

STENDÖRREN

*Lokaler som gör skillnad.*

**INTERIM FINANCIAL REPORT**

**JANUARY -**

**SEPTEMBER 2019**

# THE PERIOD IN SHORT

RENTAL INCOME:

**443 MSEK**

NET PROFIT:

**306 MSEK**

NET OPERATING INCOME:

**113 MSEK**



## **JANUARY-SEPTEMBER 2019** **(JANUARY-SEPTEMBER 2018 in brackets)**

- Rental income increased by 14 % to SEK 443 million (388) and net operating income increased by 15 % to SEK 306 million (265).
- Income from Property Management decreased slightly to SEK 113 million (142) due to finance- and administrative costs specific to the period.
- Cash flow from operating activities amounted to SEK 85 million (120), corresponding to SEK 3,02 per share (4,30).
- Changes in the value of investment properties for the period amounted to SEK 127 million (233), mainly attributable to improved cash flows and

slightly changed assumptions about market rents and yield requirements.

- Profit for the period decreased to SEK 184 million (339), corresponding to SEK 6,52 per share (12,15).

## **SIGNIFICANT EVENTS DURING THE THIRD QUARTER**

- Stendörren issued hybrid bonds at a nominal value of SEK 800 million which is reported as equity. Stendörren simultaneously announced the early buyback of a SEK 710 million Bond loan (with contractual maturity in July 2020). SEK 233 million was repurchased in September and the remaining SEK 477 million in October 2019. These combined



LETTABLE AREA:

722 000 M<sup>2</sup>

FAIR VALUE:

8 892 MSEK

LTV:

52%

EQUITY RATIO:

40%<sup>1)</sup>

measures significantly strengthen the company's equity ratio and creates room for future growth. In combination with the new credit facilities of about SEK 600 million obtained during the second quarter the company thus has an estimated immediate investment capacity of approximately SEK 1.2-1.5 billion.

- The net leasing for the quarter is positive by SEK 14 million.
- The new zoning plan for the property Tegelbruket 1 gained legal force during the quarter. The new plan comprises the potential construction of approximately 800 new residential dwellings and some 10 000 sqm of commercial space. 600 million increase

of the mortgaged loan portfolio, funds that can be used either as part-financing of additional acquisitions or for restructuring of the debt portfolio.

#### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- Two properties in Enköping and Södertälje, comprising approximately 8,300 square meters of premises for light industrial and warehousing activities were acquired in October. The underlying property value in the transactions amounted to just under SEK 87 million.

<sup>1)</sup> 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. The stone door is listed on Nasdaq Stockholm (Ticker: STEF B)*

# CEO'S COMMENT

## THE FIRST NINE MONTHS

*Net operating income continues to develop well and a strengthened balance sheet and project organization gives us great opportunities for the future*

### THE OPERATING NET INCREASED TO 306 (265)

SEK million, an increase of 15 % inspite of increasing maintenance costs and increasing project costs during the period. The work on separately reporting investment properties and project properties continues, and will be presented in the Q1 2020 report so that all comparative figures are intact during the 2019 financial year.

The continuous effort to create value by letting vacant space has led to a positive leasing net of SEK 14 million during the quarter, thus contributing to the very important metric of Net Operating Income.

Profit for the period decreased to SEK 184 (339) million and the decrease is mainly attributable to lower increases in the properties market values than last year.

### FINANCIAL STABILITY

During the quarter, the company worked with both financing as well as with the balance sheet with the target to achieve our long-term financial goals. We have strengthened our balance sheet by issuing a hybrid bond of SEK 800 million. In conjunction with this we can also redeem a bond of SEK 710 million in advance. These combined efforts allows us to report a substantial increase in equity ratio to 40% and the debt maturity profile is also substantially improved. Combined with the new credit facilities of about 600 million that were reported during the previous quarter the Company is very favourably positioned for further growth.

There continues to be substantial financial nervousness in the world even though the market's expectation of rising interest rates seems to have slowed down lately. This is confirmed both by the Riksbank, by major analysis institutes and banks. However, the forecasts differ slightly in how fast, or rather how slow, future rate hikes are expected. The strong cash flow and the high returns that our property portfolio generates however gives us financial strength and predictability that corresponds well to banks' criteria

for continued lending. Interest rate increases, albeit moderate, is likely to come in combination with rising inflation which gives us corresponding growth on the rental value and thus mitigates the impact of higher financial costs.

### GROWTH

As previously communicated, the Company is set to grow through acquisitions and project development. Common for these growth processes is to maximize shareholder value over time. The acquisitions will take place where we believe that we can add values from both a geographical and a management perspective. To strengthen our positions in our priority areas becomes a clear focus where we in the longer term may also come to launch new segments and new geographical markets. Our goal will also be to grow together with the customer where we see opportunities to develop the relationship.

Value-creating project development is an important part of our business and growth strategy. For that reason we now strengthen the organization through the recruitment of a project development leader with a direct reporting line to the CEO. All project initiatives will also continue to be evaluated on a market basis before commencing.

Our project properties and the portfolio of building rights represent a significant part of our growth potential which is expected to generate significant return on equity over time.

During the quarter, Stendörren also moved its head office to new, modern and efficient premises on Linnégatan which will further facilitate the daily work of the staff

In summary, it can be said that Stendörren also during this quarter, continue to focus on growth opportunities for the future. We are very well positioned and feel ready for future expansion.



*Mikael Nicander*  
CEO Stendörren Fastigheter AB

# STENDÖRREN FASTIGHETER 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 one of two main business areas within Kvalitena AB (publ) ("Kvalitena"), a company founded in the mid-1990's. In November 2014, Kvalitena chose to list a portfolio of industrial properties under the name Stendörren Fastigheter AB.

The B-shares in Stendörren were traded on First North, Nasdaq Stockholm from 6 November 2014 and First North Premier, Nasdaq Stockholm from May 7, 2015.

On April 10, 2018, the listing was moved to Nasdaq Stockholm's medium-sized list, Mid Cap.

On November 27, 2018, EQT Real Estate announced that it had acquired the majority of the voting rights in Stendörren and at the same time published a public bid for all outstanding shares in the company. On February 26, 2018, the extended deadline expired, whereby EQT announced it's holding of more than 58 % of the votes and just under 41 % of the capital in Stendörren.

## 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 should of 35 % (and never less than 20 %)

## PROPERTY PORTFOLIO

As at September 30, 2019, the property portfolio of Stendörren consisted of 122 properties. All properties are located in the greater Stockholm and Mälardalen region with a total market value of SEK 8 892 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 722 000 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 25 properties, wholly or partly consisting of building rights which, when fully developed, are expected to create approximately 627 000 sqm of total building area, mainly for warehouse, logistics light industrial use as well as residential. The market value of the building rights portfolio amounts to SEK 1 050 million as 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 expected to be able to result in building rights for up to 1 500 new units at completion. During the market valuation of the company's building rights, these ongoing planning processes have been taken into account. The company's residential building rights represent approximately one quarter of the valuation of the entire building rights portfolio.

## FINANCING

As of September 30, 2019, the Group's equity amounted to SEK 3,746 million (2,699), of which 785 million (net of issuing expenses) is hybrid capital which was issued during the quarter. The Group's interest-bearing liabilities amounted to SEK 4 955 million (4 913), corresponding to a loan-to-value ratio of 52 % (60).

