

The background is a high-angle photograph of an industrial warehouse. In the upper left, a worker in a yellow hard hat and orange safety vest operates a red forklift. In the center, two workers in yellow and blue hard hats and safety vests stand and talk. The floor is concrete, and the background is filled with stacks of metal pipes and structural beams.

# INVESTOR PRESENTATION

CONTEMPLATED ISSUE OF HYBRID BONDS

**SEPTEMBER 2019**

STENDÖRREN

## IMPORTANT INFORMATION

**Acceptance of limitations:** The information in this presentation (the “Material”) is furnished by Stendörren Fastigheter AB (publ), 556825-4741 (the “Company”) solely for the recipient’s information in connection with a potential issue by the Company of subordinated perpetual floating rate callable capital securities (the “Capital Securities”). The intended recipients are determined solely by Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp and Swedbank AB (publ) jointly “the Managers”). The Material is provided to a limited group of potential investors for information purposes only and is not to be relied upon in substitution for the exercise of independent analysis and judgement. By attending a meeting where the Material is presented, or by reading the Material, you agree to be bound by the limitations and notifications described below. The Material is strictly confidential and may not be disclosed, reproduced or distributed to any other person unless expressly agreed by the Managers.

**Use of the Material:** This Material does neither constitute an offer to sell nor a solicitation of an offer to buy any securities, and it does not constitute any form of commitment or recommendation in relation thereto. No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information in the Material.

**No financial advice:** The Managers is not giving and is not intending to give financial advice to any potential investor, and this Material shall not be deemed to be financial advice from the Managers to any potential investor. Investors should not subscribe for or purchase any financial instruments or securities only on the basis of the information provided herein. Investors are encouraged to request from the Company and other sources such additional information as they require to enable them to make informed investment decisions, to seek advice from their own legal, tax and financial advisors and to exercise an independent analysis and judgment of the merits of the Company.

**No liability:** Although the Company has endeavored to give a correct and complete picture of the Company, neither the Company nor the Managers shall have any liability whatsoever (whether in negligence or otherwise) arising directly or indirectly from the use of this Material, its contents or otherwise arising in connection with the presentation of the Material.

**Information sources:** The information in this Material is presented by the Company or constitutes publicly available material and has been produced by the Company assisted by the Managers exclusively for information purposes. This Material may contain forward-looking statements that reflect the Company’s current views with respect to certain future events and potential financial performance. Such statements are only forecasts and no guarantee can be given that such expectations are correct. No information in this Material has been independently verified by the Managers or its advisors. The information relating to the Company does not constitute a complete overview of the Company and must be supplemented by the reader wishing such completeness.

**Actuality:** The Material is dated 11 September 2019. Neither the Company nor the Managers can guarantee that there has been no change in the affairs of the Company since such date, nor do they intend to, and assume no obligation to, update or correct any information included in the Material. The Material may however be changed, supplemented or corrected without notification.

**Conflicts of interest:** The Managers and the Managers’ clients and/or employees may hold shares, options or other securities of any issuer referred to in this report and may, as principal or agent, buy or sell such securities. The Managers will be paid a fee by the Company in respect of the placement of the Capital Securities.

**Prospectus:** The Material does not constitute a prospectus according to Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the Prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC or any other Swedish or foreign law. Accordingly, the Material has not been subject to review or approval by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) or any other supervisory authority.

**Distribution:** The information in this Material is not for release, publication or distribution, directly or indirectly, in or into the United States or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures. No securities referred to in this Material have been or will be registered by the Company under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any state of the United States. No key information document (as described in Regulation No 1286/2014) has been prepared as the transaction is deemed to be out of scope.

**Applicable law:** The Material is subject to Swedish law, and any dispute arising in respect of the Material is subject to the exclusive jurisdiction of Swedish courts (with District Court of Stockholm (Sw. *Stockholms tingsrätt*) as court of first instance). ANY INVESTOR INVESTING IN THE CAPITAL SECURITIES IS BOUND BY THE FINAL TERMS AND CONDITIONS OF THE CAPITAL SECURITIES, WHICH THE INVESTOR ACKNOWLEDGES HAVING ACCEPTED BY SUBSCRIBING FOR CAPITAL SECURITIES. THE INVESTOR ACKNOWLEDGES THAT SUCH DOCUMENT WILL BE MADE AVAILABLE BY THE MANAGERS UPON REQUEST.



