

INTERIM FINANCIAL REPORT
**JANUARY –
SEPTEMBER
2020**

STENDÖRREN IN SHORT

RENTAL INCOME:

481 MKR

NET OPERATING INCOME:

360 MKR

NET PROFIT:

191 MKR



JANUARY-SEPTEMBER 2020 (January-September 2019 in brackets)

- Rental income increased by 8 % to SEK 481 million (443) and net operating income increased by 18 % to SEK 360 million (306).
- Income from Property Management increased to SEK 191 million (113).
- Lease renegotiations during the period led to an increase in rental values of 25 % on average.
- Cash flow from operating activities amounted to SEK 174 million (85), corresponding to SEK 6,17 per share (3,02).
- Changes in the value of investment properties for

the period amounted to SEK 32 million (127), mainly attributable to improved cash flows and slightly changed assumptions about market rents and yield requirements.

- Profit for the period decreased to SEK 164 million (184), corresponding to SEK 5,81 per share (6,52).

SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- Covid-19 has had limited impact on the performance of Stendörren during 2020. For the fourth quarter rent no new deferrals or rent rebates in accordance with the state aid program has been

LETTABLE AREA:

734 000 M²

FAIR VALUE:

9 358 MKR

LOAN TO VALUE:

51%

EQUITY RATIO:

40%¹⁾



processed.

- An Extraordinary General Meeting was held on September 30 there it was decided, in accordance with the board's proposal, that adopt a long-term incentive program for employees in the form of warrants, comprising a maximum of 57 participants. The decision entails an issue of at most 1,125,000 warrants. Each warrant entitles the holder to subscribe for one ordinary share of the series B in the company.
- During the fourth quarter, the company's management team was supplemented with Maria Jonsson who is employed as development manager and Linn

Johansson who is the company's HR manager. With these two additions the company's management now consists of 50 % men and 50 % women.

- The property Eskilstuna Ljusbågen 7, comprising approximately 7,900 square meters of premises, was acquired 30 October. The underlying property value in the transaction amounted to SEK 66 million.

1) The stated equity ratio is calculated excluding the leasing debt 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)

CEO'S COMMENT

RESULT JANUARY TO SEPTEMBER

During the period January to September 2020, Stendörren increased its rental income by 8% to SEK 481 million and its net operating income increased by 18% to SEK 360 million, compared with the corresponding period in 2019. Profit from property management increased during the same period by 68% to SEK 191 million, mainly due to lower property costs and interest costs. The increase in value of the property portfolio for the period amounted to SEK 32 million and was mainly attributable to improved cash flow and in some cases adjusted yield requirements. The positive figures demonstrate a continued strong development for our core business.

STENDÖRREN HAS PRESENTED A POSITIVE EARNINGS TREND during the period despite the global outbreak of covid-19. Of the company's rental income, a relatively small proportion is attributable to tenants in the sectors that are more directly affected. Nevertheless, covid-19 indirectly affects many other sectors. We put a lot of effort into meeting each customer and try to support those who need help to cope during these challenging times. We have provided support to tenants, for example by granting monthly rent payment instead of quarterly rent payment, deferral of rent payment against later payment during the year and granted rent discounts in accordance with state aid program. The financial effects for Stendörren as a result of these measures have so far been very limited. The inflow of payments for the fourth quarter rent is otherwise in line with previous quarters and we see that inquiries from our customers about rent reductions have decreased in recent months. Consequently, covid-19 has so far had a limited impact on Stendörren.

OUR DEVELOPMENT ACTIVITIES, which are dominated by relatively large and long-term projects, such as our projects in Green Hub and Tegelbruket, have not been significantly affected by the pandemic and are thus developing according to plan. Further capital investments in other properties are made upon signing of new leases at good rental levels. Our project and building rights today amount to approximately 14% of the balance sheet. These are for the most part land for logistics, warehousing and light industrial, and also residential purposes in the Stockholm area. In Stockholm, we see continued high demand in these areas. This is largely attributable to the Stockholm region's population increase and economic growth as

well as the continued rapid growth in e-commerce. When these development projects are completed, they will make a strong contribution to Stendörren's growth in rent, net operating income and property value.

The uncertainty created by covid-19 has also had a slowing effect on the transaction market during the summer and until the end of the third quarter, with relatively low transaction volumes as a result, although activity has increased since the beginning of autumn. We intend to continue to actively seek acquisitions where we believe that we can add value both from a geographical perspective and from a management perspective. Focus areas are existing industrial areas in central locations in Greater Stockholm and Mälardalen, especially those characterized by major infrastructure improvements in road networks and public transport, ongoing or planned. Likewise, areas for logistics where, for example, railways and motorways meet, all to meet the tenants' demands for long-term, efficient and sustainable logistics. There are also great advantages to grow in the clusters where we are already strong in order to be able to benefit from the existing management structure and for the property teams to be able to contribute to the maximum with its knowledge of demand in the area. Furthermore, during the year, Stendörren analyzed new geographic markets, which are in line with the Company's continued growth targets.

In order to strengthen its resilience to the impact of covid-19, we strengthened the company's financial position early on, by increasing liquidity and by refinancing bank loans, with the effect that no bond or bank loan maturities occur before the end of the first quarter of 2021.

We have also taken other measures to mitigate any disruptions to operations and follow the authorities' recommendations carefully to safeguard the health and safety of employees, tenants and suppliers. Ensuring a safe, secure and functioning work environment for both employees and tenants has been in focus during the period. We have adapted routines and the work environment to handle the consequences of covid-19 and I am proud of the responsibility the Stendörren team take under the current difficult circumstances.