The average time to maturity of interest-bearing

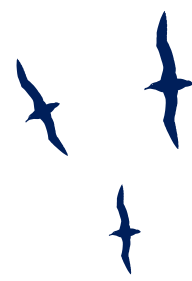
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**ALL OUR REAL ESTATE IS  
LOCATED IN STOCKHOLM  
REGION AND MÄLARDALEN.**

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*The goal fulfilment is shown in the graphs on page 11.*





liabilities amounted to 2,4 years (2,7) and the average fixed-interest term to 1,8 years (2,1). The average interest rate on the company's total interest bearing debt amounted to 2.4% (2.3) and the interest rate on loans in credit institutions amounted to 1.9% (1.8). As of the reporting date the Company had an outstanding bond loan of SEK 477 million with an interest rate of Stibor 90 plus 4.00% (all of which was repurchased after the reporting period). There is also a second bond loan of SEK 650 million with an interest coupon of Stibor 90 plus 4.25% with final maturity in June 2021

#### DIVIDEND

The company's dividend policy thus far has been that the dividend should, in the long term, amount to a maximum of 50 % of the company's management result after deduction of nominal tax. Given the significant investment opportunities that exist in the company's project portfolio, the 2019 Annual General Meeting decided, in accordance with the Board's proposal, that the dividend be abolished in favor of reinvestment in the project portfolio.

"Stendörren is very well positioned for future growth"

MIKAEL NICANDER, CEO



# KEY RATIOS

	2019 JAN-SEP	2018 JAN-SEP	2018 JAN-DEC
<b>PROPERTY RELATED KEY RATIOS</b>			
Lettable area, sqm thousand	722	680	718
No. of properties	122	111	121
Fair value properties, SEK million	8 892	8 027	8 476
Letting ratio, by area	88%	90 %	90 %
Letting ratio, economic	88%	90 %	89 %
NOI yield, total portfolio, 12 month average	4,6%	5,1 %	4,9 %
NOI yield, excluding projects and land, 12 month average	5,5%	6,0 %	5,7 %
Total return, 12 month average	7,2%	11,0 %	9,3 %
Weighted Average Unexpired Lease Term, years	4,1	4,4	4,0
Average annual rent, SEK/Sqm	890	893	846
<b>FINANCIAL KEY RATIOS</b>			
Rental income, SEK million	443	388	537
Net Operating Income, SEK million	306	265	355
Income from property management, SEK million	113	142	174
Excess ratio, 12 month average	67%	69 %	66 %
Total assets, SEK million	9 617	8 232	8 735
Average interest rate, total debt	2,4%	2,3 %	2,4 %
Average interest maturity, years	1,8	2,1	2,0
Average loan maturity, years	2,4	2,7	2,6
Interest Cover Ratio, 12 month average	1,9	2,6	2,3
Loan to Value, total assets	52%	60 %	61 %
Loan to Value, property level	43%	48 %	46 %
Equity ratio	40%	33 %	32 %
Return on Equity, 12 month average	9%	20 %	16 %
<b>STOCK RELATED KEY RATIOS</b>			
Market capitalization, SEK million	3 885	2 585	2 816
Stock price, SEK	138,00	91,80	100,00
Book equity per share, SEK <sup>1)</sup>	105,16	95,86	98,74
Long term net asset value, EPRA NAV, SEK million	3 436	3 086	3 195
Long term net asset value, EPRA NAV per share, SEK	122,02	109,62	113,47
Actual net asset value, EPRA NNAV, SEK million	3 141	2 815	2 920
Actual net asset value, EPRA NNAV per share, SEK	111,55	99,99	103,71
Profit per share, SEK	6,52	12,15	15,00
Cash flow from operations per share, SEK	3,02	4,30	5,18
No. of outstanding shares, end of period	28 155 641	28 155 641	28 155 641
No. of outstanding shares, average in period	28 155 641	27 880 946	27 950 746
<b>OTHER RATIOS</b>			
No. of employees, end of period	54	48	51
No. of employees, average in period	54	43	45

<sup>1)</sup> 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](http://www.stendorren.se)

### TEMPORARY SLOW-DOWN IN GOAL FULFILMENT

The financial goals are set to combine diversified financial risk with good conditions for continued growth and resilience in case of any economic downturn. The reported goal fulfillment is substantially above the long term targets of one of the three goals while the other two are burdened by non-recurring items (see further on page 13).

### 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

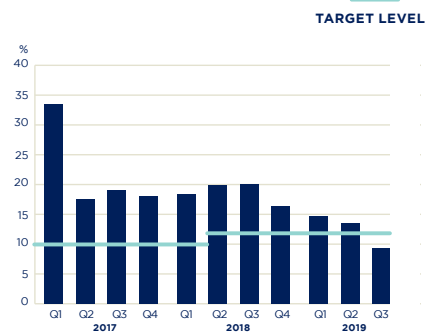
## HISTORIC PERFORMANCE

### ROE (AVERAGE)

The long term average Return On Equity should exceed 12%

# 9,3%

Through contributions from all parts of the business the Return On Equity (calculated as 12 month average) amounted to 9.3%, which is below the long-term target, mainly driven by project overruns which dampened the change in market values during the period.

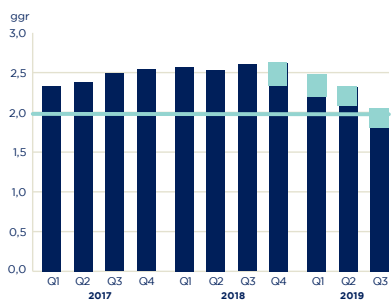


### ICR

Long term ICR should exceed 2,0x.

# 1,9x

The interest coverage ratio is temporarily just below the long-term target about 2.0. The table to the right shows the actual outcome (calculated as 12-month average) which was 1.9x, and the result excluding one-off costs attributable to the bidding process during the fourth quarter of 2018 (light blue part of the bar) which was 2.0x.



### EQUITY RATIO

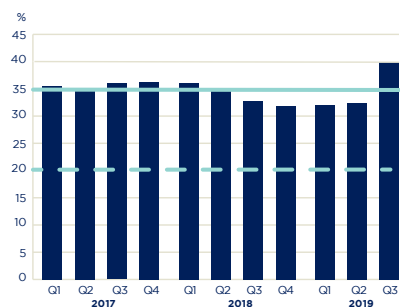
The long term Equity Ratio shall be at 35% (and never be below 20%).

# 40%

The equity / assets ratio rises from the previous quarter, mainly driven by the issue of hybrid capital and amounts to 40%.



<sup>1)</sup> The stated equity ratio is calculated excluding the leasing liability brought by the application of IFRS 16. Including this liability item the equity ratio is negatively impacted by about 0,9 %-units.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## CONDENSED

AMOUNTS IN SEK MILLION	2019 JAN-SEP	2018 JAN-SEP	2019 JUL-SEP	2018 JUL-SEP	2018 JAN-DEC
Rental income	443	388	146	138	537
<b>Total income</b>	<b>443</b>	<b>388</b>	<b>146</b>	<b>138</b>	<b>537</b>
Operating expenses	-84	-90	-17	-27	-127
Maintenance costs	-37	-17	-14	-7	-33
Property tax	-17	-11	-8	-3	-15
Ground rent	-	-5	0	-2	-7
<b>Net operating income</b>	<b>306</b>	<b>265</b>	<b>107</b>	<b>98</b>	<b>355</b>
Central administration	-64	-39	-18	-4	-51
Financial income	1	1	1	0	1
Financial expenses	-123	-85	-45	-30	-131
Leasing cost, ground rent	-7	-	-3	0	-
<b>Profit from property management</b>	<b>113</b>	<b>142</b>	<b>42</b>	<b>65</b>	<b>174</b>
Change in value of investment properties	127	233	37	112	326
Change in value of financial instruments	-2	-2	1	0	-12
<b>Income before tax</b>	<b>238</b>	<b>373</b>	<b>80</b>	<b>175</b>	<b>488</b>
Deferred tax	-56	-34	-23	-12	-68
Current tax	2	0	0	0	-1
<b>Net income for the period</b>	<b>184</b>	<b>339</b>	<b>57</b>	<b>163</b>	<b>419</b>
Other comprehensive income	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>184</b>	<b>339</b>	<b>57</b>	<b>163</b>	<b>419</b>
<i>Comprehensive income for the period attributable to parent company's shareholders</i>	184	339	57	163	419
Earnings per share, SEK	6,52	12,15	2,04	5,83	15,00
Earnings per share, after dilution, SEK	6,50	12,10	2,03	5,82	14,92
Average number of shares during the period, millions	28,16	27,89	28,16	28,16	27,95
Average number of shares during the period, after dilution, millions	28,25	28,01	28,29	28,19	28,09

# COMMENTS TO THE CONSOLIDATED INCOME STATEMENT

## RESULT

Compared with the corresponding period 2018 Stendörren reports 14 % higher rental income and net operating income increased by approximately 15%. After deduction of financing costs and central administrative expenses sum the Income from Property Management sums up to approximately SEK 113 million, which represents a decrease of approximately SEK 29 million compared with the same period 2018.