# STENDÖRREN



STENDÖRREN

*Lokaler som gör skillnad.*

# AGENDA

1. TRANSACTION SUMMARY
2. INTRODUCTION TO STENDÖRREN
3. PROPERTY PORTFOLIO
4. FINANCIAL INFORMATION
5. MARKET OVERVIEW
6. CONCLUDING REMARKS
7. RISK FACTORS
8. APPENDIX

# TRANSACTION SUMMARY

# INDICATIVE MAIN TERMS

<b>Issuer</b>	Stendörren Fastigheter AB (publ)
<b>Nominal amount</b>	SEK 1,250,000
<b>Framework amount</b>	SEK 1,500m
<b>Tenor</b>	Perpetual
<b>First Call Date</b>	5 years
<b>Coupon to First Call Date</b>	STIBOR 3m + [·]bps
<b>Coupon Step-up</b>	+ 200bps (after 5 yrs) + 100bps (after 7 years) + 100bps (after 9 years) + 100bps (after 11 years) Following a Change of Control Event, unless called: 500 bps
<b>Status</b>	Deeply subordinated hybrid bonds, senior only to share capital of the Issuer
<b>Use of proceeds</b>	General corporate purposes, including refinancing and acquisitions
<b>Optional interest deferral</b>	At any time and at its sole discretion, the Issuer can elect to defer any Interest Payment – cumulative and compounding
<b>Call schedule</b>	From and including the date falling 5 years after First Issue Date and on any interest payment date thereafter @ 100 per cent + accrued interest and deferred interest payment
<b>Early redemption events</b>	Redemption in full due to a Change of Control, an Accounting Event, a Substantial Repurchase Event, a Tax Event or a Withholding Tax Event @ 101 per cent before First Call Date and 100 per cent after First Call Date (plus accrued interest and deferred interest payment)
<b>Accounting treatment</b>	Equity
<b>Jurisdiction/Listing</b>	Swedish law/Nasdaq Stockholm Intention to list within 30 days
<b>Trustee</b>	Nordic Trustee
<b>Joint Bookrunners</b>	Danske Bank, Nordea and Swedbank

# INVESTMENT HIGHLIGHTS

## WELL EQUIPPED FOR THE FUTURE

### SOLID FINANCIAL POSITION

- Stendörren has a strong balance sheet with LTV of 59% and secured LTV of 46%
- Strong debt service capacity with 5.6% yield on cash flow properties, ICR of 2.3x<sup>1</sup> and abolished dividend
- Property value and lettable area have as of Q2 2019 increased yoy by 27% and 18% respectively, and occupancy rate remains relatively high

### EXTENSIVE TRACK RECORD

- The company has been active in the Stockholm property market for more than two decades
- Management and board of directors consist of experienced real estate professionals with long track record within the Swedish and European real estate markets
- Listed on Nasdaq Stockholm Mid Cap with well-reputed EQT as active main owner

### BALANCED PORTFOLIO IN GREATER STOCKHOLM REGION

- At the end of Q2 2019 the property portfolio was valued at SEK 8.8bn consisting of 122 individual properties with more than 800 tenants and an average lease term duration of 4.1 years
- All properties are strategically located in the Greater Stockholm and Mälardalen region, often by the cities' main entry points
- The tenant base consists of both well-established small to medium sized companies and large multinational businesses which has resulted in just small rental losses in the property portfolio in recent years

### STRONG SWEDISH PROPERTY MARKET

- The Swedish commercial property market is strong, especially in the Stockholm area<sup>2</sup>
- Continued high demand in the Stockholm area which is largely attributable to the region's population increase, economic growth and the continued rapidly growing e-commerce
- Foreign real estate funds keep on being active on the Stockholm property market as it is seen as an attractive and secure market