At the moment, unfortunately, we receive reports of an accelerating development in the number of covid-19 cases in our world, which creates uncertainty and is expected to have a negative impact on the economy in general and thus on existing and potential tenants and the transaction market. However, Stendörren is well equipped for the future and I continue to look forward to, together with the Stendörren team, being able to develop Stendörren to its full potential.



Erik Ranje
CEO Stendörren Fastigheter AB

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.

The company was listed in 2014 and 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 September 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 9 358 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 734 000 sqm of which warehouse, logistics

and light industrial properties accounted for approximately 68 % 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 1 343 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

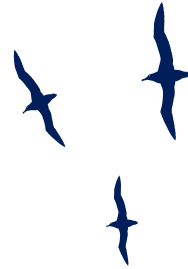
As of September 30, 2020, the company's equity amounted to SEK 3 974 million (3 746) and the Group's interest-bearing liabilities amounted to SEK 5 115 million (4 955), corresponding to a loan-to-value ratio of 51 % (52).

The average time to maturity of interest-bearing liabilities amounted to 2,9 years (2,4) and the average fixed-interest term to 2,2 years (1,8). The average interest rate on the company's total interest-bearing loans amounted to 2,2 % (2,4) and the average interest rate on loans from credit institutions was 1,9 % (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 11.



KEY RATIOS

	2020 JAN-SEP	2019 JAN-SEP	2019 JAN-DEC
PROPERTY RELATED KEY RATIOS			
Lettable area, sqm thousand	734	722	731
No. of properties	124	122	124
Fair value properties, SEK million	9 358	8 892	9 147
Letting ratio, by area	88%	88%	88%
Letting ratio, economic	87%	88%	88%
NOI yield, total portfolio, 12 month average	4,9%	4,6%	4,5%
NOI yield, excluding projects and land, 12 month average	6,0%	5,5%	5,3%
Total return, 12 month average	6,4%	7,2%	7,2%
Weighted Average Unexpired Lease Term, years	3,8	4,1	4,0
Average annual rent, SEK/Sqm	903	890	904
FINANCIAL KEY RATIOS			
Rental income, SEK million	481	443	592
Net Operating Income, SEK million	360	306	397
Income from property management, SEK million	191	113	135
Excess ratio, 12 month average	72%	67%	67%
Total assets, SEK million	10 096	9 617	9 608
Average interest rate, total debt	2,2%	2,4%	2,2%
Average interest maturity, years	2,2	1,8	2,4
Average loan maturity, years	2,9	2,4	2,3
Interest Cover Ratio, 12 month average	2,5	1,9	1,8
Loan to Value, total assets	51%	52%	50%
Loan to Value, property	48%	43%	46%
Equity ratio	40%	40%	41%
Return on Equity, 12 month average	9%	9%	9%
STOCK RELATED KEY RATIOS			
Market capitalization, SEK million	3 816	3 885	4 758
Stock price, SEK	134,50	138,00	169,00
Book equity per share, SEK ¹⁾	112,41	105,16	108,48
Long term net asset value, EPRA NAV, SEK million	3 750	3 436	3 568
Long term net asset value, EPRA NAV per share, SEK	132,16	122,02	126,72
Actual net asset value, EPRA NNAV, SEK million	3 428	3 141	3 252
Actual net asset value, EPRA NNAV per share, SEK	120,84	111,55	115,49
Profit per share, SEK	5,81	6,52	10,30
Cash flow from operations per share, SEK	6,17	3,02	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	28 250 940	28 155 641	28 155 641
OTHER RATIOS			
No. of employees, end of period	54	54	55
No. of employees, average in period	54	54	54

1) Book equity excluding hybrid capital per share.

For definitions, please see page 38. Explanations to the used key ratios can also be found on 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

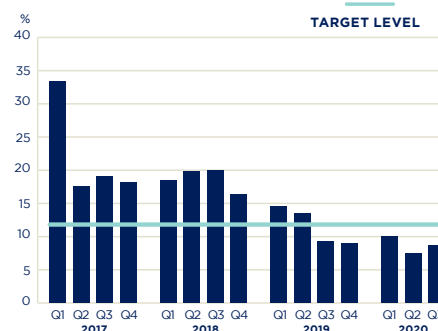
HISTORIC PERFORMANCE

ROE (AVERAGE)

The long term average Return On Equity should exceed 12%

9%

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.

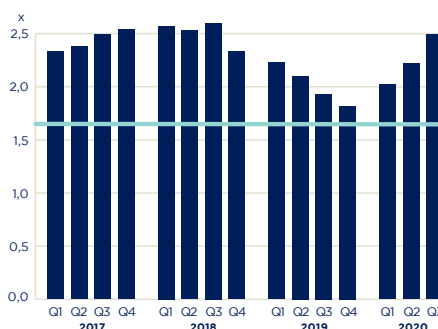


INTEREST COVER RATIO

Long term ICR should exceed 2,0X.

2,5x

The interest coverage ratio exceeds 2,0.