## RENTAL INCOME

Rental income increased by about 14 % during the period to SEK 443 million (388). The rental income in the Comparable Portfolio increased by 15 million SEK (which corresponds to about 5 %). The remaining increase in rental income is explained by the net increase of the property portfolio.

## OPERATING EXPENSES

Reported property costs rose about 12 % to SEK 138 million (123) compared with the same period the previous year (adjusting for the effect of land lease payments being accounted for as financial costs from 2019 the increase in property costs is 17 %). Property costs in the Comparable Portfolio increased by approximately SEK 26 million, which corresponds to approximately 37 %. Significant items driving this cost increase consists of major maintenance and repair costs (for example, two major repairs of water damages), several smaller projects that were closed, but also higher property tax in the portfolio.

## CENTRAL ADMINISTRATION

Central administration costs amounted during the period to SEK 64 million (39) and consists of central management costs and administration and costs for company management, Board of Directors and auditors. The comparison with the previous years is affected, among other things, by the growth in the company's organization of about 26 % on average. The recharging of transaction and letting fees have decreased with about SEK 10 million due to lower transaction volumes compared to the previous year. During the period extraordinary costs of about SEK 8 million have been incurred due to the replacement of the CEO and other staff changes,

recruitment, relocation of head office and other costs attributable to ownership and board changes.

## FINANCIAL NET

The net between financial income and financial costs increased during the period by 54 % to -129 SEK million (-84) while the average interest-bearing debt increased during the reporting period by 22 % compared to the same period in 2018. The higher rate of increase in financial costs is partly explained by around SEK 7 million in land lease fees which from 1 January 2019 are reported as a financial expense (in accordance with IFRS 16). The period is also burdened by costs for early repayment of Bonds of approximately SEK 7 million. For details regarding interest rates, see page 25.

## INCOME FROM PROPERTY MANAGEMENT

The income from property management during the period amounted to SEK 113 million (142) where the reduction is essentially attributable to the increased project and maintenance costs expensed during the period.

## VALUE CHANGES

The company reports an increase in value of the investment properties of SEK 127 million (233) which corresponds to 1.5 % of the market value at the beginning of the year (the corresponding number in 2018 was 3.8 %). The value changes in the property portfolio during the period are partly due to changed cash flows through renegotiated leases or amended market rental assumptions and adjusted yield assumptions. To some extent, increased adaptation and project costs have affected individual properties valuation negatively (see also page 24 for further details about the property valuations). The market valuations of the interest derivatives resulted in value changes of SEK -2 million (-2).

## TAX

The tax expense in the income statement consist of current tax of SEK 2 millions (0) and deferred tax of SEK -56 million (-34).

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## CONDENSED

AMOUNTS IN SEK MILLION	30 SEP 2019	30 SEP 2018	31 DEC 2018
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible assets		1	6
Investment properties	8 892	8 027	8 476
Land leases	225	-	-
Equipment	2	2	3
	0	0	0
Interest rate derivatives	0	13	4
<b>Total non-current assets</b>	<b>9 124</b>	<b>8 044</b>	<b>8 489</b>
<i>Current assets</i>			
Other current receivables	118	83	83
Cash and bank balances	375	104	163
<b>Total current assets</b>	<b>493</b>	<b>187</b>	<b>246</b>
<b>TOTAL ASSETS</b>	<b>9 617</b>	<b>8 232</b>	<b>8 735</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>3 746</b>	<b>2 699</b>	<b>2 780</b>
<i>Non-current liabilities</i>			
Interest-bearing liabilities	3 676	4 367	4 251
Other non-current liabilities	14	7	11
Leaseholds land leases	225	-	-
Deferred tax liability	475	389	419
Provisions	4	4	4
<b>Total non-current liabilities</b>	<b>4 394</b>	<b>4 767</b>	<b>4 685</b>
<i>Current liabilities</i>			
Interest-bearing liabilities	1 279	545	1 037
Other current liabilities	198	220	233
<b>Total current liabilities</b>	<b>1 477</b>	<b>765</b>	<b>1 270</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9 617</b>	<b>8 232</b>	<b>8 735</b>
<i>Equity attributable to</i>			
Parent company shareholders	3 746	2 699	2 780
Non-controlling interests	-	-	-

# COMMENTS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## FIXED ASSETS

The Company's fixed assets consist mainly of investment properties. As of September 30 in 2019, the value of the investment properties amounted to SEK 8,892 million (8,027). All properties were acquired during the period 5 November 2014 until September 30, 2019. On January 1, 2019 the accounting standard IFRS 16 came in force. According with this standard Stendörren reports the value of the right of use of the company's land-lease properties as a fixed asset (for a more detailed description please refer to the Annual Report for 2018, note 1). This value of this asset has been estimated at SEK 225 million. A corresponding liability is recognized under non-current liabilities. For further analysis and comments on fixed assets, see pages 20-23.

## CURRENT ASSETS

Current assets amounted to SEK 493 million (187) consisting of cash and cash equivalents assets of SEK 375 million (104) and rental receivables and other current receivables of 118 million (83). The significant increase in cash holdings is affected, among other things, by the issue of hybrid capital completed at the end of the period (see also below under equity).

## EQUITY

As of September 30, 2019, the Group's equity amounted to SEK 3,746 million (2,699) and the equity / assets ratio to 40%. The increase includes the issue of hybrid capital of SEK 785 million (net after transaction costs) completed during the period.

## INTEREST-BEARING LIABILITIES

The reported value of the Group's interest bearing liabilities at the end of the reporting period amounted to SEK 4,955 million (4,912), corresponding to a

loan-to-value ratio of 52% (60). The liabilities consist of loans from credit institutions of SEK 3,834 million (3,837), two bond loans totaling SEK 1,127 million (1 060) and seller-notes of SEK 12 million (40). SEK -21 million (-17) consists of prepaid loan fees. The short-term interest bearing liabilities amounted to SEK 1,279 million (545), consisting of loans and amortizations that fall due within the next 12 months. SEK 830 million of the short-term liabilities have either been repaid after the end of the reporting period or is covered by binding credit commitments for extension on new 4-5 year terms. The average interest rate on all interest-bearing debt amounted to 2.4% (2.4).

## 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 the acquisition of interest rate derivatives. For a more detailed description of the loan portfolio, see page 25. Deferred tax liability Deferred tax liability amounted to SEK 475 million (389) and mainly relates to the tax on the temporary difference between the fair value of the properties and their tax residual value and deferred tax on untaxed reserves and unused loss carryforwards (losses carried forward amount to SEK 83 million).

## OTHER CURRENT LIABILITIES

In addition to the current portion of interest-bearing debt, current liabilities consist of accounts payable, accrued expenses and prepaid income, tax liabilities and other current liabilities, totaling SEK 198 million (220)

# CONSOLIDATED CHANGES IN EQUITY

As of September 30, 2019, the Group's equity amounted to SEK 3 746 million (2 699).

