncertainties are, among other things, related to changes in macroeconomic factors affecting demand for premises and the price of capital. Stendörren is also exposed to the risk of unforeseen increases in operating- or maintenance costs which cannot fully be compensated for in leases with tenants. There is also a risk that the Company's lenders do not extend credit facilities at maturity. Real estate transactions are a core part of the company's business model and is, by its nature, associated with uncertainties and risks. More information about these risks can be found on pages 97-99 in the company's annual report for the fiscal year 2019. With regard to covid-19, Stendörren has so far seen only limited consequences, but is following developments closely. In addition to this, no other significant risks have been identified during the reporting period.

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance

with IAS 34 Interim reporting and the Annual Accounts Act. The same accounting and valuation principles as well calculation methods have been applied as in the latest financial information submitted, see note 1 to the annual report 2018. Investment properties are reported according to IFRS 13 in accordance with level 3. Fair value for financial instruments are in all substantial aspects in accordance with reported values. Derivatives are valued in the consolidated financial statements at fair value and in accordance with level 2 of IFRS 13. The Parent Company applies the Annual Accounts Act and RFR 2 Accounting for legal entities. The company applies IFRS 16 Leasing as of Jan. 1, 2019 and is using the simplified method (not retroactive). Utilization rights are assigned the same value as the reported leasing debt as of June 30, 2020. A detailed review and analysis of the Group's leasing agreements (where Stendörren is a lessee) has been made, whereby property leasehold agreements were identified as the single most significant. Leasing debt related to property leaseholds as of December 31, 2019 amounts to SEK 225 million, with the equivalent reported value for the utilization rights. The company reports the utilization rights for the property leasehold agreements at fair value as it is considered to be an investment property. As a result of the transition to IFRS 16, the cost of leasehold payments is reported as a financial cost, which is a difference compared to previous principle where it is reported as an operating cost. Furthermore, a review has been made of how the Group's applied principles in terms IFRS 16 is affecting Stendörren as a lessor, whereby the company found that IFRS 16 does not have a material effect on the Group's reported rental income.

## AUDITOR'S REVIEW

This interim report has not been subject to review by the Company's auditors.



# THE BOARD OF DIRECTORS

*The Board of Directors and the CEO assure that the report provides a fair overview of the parent company and the group's operations, position and results and describe the most significant risks and uncertainties that the parent company and the Group companies are facing*

**STOCKHOLM 19 JULY 2020**

Anders Tägt  
*Chairman*

Andreas Philipson  
*Board member*

Carl Mörk  
*Board member*

Seth Lieberman  
*Board member*

Henrik Orrbeck  
*Board member*

Helena Levander  
*Board member*

Erik Ranje  
*Chief Executive Officer*

Nisha Raghavan  
*Board member*

*This information is such that Stendörren Fastigheter AB is required to publish according to the EU Market Abuse Regulation and the Act on securities market. The information was provided, by the following contact person's office, for publication on July 20, 2020 at. 07.00 CET*

## APPENDIX 1

### ASSESSED EARNINGS CAPACITY\*

**AS OF 30 JUNE 2020**, the company's property portfolio comprised 124 wholly owned properties with approximately 733 000 sqm of lettable area. According to the company's assessment, the total rental income (after deductions for vacancies and discounts) on a rolling 12-month basis amounts to approximately SEK 648 million. The company also estimates that current property costs amount to approximately SEK -166 million (-156) on an annual basis, the portfolio is thus expected to produce an operating net of approximately SEK 482 million

on Group level. These data are only the company's own assessment on the present earning capacity as of 30 June 2020 without regard to ongoing lettings, upcoming vacancies, index-related rental changes, or other future measures that may have an effect on net operating income. Any additional acquisitions or disposals announced by the company which have not yet closed are also not included. These data should therefore not be seen as a forecast of future earnings development for Stendörren.