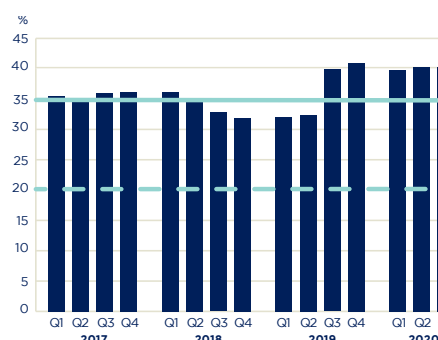
EQUITY RATIO

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

40%¹⁾

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

¹⁾ The stated equity ratio is calculated excluding the leasing debt 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%.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONDENSED

AMOUNTS IN SEK MILLION	2020 JAN-SEP	2019 JAN-SEP	2020 JUL-SEP	2019 JUL-SEP	2019 JAN-DEC
Rental income	481	443	163	146	592
Total income	481	443	163	146	592
Operating expenses	-78	-84	-25	-17	-122
Maintenance costs	-26	-36	-5	-14	-50
Property tax	-17	-17	-5	-8	-23
Net operating income	360	306	127	107	397
Central administration	-63	-64	-26	-18	-88
Financial income	2	1	0	1	1
Financial expenses	-101	-123	-33	-45	-166
Leasing cost, ground rent	-7	-7	-2	-3	-9
Profit from property management	191	113	66	42	135
Change in value of investment properties	32	127	12	37	237
Change in value of financial instruments	-11	-2	0	1	16
Income before tax	211	238	78	80	388
Deferred tax	-47	-56	-24	-23	-100
Current tax	0	2	0	0	2
Net income for the period	164	184	54	57	290
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	164	184	54	57	290
<i>Comprehensive income for the period attributable to parent company's shareholders</i>	164	184	54	57	290
Earnings per share, SEK	5,81	6,52	1,91	2,04	10,30
Earnings per share, after dilution, SEK	5,81	6,50	1,91	2,03	10,26
Average number of shares during the period, millions	28,25	28,16	28,37	28,16	28,16
Average number of shares during the period, after dilution, millions	28,25	28,25	28,38	28,29	28,27

COMMENTS TO THE CONSOLIDATED INCOME STATEMENT

RESULT

Increased rental income (8 % 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 32 million (127) resulted in profits of SEK 164 million (184) corresponding to SEK 5,81 per share (6,52).

RENTAL INCOME

Rental income increased during the period by 8 % to SEK 481 million (443). 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 12 % to SEK 121 million (137) compared with the same period the previous year. Property costs in the Comparable Portfolio decreased by approximately SEK 30 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, but also cost increases on due to higher maintenance and repair costs during the previous year.

CENTRAL ADMINISTRATION

The costs for central administration during the period amounted to SEK 63 million (64) and comprised of costs for central administration, company management, board and auditors.

NET FINANCE COSTS

The net finance costs decreased during the period by 17 % to -106 SEK million (-129) while the average interest-bearing debt during the reporting period decreased by 3 % compared to the same period in 2019. For details on interest rates, see page 26-27.

INCOME FROM PROPERTY MANAGEMENT

The income from property management during the period increased by 68 % to SEK 191 million (113) 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 32 million (127) for the period, which corresponds to 0,3 % 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 1,5 %). 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 (2) and deferred tax of SEK -47 million (-56).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONDENSED

AMOUNTS IN SEK MILLION	30 SEP 2020	30 SEP 2019	31 DEC 2019
ASSETS			
<i>Non-current assets</i>			
Intangible assets	3	5	4
Investment properties	9 358	8 892	9 147
Land leases	225	225	225
Equipment	6	2	7
Long-term receivables	3	0	3
Interest rate derivatives	3	0	17
Total non-current assets	9 599	9 124	9 403
<i>Current assets</i>			
Other current receivables	89	118	67
Cash and bank balances	407	375	138
Total current assets	497	493	205
TOTAL ASSETS	10 096	9 617	9 608
EQUITY AND LIABILITIES			
Equity	3 974	3 746	3 840
<i>Non-current liabilities</i>			
Interest-bearing liabilities	4 356	3 676	3 535
Other non-current liabilities	12	14	14
Leaseholds land leases	225	225	225
Deferred tax liability	564	475	519
Provisions	4	4	4
Total non-current liabilities	5 161	4 394	4 297
<i>Current liabilities</i>			
Interest-bearing liabilities	759	1 279	1 281
Other current liabilities	202	198	190
Total current liabilities	961	1 477	1 471
TOTAL EQUITY AND LIABILITIES	10 096	9 617	9 608
<i>Equity attributable to</i>			
Parent company shareholders	3 974	3 746	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 September 30, 2020, the value of the investment properties amounted to SEK 9 358 million (8 892). All properties were acquired during the period November 5, 2014 to September 30, 2020. For analysis and comments on the property portfolio, see pages 20-24.

CURRENT ASSETS

Current assets amount to SEK 497 million (493) consisting of cash and cash equivalent funds of SEK 407 million (375) and rental receivables and other current receivables of 89 million SEK (118).

EQUITY

As of September 30, 2020, the Group's equity amounted to SEK 3 974 million (3 746) and the equity ratio to 40% (40).

INTEREST-BEARING LIABILITIES

The reported value of the Group's interest bearing liabilities at the end of the reporting period amounts to SEK 5 115 million (4 955) corresponding to a loan-to-value ratio of 51% (52). The liabilities consist of loans from credit institutions of SEK 4 474 million (3 834), bonds of SEK 650 million (1 127) and seller notes of SEK 10 million (12). Loan arrangement costs of – 19 million (– 21) 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 (1 279) 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 27.