## CONDENSED STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN SEK MILLION	SHARE CAPITAL	OTHER CAPITAL CONTRIBUTED	RETAINED EARNINGS		TOTAL SHAREHOLDERS' EQUITY
<b>Opening equity 01-01-2017</b>	<b>17</b>	<b>1 140</b>	<b>898</b>		<b>2 054</b>
Dividend			-55		-55
Share option programme		4			4
Comprehensive income Jan-Dec 2017			396		396
<b>Opening balance equity 01-01-2018</b>	<b>17</b>	<b>1 144</b>	<b>1 239</b>	-	<b>2 399</b>
Dividend			-62		-62
Share option programme		1			1
Emission of shares	0	22			22
Comprehensive income Jan-Dec 2018			419		419
<b>Closing equity 12-31-2018</b>	<b>17</b>	<b>1 167</b>	<b>1 596</b>	-	<b>2 780</b>
Share option programme		-2	-1		-3
				800	800
				-15	-15
Comprehensive income Jan-Sep 2019			184		184
<b>Closing equity 09-30-2019</b>	<b>17</b>	<b>1 165</b>	<b>1 779</b>	<b>785</b>	<b>3 746</b>





# CONSOLIDATED CASH FLOW STATEMENT

## CONDENSED

AMOUNTS IN SEK MILLION	2019 JAN-SEP	2018 JAN-SEP	2019 JUL-SEP	2018 JUL-SEP	2018 JAN-DEC
<b>Cash flow from operating activities</b>					
Profit from property management	113	142	42	65	174
Adjustment for other non-cash items	-4	-2	-13	7	16
Income tax paid	-2	-33	0	-22	-15
<b>Cash flow from operating activities before change in working capital</b>	<b>107</b>	<b>107</b>	<b>29</b>	<b>50</b>	<b>175</b>
<i>Changes in working capital</i>					
Change in operating receivables	-36	-5	-16	9	10
Change in operating liabilities	14	18	19	-34	-42
<b>Cash flow from operating activities</b>	<b>85</b>	<b>120</b>	<b>32</b>	<b>25</b>	<b>143</b>
<i>Investment activities</i>					
Investments in existing properties	-214	-216	-99	-60	-296
Other investments and sales	-1	-1	0	-1	-2
Property acquisitions	-71	-1 029	0	-941	-1 626
Property sales	-	-	0	0	349
<b>Cash flow from investment activities</b>	<b>-286</b>	<b>-1 247</b>	<b>-99</b>	<b>-1 002</b>	<b>-1 575</b>
<i>Financing activities</i>					
Issued capital	-2	23	0	1	24
Issued hybrid capital (net of costs)	785	-	785		
Raised interest bearing liabilities	331	2 045	102	749	2 690
Repayment of interest bearing liabilities	-672	-831	543	75	-1 099
Interest rate derivatives, net	-	-4	-	-4	-6
Deposits	3	3	2	3	7
Dividend	-32	-43	0	-16	-59
<b>Cash flow from financing activities</b>	<b>413</b>	<b>1 193</b>	<b>346</b>	<b>809</b>	<b>1 557</b>
<b>Cash flow for the period</b>	<b>212</b>	<b>66</b>	<b>279</b>	<b>-169</b>	<b>125</b>
Cash and cash equivalents at the beginning of period	163	38	96	273	38
Cash flow for the period	212	66	279	-169	125
<b>Cash and cash equivalents at the end of the period</b>	<b>375</b>	<b>104</b>	<b>375</b>	<b>104</b>	<b>163</b>

# COMMENTS TO THE CASH FLOW STATEMENT

## CASH FLOW FROM OPERATIONS

Cash flow from operating activities before change in working capital during the period was SEK 107 million (190). After a net change of working capital of SEK -22 million (-70) the reported cash flow from operating activities amounted to SEK 85 million (120).

## CASH FLOW FROM INVESTMENT ACTIVITIES

Cash flow from investment activities amounted to SEK -286 million (-1,247), primarily consisting of acquisition of properties, directly and indirectly, amounting to -71 SEK million (-1,029), and investments in existing properties of SEK -214 million (-216). No properties were sold during the period (0).

## CASH FLOW FROM FINANCING OPERATIONS

Cash flow from financing activities amounted to SEK

413 million (1,193), made up SEK 331 million (2,109) of new loans and amortization and repayment of existing loans amounting to SEK -672 million (-895). SEK 785 million was raised through the issue of hybrid bonds (net of transaction costs). Dividend of SEK -32 million has been paid during the reporting period referring to the last two quarterly payments decided by the Annual General Meeting 2018. At the 2019 Annual General Meeting, it was decided to cancel the dividend, so no further share dividend will take place. during 2019.

## CASH FLOW IN PERIOD

Net cash flow for the period was SEK 212 million (66) and cash and cash equivalents at the end of the period amounted to SEK 375 million (104).



# PROPERTY PORTFOLIO SUMMARY

## PROPERTY PORTFOLIO 30 SEPTEMBER

Stendörren's property portfolio consists of 122 properties as at 30 September 2019. All properties are located in the Stockholm and Mälardalen region with a total market value of SEK 8 892 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 722 000 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 (23 % 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 that 78 % of the properties are made have at least two tenants. During the period, the value of the property portfolio increased with a total of SEK 415 million (1 533). The increase in value is due to property acquisitions amounting to SEK 74 million (1 085), investments in existing properties of SEK 214 million (216) while unrealized changes in value amounting to SEK 127 million (233) were reported (see table on page 24).

## GEOGRAPHIC DISTRIBUTION OF PROPERTY PORTFOLIO

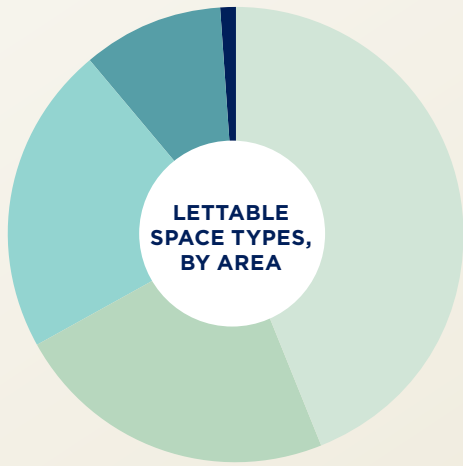
Stendörren puts a lot of effort into identifying interesting industrial areas with potential in Greater Stockholm and the rest of the Mälardalen region. The focus is on developing and strengthening the presence in these areas. The total rental income of Stendörren consists of 67 % of rental income from 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 the company has invested in a number of locations in Mälardalen in strong locations projected to benefit from Stockholm's future growth. (see diagram on over geographical distribution on page 21).

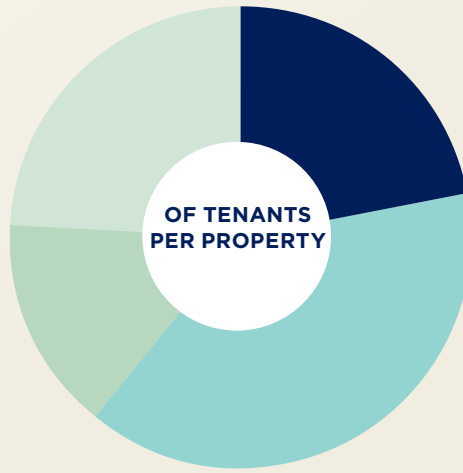
## TENANTS AND RENTAL AGREEMENTS

The tenants in the property portfolio consist of both well-established small to medium sized companies and large multinational businesses. Rent losses in the property portfolio have been small. During the reporting period, no actual rental losses have been reported. During the period SEK 6,6 million of provisions for uncertain rent receivables have been booked. As at September 30, the ten largest leases made up for just over one quarter 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 4,1 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 this risk for vacancies and rental losses. Stendörren is a proactive manager and works continuously to renegotiate the leases in line with current market rent levels.