### FAVORABLE ECONOMIC CONDITIONS

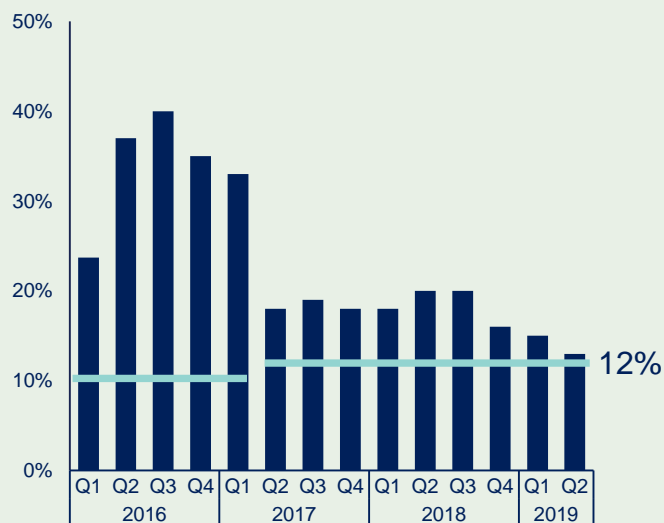
- Stendörren has been able to raise rental value by 17% for the contracts renegotiated during Q2 2019 showing a strong demand
- The market's expectation of rising interest rates have slowed in recent times, which gives further support to asset prices
- Sweden's economy is expected to perform above the European average with nominal GDP growth of 3.7% (real GDP growth 1.62%) in 2019E and 3.7% (1.57%) in 2020E<sup>2</sup>

1) The outcomes excluding the one-off financial costs attributable to bidding process during Q4 2018. 2) Source: Swedish Riksbank Financial Stability Report (2019:1) 2) Source: OECD

# FINANCIAL TARGETS

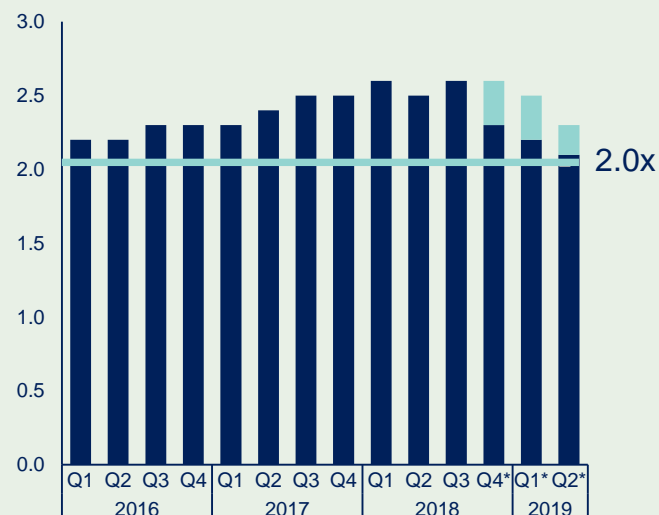
13%

ROE (LTM Q2 2019, AVERAGE), %



2.3x\*

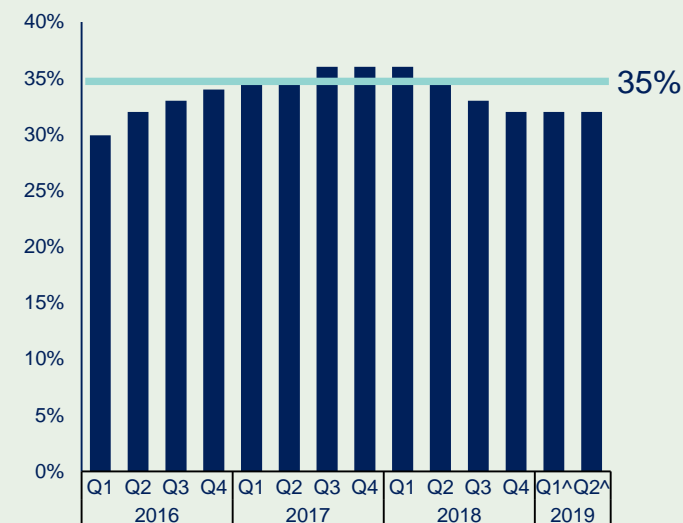
ICR (LTM Q2 2019), x



\* The outcomes (Q4 2018 – Q2 2019) show both the actual outcome (2.1x, calculated as a 12-month trailing average), and the outcomes excluding the one-off financial costs attributable to bidding process during Q4 2018 (the light blue part of the bar)

32%

EQUITY RATIO (Q2 2019), %



^ The stated equity ratios for Q1-Q2 2019 are calculated excluding the leasing liability brought by the application of IFRS 16.