DEFERRED TAX LIABILITY

Deferred tax liabilities amounted to SEK 564 million (475) on September 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 201 million (198).

CONSOLIDATED CHANGES IN EQUITY

As of September 30, 2020, the Group's equity amounted to SEK 3 974 million (3 746).

CONDENSED STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN SEK MILLION	SHARE CAPITAL	OTHER CAPITAL CONTRIBUTED	RETAINED EARNINGS	HYBRID BOND	TOTAL SHAREHOLDERS' EQUITY
Opening equity 2018-01-01	17	1 144	1 239	-	2 399
Dividend			-62		-62
Share option programme		1			1
Emission of share	0	22			22
Comprehensive income Jan-Dec 2018			419		419
Opening balance equity 2019-01-01	17	1 167	1 596	-	2 780
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
Closing equity 2019-12-31	17	1 165	1 872	786	3 840
Repurchase share option programme		-8			-8
Share option programme		18			18
Dividend hybrid bond				-40	-40
Comprehensive income Jan-Sep 2020			124	40	164
Closing equity 2020-09-30	17	1 175	1 996	786	3 974

CONSOLIDATED CASH FLOW STATEMENT

CONDENSED

AMOUNTS IN SEK MILLION	2020 JAN-SEP	2019 JAN-SEP	2020 JUL-SEP	2019 JUL-SEP	2019 JAN-DEC
Cash flow from operating activities					
Profit from property management	191	113	67	42	135
Adjustment for other non-cash items	2	-4	-2	-13	-10
Income tax paid	-15	-2	-13	0	-2
Cash flow from operating activities before change in working capital	178	107	53	29	123
<i>Changes in working capital</i>					
Change in operating receivables	-22	-36	-22	-16	17
Change in operating liabilities	19	14	74	19	3
Cash flow from operating activities	174	85	105	32	143
<i>Investment activities</i>					
Investments in existing properties	-115	-214	-35	-99	-267
Other investments and sales	2	-1	1	0	-4
Property acquisitions	-86	-71	-7	0	-156
Property sales	25	-	0	0	-
Cash flow from investment activities	-174	-286	-41	-99	-427
<i>Financing activities</i>					
Issued capital	10	-2	0	0	-2
Issued hybrid capital (net of costs)	-	785	-	785	786
Dividend hybrid bond	-40	0	-13	0	-13
Raised interest bearing liabilities	1 703	331	0	102	632
Repayment of interest bearing liabilities	-1 402	-672	-26	543	-1 114
Interest rate derivatives, net	-	-	-	-	-
Deposits	-2	3	-1	2	2
Dividend	0	-32	0	0	-32
Cash flow from financing activities	269	413	-40	346	259
Cash flow for the period	270	212	23	279	-25
Cash and cash equivalents at the beginning of period	138	163	384	96	163
Cash flow for the period	270	212	23	279	-25
Cash and cash equivalents at the end of the period	407	375	407	375	138

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 178 million (107). The net change in working capital was SEK -3 million (-22), the cash flow from operating activities resulting in SEK 174 million (85).

CASH FLOW FROM INVESTMENT ACTIVITIES

Cash flow from investment activities amounted to SEK -174 million (-286) resulting from direct and indirect acquisitions resulting from SEK -61 million (-71), and investments in existing properties of SEK -115 million (-214). 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 269 million (413), as a result of additional property loans of SEK 1 703 million (331). Amortization and repayment of existing loans amounted to SEK -1 402 million (-672).

CASH FLOW IN PERIOD

Net cash flow for the period amounted to SEK 270 million (212) and cash and cash equivalents amounted to SEK 407 million (375) at the end of the period.



PROPERTY PORTFOLIO SUMMARY

PROPERTY PORTFOLIO 30 SEPTEMBER

Stendörren's property portfolio consists of 124 properties as at 30 September 2020. All properties are located in the Stockholm and Mälardalen region with a total market value of SEK 9 358 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 734 000 sqm of lettable area. Warehouse, logistics and light industrial properties accounted for approximately 68 % of the total lettable area. The office space held in the portfolio (20 % 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 212 million. The increase is due to property acquisitions amounting to SEK 85 million, and divestments amounting to SEK -21 million. In addition, a total of SEK 115 million was invested in existing properties while unrealized changes in value totalling SEK 32 million were reported. (see table on page 24).

GEOGRAPHIC DISTRIBUTION OF PROPERTY PORTFOLIO

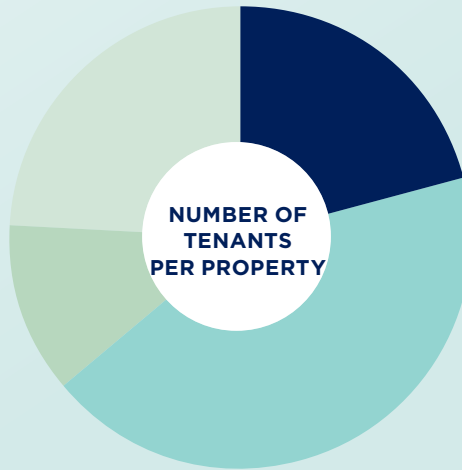
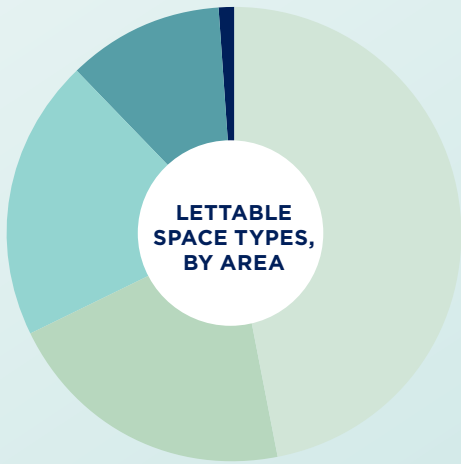
Stendörren puts a lot of effort into identifying interesting industrial areas with potential in Greater Stockholm and the rest of the Mälardalen region. The focus is on developing and strengthening the presence in these areas. The total rental income consists of 68 % of rental income from properties 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 21).