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 88 % (90) as of September 30, 2019, and the economic occupancy rate was 88 % (90). ➤



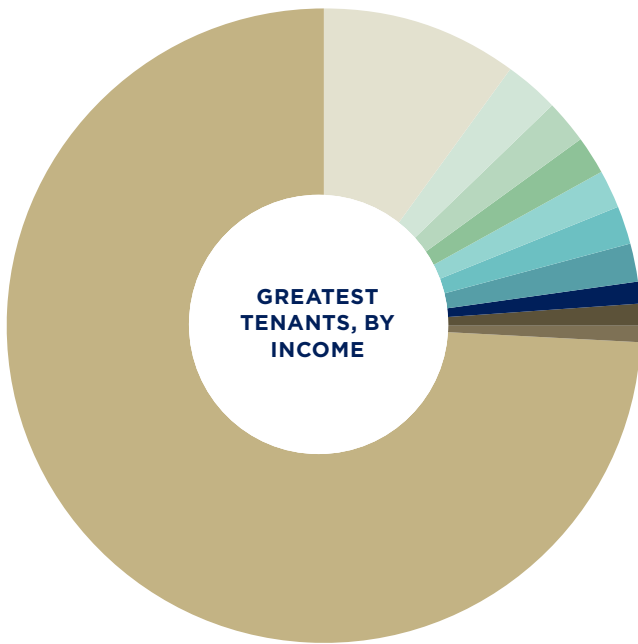
- Storage and logistics, 44%
- Office, 23%
- Light storage, 22%
- Retail, 10%
- Other, 1%



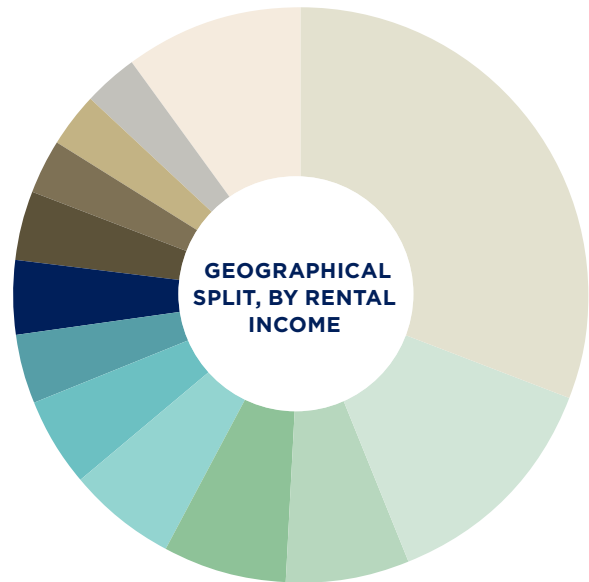
**TENANTS/PROPERTY**

(area)

- 1 st, 22%
- 2-5 st, 39%
- 6-10 st, 15%
- 11- st, 24%



- 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, 2%
- Bactiguard AB, 2%
- Enköping municipality, 1%
- PostNord Sverige AB, 1%
- Other, 75%

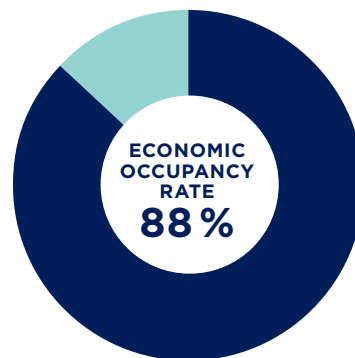
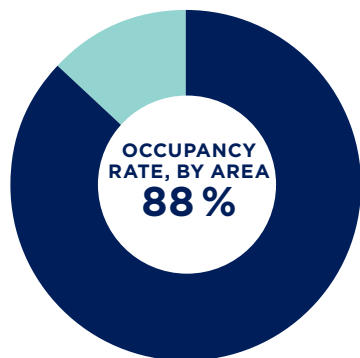
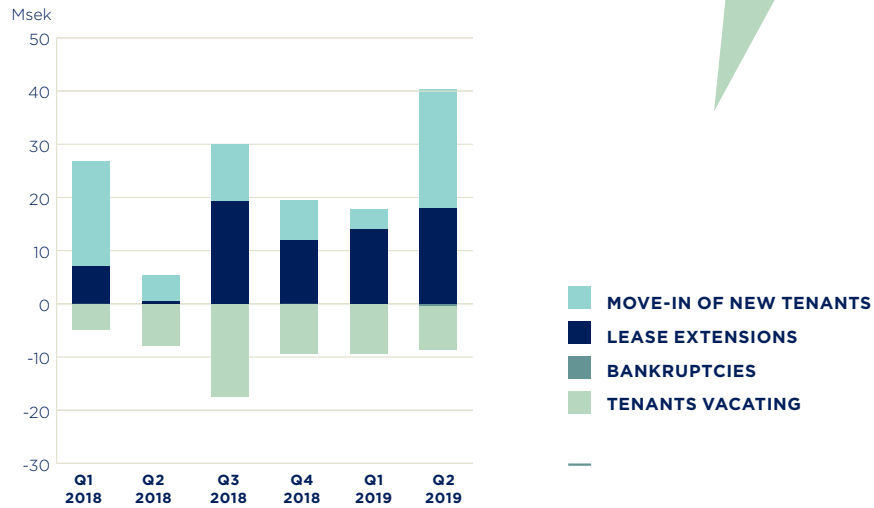


- Stockholm, 31%
- Upplands-Bro, 13%
- Botkyrka, 7%
- Västerås, 7%
- Enköping, 6%
- Täby, 5%
- Uppsala, 4%
- Eskilstuna, 4%
- Nacka, 4%
- Järfälla, 3%
- Södertälje, 3%
- Flen, 3%
- Other, 10%

NET LETTING:

**13,6 MSEK**

**NET LETTING**



➤ 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. In general, demand for premises remains strong. Of the total vacancy, approximately 2 675 sqm (corresponding to approximately 0,4 % 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 8 % on average. The corresponding number for the 9-month period is 30 %. During the quarter, new lease agreements with an annual rental value of app-

roximately SEK 40 million have commenced. These consist of both renegotiated lease agreements and lease agreements with new tenants signed in earlier periods.

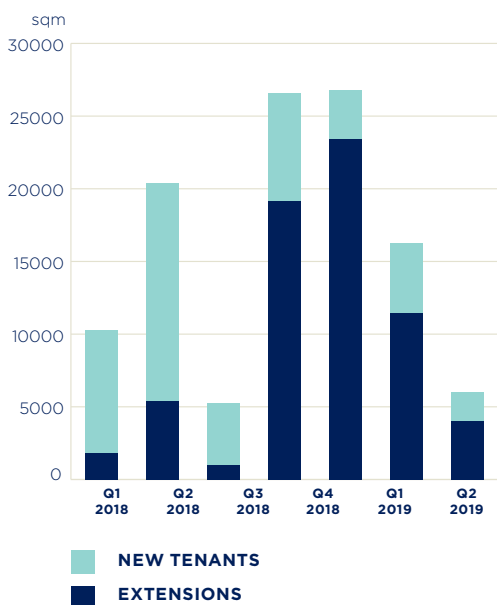
The two largest new lease agreements are made up Nacka Vatten och Avfall AB and LeasePlan Sverige AB.

The net letting (new tenants moving in less tenants vacating and bankruptcies) during the quarter amounted to SEK 13,6 million.