# INTRODUCTION TO STENDÖRREN

# SNAPSHOT OF STENDÖRREN

PROPERTY VALUE <sup>1</sup>	LETTABLE AREA <sup>1</sup>	RENTAL VALUE <sup>2</sup>	OCCUPANCY RATE <sup>3</sup>	PROPERTY YIELD <sup>4</sup>	LOAN-TO-VALUE	LEASE DURATION <sup>5</sup>
SEK 8.8bn	SQ.M. 721,000	SEK 592m	87%	5.6%	59%	4.1 years

## BACKGROUND

- Founded in 1995 as the commercial property arm of Kvalitena
- Separated from Kvalitena in November 2014 and listed on Nasdaq First North, followed by Nasdaq First North Premier. The listing was moved to Nasdaq Stockholm Mid Cap on April 10, 2018
- In November 2018, EQT Real Estate announced a public cash offer to the shareholders of Stendörren. As of Q2 2019, EQT holds 58.1% of the voting rights and 40.7% of the capital

## PROPERTY PORTFOLIO

- Property value of SEK 8.8bn distributed over approximately 721,000 sq.m.
- Commercial real estate portfolio located in Greater Stockholm and Mälardalen region consisting of 122 properties with a focus on warehousing, logistics and light industrial real estate
- Continued high demand in Stockholm region which is largely attributable to the population increase and economic growth

## FINANCIALS

- LTM Q2 2019 rental income of SEK 585m and a NOI of SEK 386m, resulting in a profit from property management of SEK 168m
- Average property value per square meter<sup>6</sup> is approximately SEK 10,700. On average the cash flow generating portfolio is valued at approximately 60-75% of replacement cost