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. As at September 30, the ten largest leases made up 25 % 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 3,7 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. During the reporting period, actual rental losses amounting to SEK 0,8 million have been reported. During the period SEK 9,6 million of provisions for uncertain rent receivables have been booked.

Stendörren is a proactive manager and works continuously to renegotiate the leases in line with current market rental. 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 88 % (88) as of September 30, 2020, and the economic occupancy rate was 87 % (88). 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 fell marginally during the second quarter. In general, demand for premises remains strong. ➤

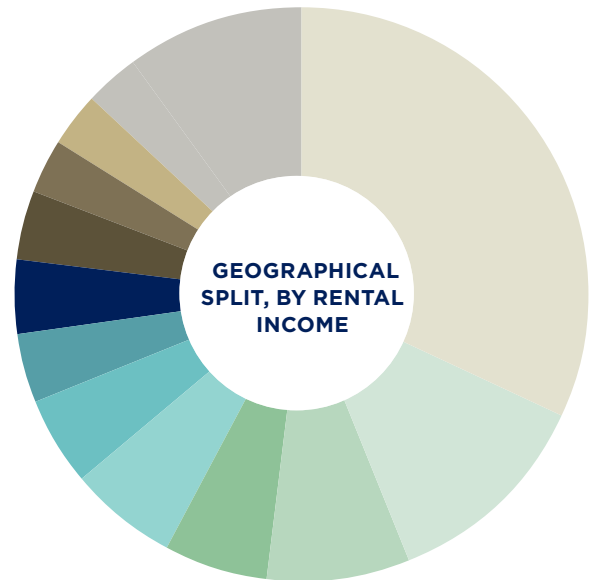
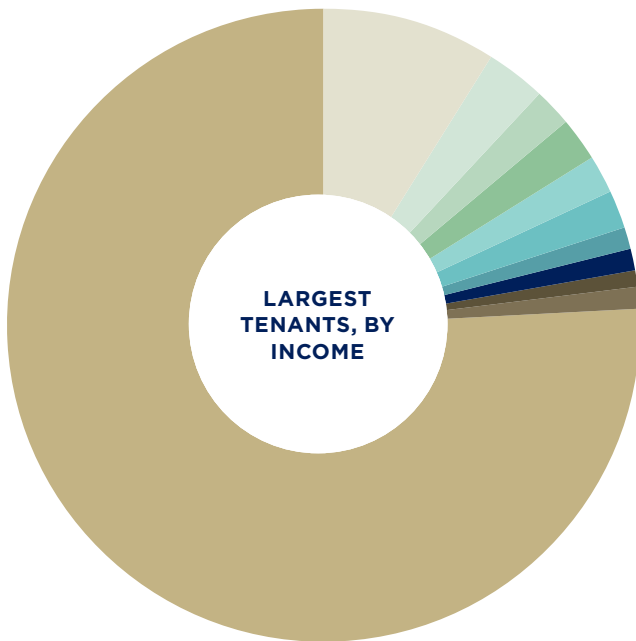


TENANTS/PROPERTY

(area)

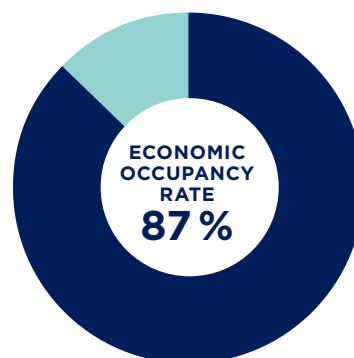
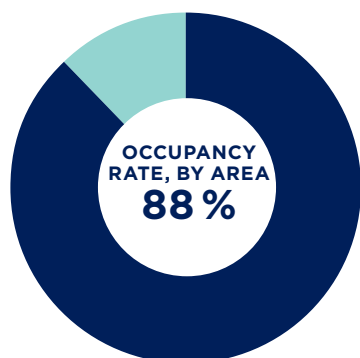
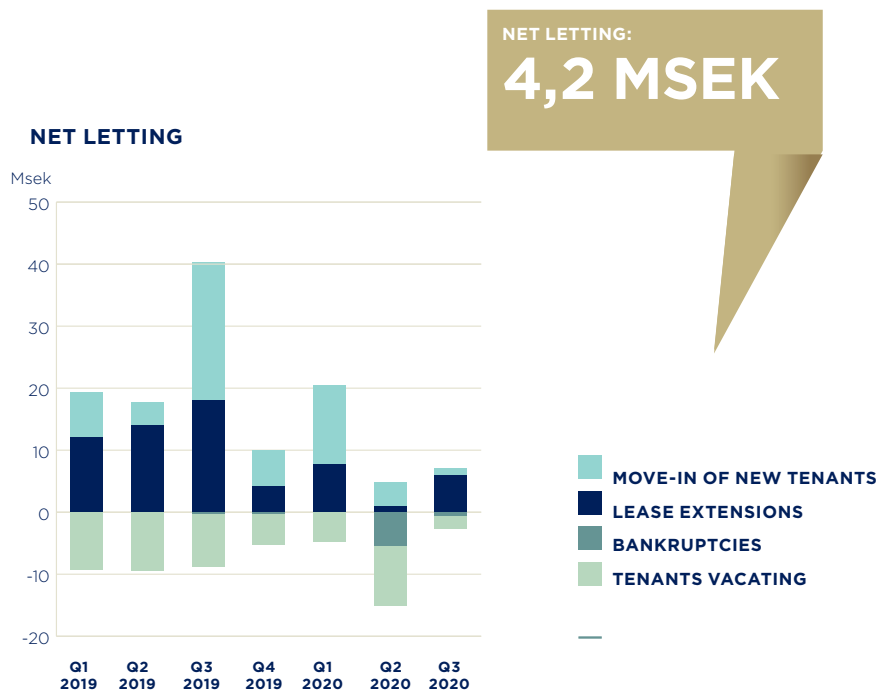
- 1 st, 21%
- 2-5 st, 43%
- 6-10 st, 12%
- 11- st, 24%