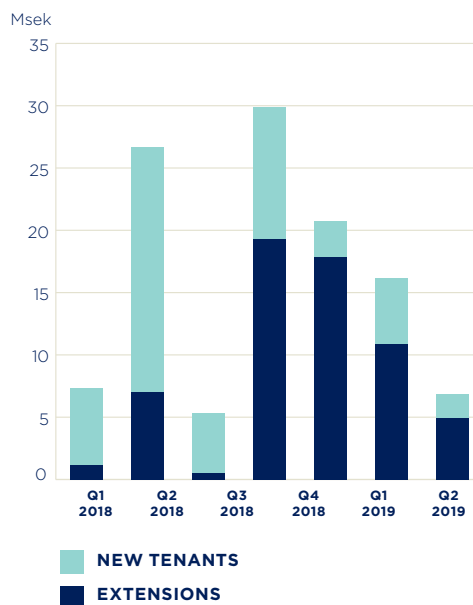
**BUILDING RIGHTS AND PROJECTS**

As at September 30, 2019, Stendörren had 25 properties wholly or partly consisting of building rights.

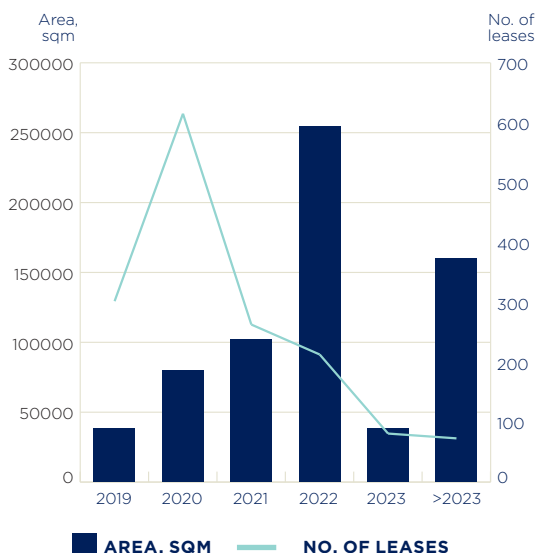
### NEWLY SIGNED LEASES AREA



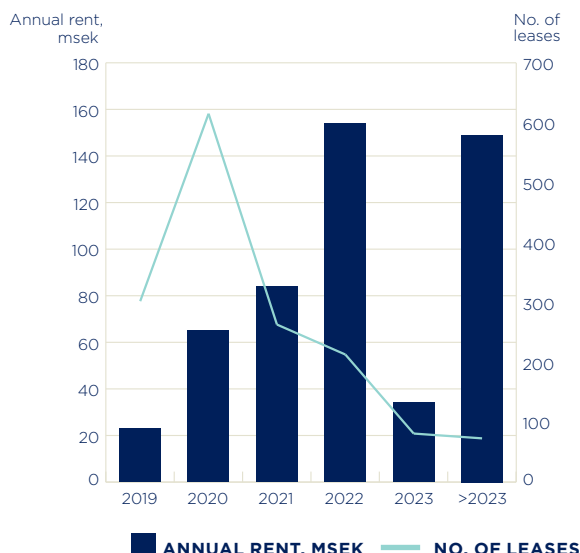
### NEWLY SIGNED LEASES, ANNUAL RENT



### ANNUAL LEASE EXPIRY AT 30 SEPTEMBER 2019, BY AREA



### ANNUAL LEASE EXPIRY AT 30 SEPTEMBER 2019, ANNUAL RENT



When these building rights have been fully exploited it is estimated that up to 627 000 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), 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 2018. 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. In larger projects, interest expense is capitalized during the production time.

All of the company's 122 properties have been externally evaluated during the period July 2018 to September 2019. The combined market value of the property portfolio per September 30, 2019 amounts to SEK 8 892 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 1 049 million (1 028), 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 127 million (233), corresponding to 1,5% of market value at the beginning of the period. The value changes in the real estate portfolio during the period are driven partly by changed cash flows through renegotiated leases or changed costs and partly by changed assumptions of market rents and yield requirements. Increased adaptation and project costs have affected the valuation of individual properties negatively where the two the project properties Upplands Väsby Skälby 2: 2 and Nacka Sicklaön 107: 3 together account for about SEK 112 million in value-reducing project overruns in the period. The explanation for these substantial project costs is essentially attributable to the fact that these are old properties with inadequate documentation of previous installations and ground conditions. Average yield requirements have been reduced slightly compared to the previous quarter and the average yield requirement as of September 30, 2019 amounted to 6,2% (see table of valuation parameters below).

VALUATION PARAMETERS (PREVIOUS YEAR IN BRACKETS)	MIN	MAX	WEIGHTED AVERAGE
Market yield requirement	5,0 % (5,2 %)	13,8 % (10,0 %)	6,2 % (6,3 %)
Discount rate, cash flow	5,0 % (5,0 %)	16,0 % (12,2 %)	8,2 % (8,2 %)
Discount rate, residual value	7,1 % (7,3 %)	16,0 % (12,2 %)	8,3 % (8,4 %)
Long term vacancy assumption	3,0 % (3,0 %)	25,0 % (20,0 %)	6,1 % (6,2 %)

CHANGE IN REPORTED VALUE, PROPERTIES, MSEK	JAN-SEP 2019	JAN-DEC 2018
<b>Investment properties, beginning of period</b>	<b>8 476</b>	<b>6 494</b>
Property acquisitions	75	1 687
Property sales	-	-367
Investments in existing properties	214	296
Fair value changes of properties	127	366
<b>Investment properties, end of period</b>	<b>8 892</b>	<b>8 476</b>





# FINANCING

As of September 30, 2019, the averaged time to maturity of the interest bearing liabilities to credit institution amounted to 2,8 years (2,6). Including the two bond loans, the average time to maturity amounted to 2,4 years (2,5). 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 then cap portfolio amounts to SEK 2 734 million. After the end of the period, 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 the average fixed interest term on interest-bearing liabilities amounted to 1,8 years (2,1) years.

The average interest rate on the company's loans from credit institutions was 1,9 % (1,8) and average interest on total interest bearing debt amounted to 2,4 % (2,3). At the end of the period, Stendörren had two outstanding bond loans. The first bond loan

(2017-2020) amounts to a total of SEK 477 million and runs at a nominal interest rate of Stibor 90 plus 4.00 %. The second 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, the company issued hybrid bonds totaling SEK 800 million in nominal value, which are reported as equity under IFRS (see further under equity on page 16).

At the end of the period there were binding credit commitments from banks and unused credit lines amounting to just over SEK 800 million which can be used as part financing of future acquisitions and to restructure the debt portfolio. After the end of the period the aforementioned repayment Bond loan of SEK 477 million was performed. 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 <sup>1)</sup>			LOAN MATURITY/YEAR	
	MSEK	INTEREST RATE	SHARE OF TOT.	MSEK	SHARE OF TOT.
2019	1 303		26 %	353	7 %
2020	931		19 %	1 085	22 %
2021	600		12 %	1 008	20 %
2022	855		17 %	795	16 %
2023	1 034		21 %	1 529	31 %
>2023	250		5 %	202	4 %
<b>Sum/Average</b>	<b>4 973</b>	<b>2,39%</b>	<b>100 %</b>	<b>4 973</b>	<b>100 %</b>

1) The interest maturity for 2019 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	Räntetak	300	0,0	2,00 %	1,38
Danske Bank	Räntetak	300	0,0	2,50 %	2,38
Danske Bank	Räntetak	300	0,0	2,00 %	1,38
Swedbank	Räntetak	300	0,0	2,50%	2,38
Swedbank	Räntetak	300	0,0	2,50%	3,38
Swedbank	Räntetak	300	0,0	2,50%	3,38
Swedbank	Räntetak	250	0,0	2,25%	4,00
Swedbank	Räntetak	250	0,1	2,25%	5,00
Swedbank	Räntetak	250	0,0	2,25%	3,00
Nordea	Räntetak	184	0,1	1,50%	4,22
<b>Sum/Average</b>		<b>2 734</b>	<b>0,2</b>	<b>2,25%</b>	<b>2,95</b>



# SUSTAINABILITY

## OUR SUSTAINABILITY JOURNEY

Stendörren has, since its establishment as a company 2014, had the ambition to actively incorporate sustainability issues into the business. The company's business model is about creating long term growth and value creation through acquisitions, property development and property management in a responsible manner. In order to do so the company needs to meet expectations from stakeholders today and in the future, looking through the lenses of economic, environmental and social perspectives. During 2017, a comprehensive sustainability strategy was developed with the purpose of integrating sustainability into the core of the business. Four strategic commitment areas were formed, see below.