Enköping, Gnejsgatan 10



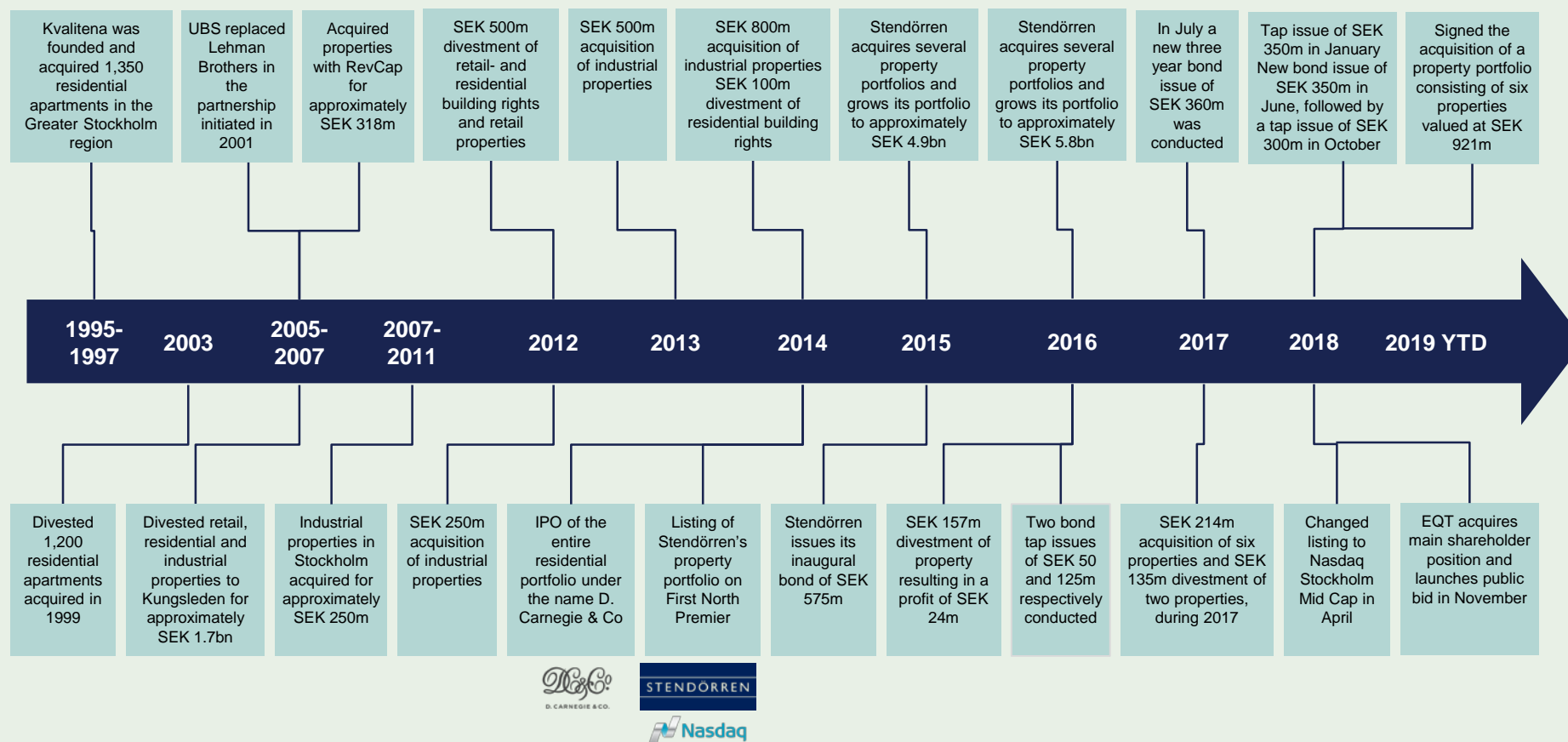
Kungsängen, Effektivvägen 8

1) Property portfolio as per June 30, 2019 2) Estimated earnings capacity as of June 30, 2019 3) Economic, i.e. rental income / rental value 4) Excluding projects and land  
5) Average unexpired lease term - economically weighted 6) Excluding building rights

# HISTORY AND MILESTONES



## MORE THAN TWO DECADES IN THE SWEDISH PROPERTY MARKET



# CORPORATE GOVERNANCE

## MANAGEMENT



**Mikael Nicander**

**CEO of Stendörren Fastigheter since 2019**

Experience: 20 years in the real estate industry, including positions like CEO of Lantmännen Fastigheter and property manager at Drott and DHL Express. Most recently he was the deputy CEO of Kvalitena. Furthermore, he was a member of the Stendörren board of directors from November 2014 to May 2017.

**Stendörren holding: -**



**Magnus Sundell**

**Deputy CEO and CFO of Stendörren Fastigheter since 2014**

Experience: 15 years in the real estate industry with clear focus on financing and business development. Previously head of business development within real estate financing at JLL Tenzing as well as positions at Ambolt, Leimdörfer, GE Capital and PWC.

**Stendörren holding: 17,000 B-shares  
43,974 share options**

## ORGANISATION

- Stendörren has a lean and efficient organisation led by an experienced management team supported by a top-class board of directors
- Stendörren has 55 employees and the head office is located in Stockholm
- Key functions<sup>1</sup> are located in-house and property management is carried out by Stendörren

1) Investor relations is conducted externally

## BOARD OF DIRECTORS

**Seth Lieberman – Chairman of the board**

Experience: 30 years of international experience from the real estate sector. Previously held senior positions at UBS Investment Bank, Hypo Real Estate, Lehman Brothers, Credit Suisse and GE Capital

**Stendörren holding: -**

**Henrik Orrbeck**

Experience: Managing Director at EQT Real Estate and chairman of Hönsfodret Realty AB, Hönsfodret Investment AB and Stendörren Real Estate AB. Mr. Orrbeck is also a board member of Maiden Lane Holdings AB, Portgås Fastighets AB och Sågtorp Utveckling AB. Previous experiences include positions at The Carlyle Group and General Electric.

**Stendörren holding: -**

**Helena Levander**

Experience: Founder and Chairman of Nordic Investor Services AB. Chairman of Ativo Finans AB. Board member of Recipharm AB, Medivir AB, Concordia Maritime AB, Rejlers AB and Lannebo Fonder AB. Previous experiences include various positions within asset management, including positions at Nordea AM and SEB AM.

**Stendörren holding: -**

**Anders Tägt**

Experience: Board member of AB Granudden Konsult and Brunswick Real Estate Capital Advisory AB. Mr Tägt has more than 35 years of experience within real estate, construction and finance. Previous experiences include positions at NCC, Fastighetsaktiebolaget Regnbågen, Enskilda, Doughty Hanson & Co, Sagax and various German banks and most recently as Nordic manager of PBB.