- Storage and logistics, 47%
- Light storage, 21%
- Office, 20%
- 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%
- Nacka Vatten och Avfall, 1%
- Other, 75%

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

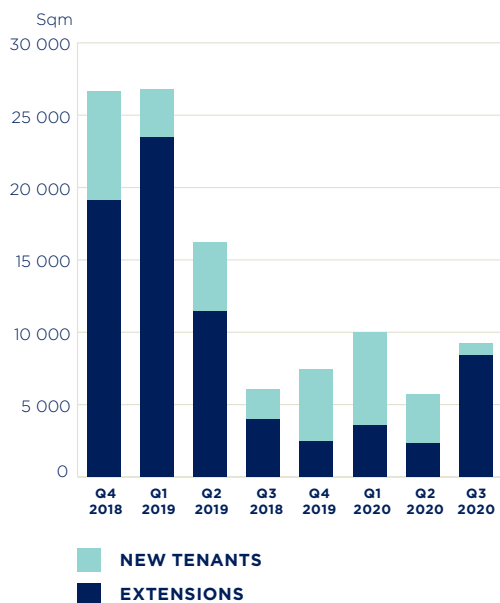


➤ Lease agreements that were renegotiated during the quarter led to an increase in rental values of 21 % on average. During the quarter, new lease agreements with an annual rental value of approximately SEK 6,8 million have commenced. These consists of both renegotiated lease agreements and lease agreements with new tenants signed in earlier periods. The net lettings during the quarter amounts to a total of approximately SEK 4,2 million.

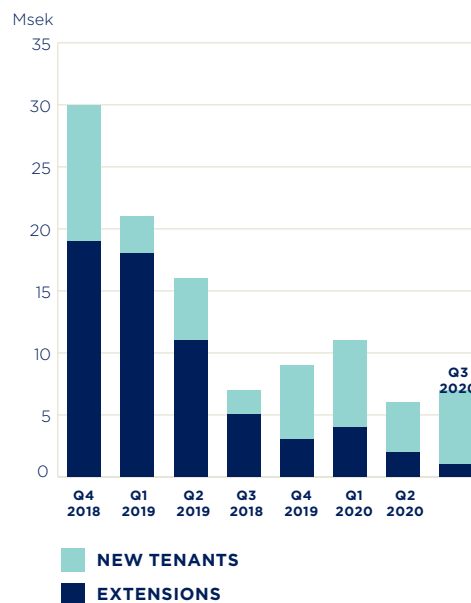
BUILDING RIGHTS AND PROJECTS

As at September 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

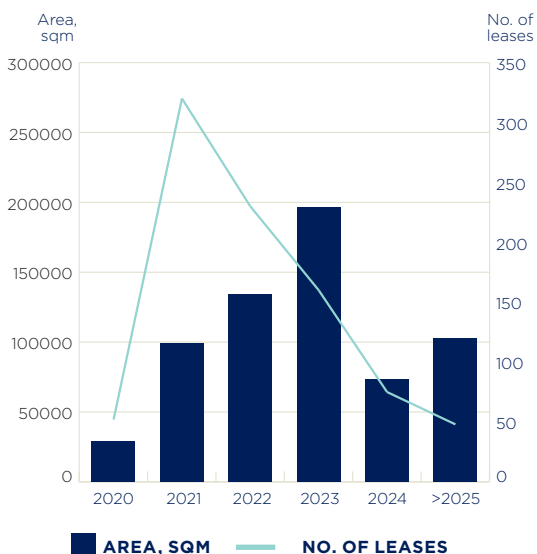
NEWLY SIGNED LEASES AREA



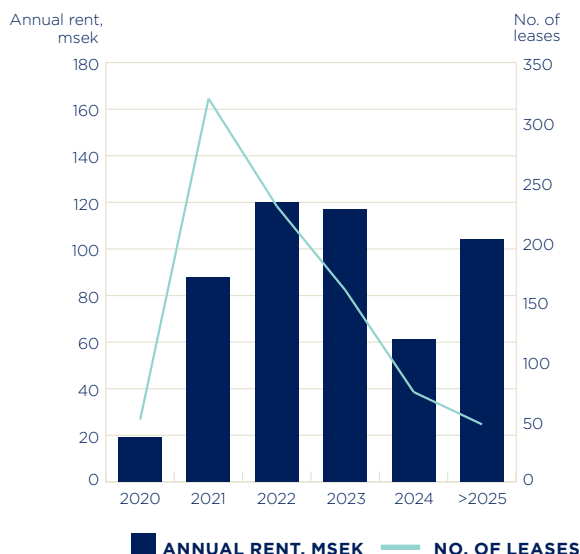
NEWLY SIGNED LEASES, ANNUAL RENT



ANNUAL LEASE EXPIRY AT 30 SEPTEMBER 2020, BY AREA



ANNUAL LEASE EXPIRY AT 30 SEPTEMBER 2020, ANNUAL RENT



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 September 2020. The combined market value of the property portfolio per September 30, 2020 amounts