Stendörrens overarching objective, with its corporate sustainability work, is not only to meet the expectations from different stakeholder groups. There is also an ambition to contribute to positive societal impact. By staying in the forefront of providing sustainable solutions for tenants and their businesses,

the company hopes to create impact beyond its own business. The company has developed a strategy for proactivity and value creation that stems from the commitment area Active Partner for Sustainable Cities:

- Stendörren collaborates with municipalities to create positive impact in areas where the company operates. Thereby, the company contributes to more sustainable and future-oriented municipalities.
- Through active collaboration and dialogue, Stendörren creates sustainable and local solutions for tenants.
- Stendörren seeks partnerships with transportation companies and infrastructure companies to create "smart" services and logistics solutions for Stendörren's properties.
- Stendörren shall cooperate with trade organisations that share the vision of a more sustainable and efficient real estate industry in terms of industrial, warehouse and logistics properties.



## FOCUS

During 2018 an implementation plan has been developed which spans over three phases between 2018-2020. Stendörren has also established a sustainability

committee with key people representing different functions in the organisation. The committee meets on a regular basis to coordinate the work.



## 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.



Other global goals that are identified as having an indirect connection to Stendörren's sustainability strategy and business.

# 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 75 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. During the quarter, a hybrid bond was issued, which in accordance with IFRS is reported as equity. The issue totaled SEK 800 million. After deduction of SEK 15 million in issue costs, the parent company's equity was thus increased by SEK 785 million. Cash and cash equivalents as of September 30, 2019 amounted to SEK 209 million (21) and the Equity amounted to SEK 1 738 million (1 005).

## CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY

AMOUNTS IN SEK MILLION	2019 JAN-SEP	2018 JAN-SEP	2019 JUL-SEP	2018 JUL-SEP	2018 JAN-DEC
Net sales	75	59	22	15	91
Operating expenses	-75	-60	-22	-17	-93
<b>Profit before financial items</b>	<b>-</b>	<b>-1</b>	<b>-</b>	<b>-2</b>	<b>-2</b>
<i>Financial items</i>					
Net financial items	-9	-5	-8	1	12
<b>Profit after financial items</b>	<b>-9</b>	<b>-6</b>	<b>-8</b>	<b>-1</b>	<b>10</b>
Allocations	-	-	-	-	-83
<b>Profit before tax</b>	<b>-9</b>	<b>-6</b>	<b>-8</b>	<b>-1</b>	<b>-73</b>
Deferred tax	-	-	-	-	12
Current tax	0	0	0	0	0
<b>Profit for the period</b>	<b>-9</b>	<b>-6</b>	<b>-8</b>	<b>-1</b>	<b>-61</b>

## BALANCE SHEET PARENT COMPANY IN SUMMARY

AMOUNTS IN SEK MILLION	30 SEP 2019	30 SEP 2018	31 DEC 2018
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible assets	5	1	6
Equipment	2	2	2
Shares and participations in subsidiaries	875	911	870
Receivables from subsidiaries	1 442	1 444	1 594
Non-current receivables and securities	0	0	0
Deferred tax assets	15	3	15
<b>Total non-current assets</b>	<b>2 339</b>	<b>2 362</b>	<b>2 487</b>
<i>Current assets</i>			
Receivables from subsidiaries	940	358	517
Current receivables	4	11	5
Cash and equivalents	209	21	42
<b>Total current assets</b>	<b>1 153</b>	<b>390</b>	<b>564</b>
<b>TOTAL ASSETS</b>	<b>3 492</b>	<b>2 752</b>	<b>3 051</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1 738	1 005	964
<i>Non-current liabilities</i>			
Interest bearing liabilities	642	1 045	1 344
Liabilities to subsidiaries	461	456	518
<b>Total non-current liabilities</b>	<b>1 103</b>	<b>1 502</b>	<b>1 862</b>
<i>Current liabilities</i>			
Interest bearing liabilities	477	-	-
Liabilities to subsidiaries	145	175	147
Other current liabilities	29	71	78
<b>Total current liabilities</b>	<b>651</b>	<b>246</b>	<b>225</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 492</b>	<b>2 752</b>	<b>3 051</b>

# SHARE CAPITAL AND OWNERSHIP

## SHARE CAPITAL

The share capital in Stendörren amounts to SEK 16 893 384,60, divided between 2 500 000 Series A shares and 25 655 641 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

The Annual General Meeting resolved on May 22, 2019 to authorize the board, for the time until the end of the next Annual General Meeting and on one or several occasions, with or without deviation from the existing shareholders' preferential rights, to make decisions to issue new shares in the parent company. The mandate also covers issuance of preference shares, warrants or convertibles. New issues may be made with cash payment or with provision for non-payment or set-off. The number of common shares and /or preference shares, warrants or convertibles to be issued with support of the authorization should not be limited to other than what follows from the limitations in the articles of association that apply at any given time to share capital and the number of shares.

The Annual General Meeting 2019 also decided to authorize the board of directors up to the next annual general meeting, on one or several occasions, to make decisions about the acquisition of Stendörren shares (own shares) so that the company's holdings at any given time does not exceed 10% of all outstanding shares in the company. Furthermore, the Annual General Meeting decided to authorize the Board of Directors to, until the next Annual General Meeting and on one or more occasions, make decisions on the disposal of own shares. Acquisition of own shares shall take place on Nasdaq Stockholm and may only be done at a price per share within the current price range, which means the interval between highest purchase price and lowest selling price. Disposal of own shares may take place both on Nasdaq Stockholm and in another way (which is described in more

detail in the notice to the AGM). The authorization to acquire own shares is intended to give the board increased room to work with the company's capital structure and create flexibility regarding the company's ability to distribute capital to shareholders. The authorization to dispose of own shares is intended to facilitate property acquisitions and broadening of the owner base.

## INCENTIVE SCHEMES

Stendörren has two incentive schemes 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 have 345 800 warrants outstanding. During the period 1-31 May 2020 the owners of the warrants have the right to redeem the warrants for the same number of B shares in exchange for a subscription price of SEK 83,87 per share, corresponding to 125% of the trade-weighted average price during the measurement period May 9-22, 2017.

In the second program there are 87 608 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 both these programs are redeemed, 433 408 new B-shares will be issued, each with a quota value of SEK 0,6 and the share capital will increase by SEK 260 045. The dilution at full utilization corresponds about 1,5% of the capital and 0,9% of the voting rights based on the number of outstanding shares as of the reporting date.