*\* This is management's best assessment of current earnings capacity and not a forecast of future expected earnings.*



# DEFINITIONS

*The European Securities and Markets Authority (ESMA) have issued guidelines for the use of Alternative Performance Measures, APM's related to companies with securities which are listed on a regulated market. The guidelines are developed in order to increase the transparency and the comparability in APM's used in prospectuses and other compulsory information submitted by listed companies. Stendörren issues closer definitions and explanations to the APM's it uses. These definitions and explanations, along with a reconciliation table, are in accordance with the ESMA guidelines can be found on [www.stendorren.se](http://www.stendorren.se) , investor relations.*

## **ACTUAL NET ASSET VALUE; EPRA NNAV**

Book equity net of hybrid capital adjusted for actual deferred tax liability, calculated at an effective tax rate of 5,9%.

## **AREAWEIGHTED OCCUPANCY RATE**

Area contractually leased to tenants in relation to total lettable area.

## **AVERAGE INTEREST MATURITY INCLUDING DERIVATIVES**

The weighted average remaining time to interest adjustment on interest bearing loans including the effect of interest derivatives. Expressed in years remaining.

## **AVERAGE INTEREST RATE**

The weighted average interest rate on all interest bearing debt

## **AVERAGE RETURN ON EQUITY**

Net earnings in relation to average equity the last 12 months

## **DEBT MATURITY**

The weighted average remaining time to maturity for interest bearing loans, expressed in years.

## **CASH FLOW PER SHARE**

Cash flow from operating activities before changes in working capital according to the cash flow statement divided by the average number of shares outstanding.

## **ECONOMIC OCCUPANCY RATE**

Contractual rental income in relation to Rental Value

## **EQUITY RATIO**

Book equity in relation to total balance sheet (excluding the leasing liability for the rights of use of land lease properties that, in accordance with IFRS 16, is accounted for as a long term liability).

## **EXCESS RATIO**

Property NOI divided by property income during the last 12 months.

## **INCOME FROM PROPERTY MANAGEMENT**

Net earnings before value changes and tax.

## **INTEREST COVER RATIO (ICR)**

Income from Property Management the last 12 months adding back net financial expenses, in relation to net financial expenses (excluding the rights of use of land lease properties that in accordance with IFRS 16 is accounted for as a financial cost).

## **LOAN TO VALUE**

Interest bearing debt in relation to total assets.

## **LOAN TO VALUE ON PROPERTY LEVEL**

Interest bearing debt secured in properties in relation to the fair value of the properties.

## **LONG TERM NET ASSET VALUE, EPRA NAV**

Book equity net of hybrid capital adjusted for deferred tax and the derivatives value (+/-).

## **NET OPERATING INCOME (NOI)**

Total rental income from the properties reduced by property operating expenses

## **NET PROFIT PER SHARE**

Net profit divided by the average number of shares outstanding, before and after dilution.

## **PROPERTY YIELD**

Property NOI the last 12 months in relation to the fair value of the properties.

## **RENTAL VALUE**

Contractual rental income increased by the assumed market rent for vacant, lettable area.

## **TOTAL RETURN**

Property NOI increased by the recorded valuation change divided by the average fair value of the properties in the last 12 months.

## **WEIGHTED AVERAGE UNEXPIRED LEASE TERM (WAULT)**

The weighted average remaining lease term on all existing property leases. Expressed in terms of years remaining until expiry.

*Stendörren Fastigheter AB (publ) is a real estate company active in the segment of warehouse and light industrial properties. The stone door is listed on Nasdaq Stockholm (Ticker: STEF B).*

**FOR MORE INFORMATION,  
PLEASE CONTACT:**

**ERIK RANJE, CEO**

erik.ranje@stendorren.se  
08-518 331 00

**PER-HENRIK KARLSSON,  
ECONOMY DIRECTOR**

per-henrik.karlsson@stendorren.se  
08-518 331 21

**STENDÖRREN**

Stendörren Fastigheter AB  
Linnégatan 87B  
115 23 Stockholm  
Tel 08-518 331 00  
stendorren.se