to SEK 9 358 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 1 343 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 32 million (127), corresponding to 0,3 % 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 September 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% (5,0%)	13,5% (13,8%)	6,1% (6,2%)
Discount rate, cash flow	4,8% (5,0%)	15,8% (16,0%)	8,1% (8,2%)
Discount rate, residual value	7,1% (7,1%)	15,8% (16,0%)	8,2% (8,3%)
Long term vacancy assumption	4,0% (3,0%)	30,0% (25,0%)	6,2% (6,1%)

CHANGE IN REPORTED VALUE, PROPERTIES, MSEK	JAN-SEP 2020	JAN-DEC 2019
Investment properties, beginning of period	9 147	8 476
Property acquisitions	85	160
Property sales	-21	-
Investments in existing properties	115	267
Fair value changes of properties	32	243
Investment properties, end of period	9 358	9 147



FINANCING

As of September 30, 2020, the average time to maturity of the interest bearing liabilities to credit institutions amounted to 3,2 years (2,8). Including the bond loan, the average time to maturity amounted to 2,9 years (2,4). Stendörren uses interest derivatives to hedge against rise in the reference rate Stibor 90. Hence a portfolio of interest-caps have 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 2,2 years (1,8).

The average interest rate on the company's loans from credit institutions was $1,9\%$ (1,9) and average interest on total interest bearing debt amounted to $2,2\%$ (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 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	INTEREST MATURITY/YEAR ¹⁾			LOAN MATURITY/YEAR	
	MSEK	INTEREST RATE	SHARE OF TOT.	MSEK	SHARE OF TOT.
2020	1 590		31%	5	0%
2021	605		12%	927	18%
2022	855		17%	775	15%
2023	1 034		20%	1 492	29%
2024	1 050		20%	699	14%
>2024	0		0%	1 237	24%
Total	5 134	2,23%	100%	5 134	100%

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%	0,38
Danske Bank	Interest cap	300	-	2,50%	1,38
Danske Bank	Interest cap	300	-	2,00%	0,38
Swedbank	Interest cap	300	0,0	2,50%	1,38
Swedbank	Interest cap	300	0,0	2,50%	2,38
Swedbank	Interest cap	300	0,0	2,50%	2,38
Swedbank	Interest cap	250	0,0	2,25%	2,99
Swedbank	Interest cap	250	0,0	2,25%	4,00
Swedbank	Interest cap	250	0,0	2,25%	1,99
Nordea	Interest cap	184	0,0	1,50%	3,22
Total		2 734	0,1	2,25%	1,95

INTEREST DERIVATIVES

COUNTERPART	TYPE OF DERIVATIVE	NOMINAL VALUE, Msek	FAIR VALUE, Msek	INTEREST	YEARS REMAINING
Swedbank	Interest rate swap	800	3,4	-0,0875%	3,97
Total		800	3,4	-0,0875%	3,97

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*

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.



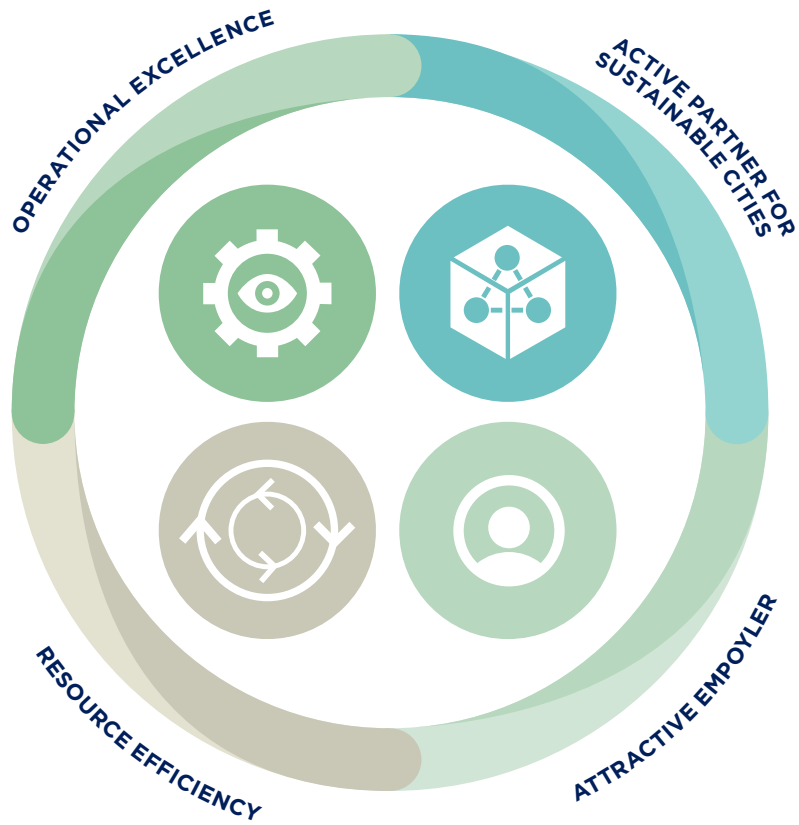
The company's slogan "Lokaler som gör skillnad" is based on Stendörrens mission; together with tenants and other business partners we develop the future of industrial premises with efficient use of resources and energy and "smart" logistics solutions. Stendörren's greatest sustainability impact comes 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 CHOIC OF MATERIAL
- WASTE MANAGEMENT
- ENVIRONMENTALLY CERTIFIED PROPERTIES
- PREVENT POLLTION AT TENANTS PRMISES
- 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 73 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 September 30, 2020 amounted to SEK 153 million (209) and the Equity amounted to SEK 1 699 million (1 738).

CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY

AMOUNTS IN SEK MILLION	2020 JAN-SEP	2019 JAN-SEP	2020 JUN-SEP	2019 JUN-SEP	2019 JAN-DEC
Net sales	73	75	23	22	102
Operating expenses	-73	-75	-25	-22	-102
Profit before financial items	0	-	-2	-	0
<i>Financial items</i>					
Net financial items	15	-9	6	-8	-16
Profit after financial items	15	-9	4	-8	-16
Allocations	0	-	0	-	-5
Profit before tax	15	-9	-4	-8	-21
Deferred tax	-	-	-	-	1
Current tax	-	0	-	0	0
Profit for the period	15	-9	4	-8	-20

BALANCE SHEET PARENT COMPANY IN SUMMARY

AMOUNTS IN SEK MILLION	30 SEP 2020	30 SEP 2019	31 DEC 2019
ASSETS			
<i>Non-current assets</i>			
Intangible assets	3	5	4
Equipment	4	2	5
Shares and participations in subsidiaries	925	875	875
Receivables from subsidiaries	2 073	1 442	2 039
Non-current receivables and securities	0	0	0
Deferred tax assets	16	15	16
Total non-current assets	3 023	2 339	2 939
<i>Current assets</i>			
Receivables from subsidiaries	176	940	173
Current receivables	2	4	4
Cash and equivalents	153	209	39
Total current assets	330	1 153	216
TOTAL ASSETS	3 352	3 492	3 155
EQUITY AND LIABILITIES			
Equity	1 699	1 738	1 714
<i>Non-current liabilities</i>			
Interest bearing liabilities	648	642	645
Liabilities to subsidiaries	717	461	717
Total non-current liabilities	1 365	1 103	1 362
<i>Current liabilities</i>			
Interest bearing liabilities	-	477	-
Liabilities to subsidiaries	270	145	54
Other current liabilities	18	29	25
Total current liabilities	288	651	79
TOTAL EQUITY AND LIABILITIES	3 352	3 492	3 155

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 SEPTEMBER 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
Altira Ab	3 050 000	500 000	2 550 000	10,75	14,84
Länsförsäkringar Fastighetsfond	4 813 941	0	4 813 941	16,97	9,46
Verdipapirfond Odin Ejendom	1 336 136	0	1 336 136	4,71	2,63
Seb Sverigefond Småbolag	902 151	0	902 151	3,18	1,77
Humle Småbolagsfond	634 807	0	634 807	2,24	1,25
Seb Sv Småbol Chans/Risk	590 340	0	590 340	2,08	1,16
Carnegie Fastighetsfond Norden	467 213	0	467 213	1,65	0,92
Rbc Investor Services Bank S.a	336 067	0	336 067	1,18	0,66
Anders Ivarsson Aktiebolag	313 349	0	313 349	1,1	0,62
Other owners	4 394 831	0	4 394 831	15,49	8,64
TOTAL	28 371 441	2 500 000	25 871 441	100	100

1) The total number of shareholders at the reporting date was 3 396.



OTHER INFORMATION

CALENDAR

- 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 2019. 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 September 30, 2020.

AUDITOR'S REVIEW

This interim report has been reviewed by the company's auditors (see review report on page 36).

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 5 NOVEMBER 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 November 6, 2020 at 07.00 CET

REVIEW REPORT

STENDÖRREN FASTIGHETER AB (PUBL), CORPORATE IDENTITY NUMBER 556825-4741

INTRODUCTION

We have reviewed the condensed interim report for Stendörren Fastigheter AB (publ) as at September 30, 2020 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that

we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

STOCKHOLM 5 NOVEMBER 2020

Ernst & Young AB

Oskar Wall
Authorized Public Accountant

Ingemar Rindstig
Authorized Public Accountant

APPENDIX 1

ASSESSED EARNINGS CAPACITY*

AS OF 30 SEPTEMBER 2020, the company's property portfolio comprised 124 wholly owned properties with approximately 734 000 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 644 million. The company also estimates that current property costs amount to approximately SEK – 165 million on an annual basis, the portfolio is thus expected to produce an operating net of approximately SEK 479 million on Group level.

These data are only the company's own assessment on the present earning capacity as of 30 September 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, 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)

Profit 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. Stendörren is listed on Nasdaq Stockholm (Ticker: STEF B).

**FOR MORE INFORMATION,
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ECONOMY DIRECTOR**

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STENDÖRREN

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