## STOCK EXCHANGE

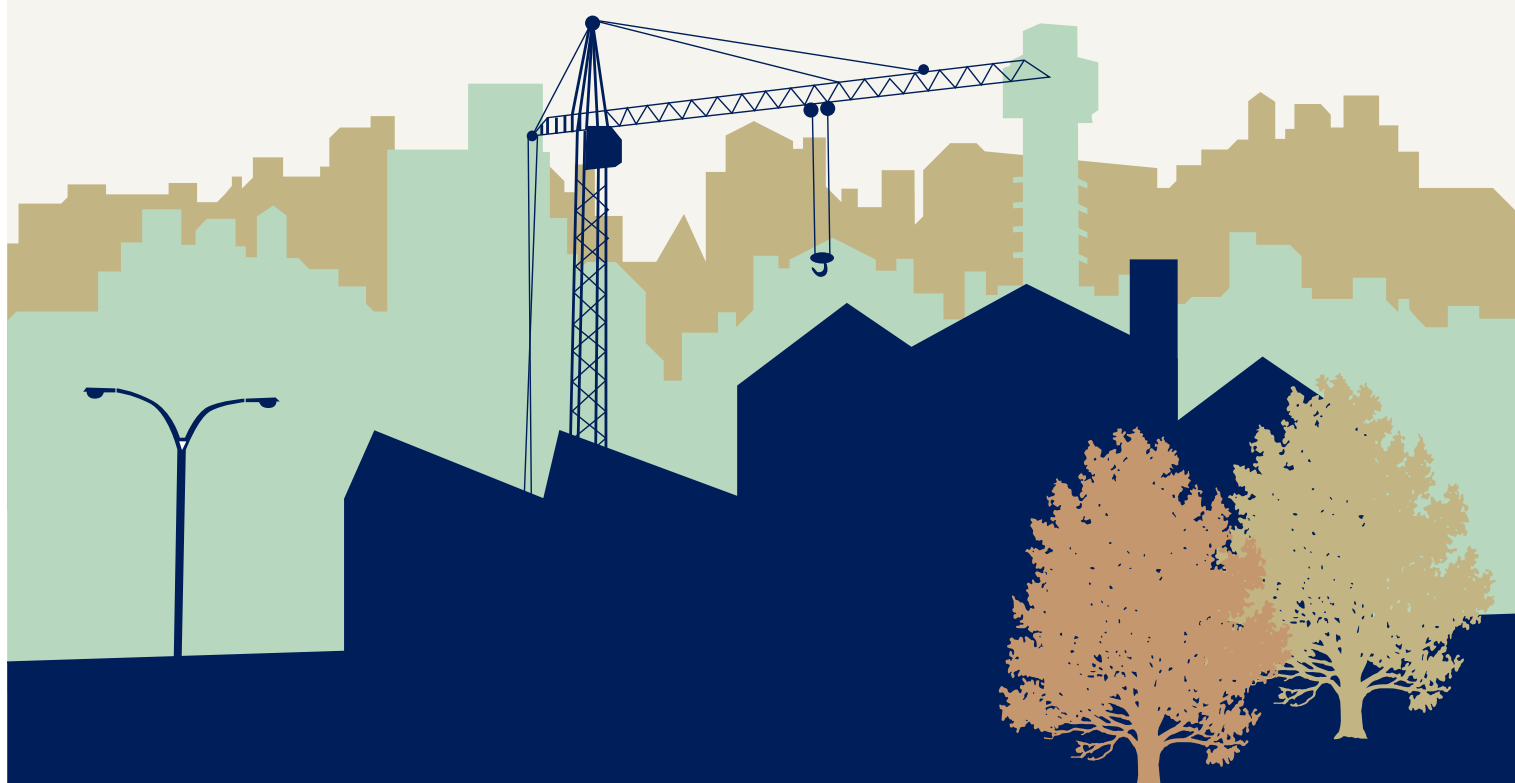
The Stendörrens B-share is traded on Nasdaq Stockholm, on the list for medium-sized companies. The company's short name is STEF B. The company's ISIN-code is SE0006543344.



**THE LARGEST SHAREHOLDERS BASED ON DATA FROM  
EUROCLEAR SWEDEN AB PER 30 SEPTEMBER 2019**

SHAREHOLDER <sup>1)</sup>	TOTAL SHARES	A-SHARES	B-SHARES	% OF CAPITAL	% OF VOTES
Stendörren Real Estate AB	11 451 606	2 000 000	9 451 606	40,67%	58,14%
Altira AB	2 901 720	500 000	2 401 720	10,31%	14,61%
Länsförsäkringar fondförvaltning AB	4 453 941	-	4 453 941	15,82%	8,79%
SEB Investment Management	1 734 133	-	1 734 133	6,16%	3,42%
Verdipapirfond Odin Ejendom	929 889	-	929 889	3,30%	1,84%
JP Morgan Bank Luxembourg S.a.	613 451	-	613 451	2,18%	1,21%
Humle Kapitalförvaltning AB	581 379	-	581 379	2,06%	1,15%
Anders Ivarsson Aktiebolag	463 349	-	463 349	1,65%	0,91%
Alfred Berg	367 213	-	367 213	1,30%	0,72%
Skagen M2 Verdipapirfondet	353 194	-	353 194	1,25%	0,70%
Other shareholders	4 305 766	-	4 305 766	15,29%	8,50%
<b>SUM</b>	<b>28 155 641</b>	<b>2 500 000</b>	<b>25 655 641</b>	<b>100,00%</b>	<b>100,00%</b>

*1) The total number of shareholders at the reporting date was 3 521.*



# OTHER INFORMATION

## CALENDAR

- Year-end report 2019, 21 February 2020
- 2019 Annual Report and Sustainability Report, April 2020
- Interim Financial Report Jan-Mar 2020, 7 May 2020
- Annual General Meeting, 20 May 2020
- Interim Financial Report Jan-Jun 2020, 20 July 2020
- Interim Financial Report Jan-Sep 2020, 6 November 2020
- Year-end report 2020, 23 February 2021

## RELATED PARTY TRANSACTIONS

During the period, the company carried out a transaction with Kvalitena AB whereby a right to a future acquisition of a property was acquired. The acquisition price for this right was determined after external valuation to SEK 2,5 million. In addition, the company has rented premises for its head office by a subsidiary of Kvalitena. The company has also entered into a consultancy agreement for project consulting with TamGroup AB. TamGroup AB is a company related to the board member Andreas Philipson. The consultant who performs the work for TamGroup AB is married to Andreas Philipson. 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 2018. 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 September 30, 2019. 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 September 30, 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 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 2019**

Seth Lieberman  
*Chairman*

Andreas Philipson  
*Board member*

Carl Mörk  
*Board member*

Anders Tägt  
*Board member*

Henrik Orrbeck  
*Board member*

Helena Levander  
*Board member*

Mikael Nicander  
*Chief Executive Officer*

*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, 2019 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, 2019 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 2019**

Ernst & Young AB

Oskar Wall  
*Authorized Public Accountant*

Ingemar Rindstig  
*Authorized Public Accountant*

## APPENDIX 1

### ASSESSED EARNINGS CAPACITY\*

**AS OF 30 SEPTEMBER 2019**, the company's property portfolio comprised 122 wholly owned properties with approximately 721 000 sqm of lettable areas. 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 600 million. The company also estimates that current property costs amount to approximately SEK -160 million (1) on an annual basis, the portfolio is thus expected to produce an operating net of approximately SEK 440 million on

Group level. These data are only the company's own assessment on the present earning capacity as of 30 September 2019 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 managements best assessment of current earnings capacity and not a forecast of future expected earnings.*

*(1) Estimated property costs on an annual basis including adjustment of SEK 9 million regarding property leasehold payments in accordance with IFRS 16.*



# 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**

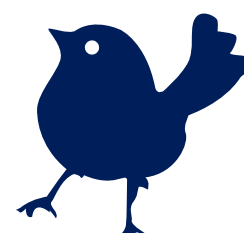
Contractual rental income increased by the assumed market rent for vacant, lettable area.

#### **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,  
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