**Stendörren holding:-**

**Carl Mörk**

Experience: Founder and Chairman of Altira AB and board member of Vreten Fastigheter. Mr. Mörk has more than 25 years of experience from the real estate sector in Sweden and Europe and has previously held positions at Securum, Parkes & Co and Doughty Hanson & Co.

**Stendörren holding: Altira AB, closely related to Mr Mörk, owns 500,000 A-shares and 2,501,720 B-shares.**

**No privately owned shares**

**Andreas Philipson**

Experience: CEO and board member of TAM Group AB. Board member of Besqab AB and subsidiaries of TAM Group. Mr. Philipson has more than 30 years of experience from the construction and real estate sector. Previously CEO and board member of Catena AB, CEO of Temaplan AB and real estate director at Näckebro AB.

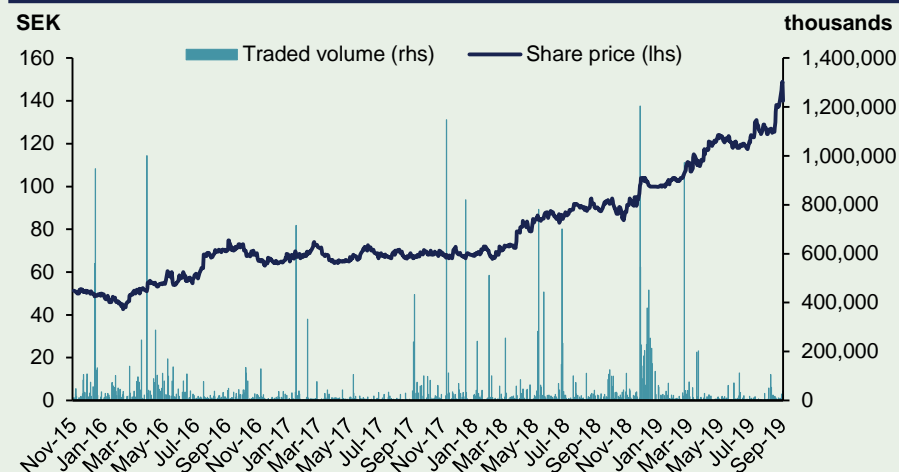
**Stendörren holding: 2,000 B-shares**

# SHARE AND OWNERSHIP OVERVIEW

## MAIN SHAREHOLDERS AS PER 2019-06-30

Owners	Ownership				
	Number of shares			% of	
	A-shares	B-shares	Total	Votes	Capital
Stendörren Real Estate AB (EQT)	2,000,000	9,451,606	11,451,606	58.1%	40.7%
Altira AB	500,000	2,401,720	2,901,720	14.6%	10.3%
Länsförsäkringar Fondförvaltning AB	-	4,453,941	4,453,941	8.8%	15.8%
SEB IM	-	1,817,629	1,817,629	3.6%	6.5%
Verdipapirfond Odin Ejendom	-	949,271	949,271	1.9%	3.4%
JP Morgan Luxembourg S.A.	-	606,844	606,844	1.2%	2.2%
Humle Kapitalförvaltning AB	-	581,379	581,379	1.2%	2.2%
Anders Ivarsson AB	-	463,349	463,349	0.9%	1.7%
Warmland, Bodil	-	282,716	282,716	0.6%	1.0%
RBC Investor Services Bank S.A.	-	281,971	281,971	0.6%	1.0%
<b>10 largest shareholders</b>	<b>2,500,000</b>	<b>21,290,426</b>	<b>23,790,426</b>	<b>91.5%</b>	<b>84.7%</b>
Other shareholders	-	4,365,215	4,365,215	8.5%	15.3%
<b>Total</b>	<b>2,500,000</b>	<b>25,655,641</b>	<b>28,155,641</b>	<b>100%</b>	<b>100%</b>

## SHARE PRICE DEVELOPMENT



- Share price as per 6 September 2019: SEK 141
- Market cap as per 6 September 2019: SEK 3,970m
- The class B-share is currently trading at Nasdaq Stockholm Mid Cap
- Stendörren has approximately 3,400 shareholders
- Stendörren Real Estate AB is a company wholly owned by EQT Real Estate II

# TARGETS AND STRATEGY

## TARGETS

### CORPORATE TARGETS

Stendörren's goal is to create a high risk-adjusted return for its shareholders by acquiring, developing and managing properties in the Stockholm and Mälardalen region

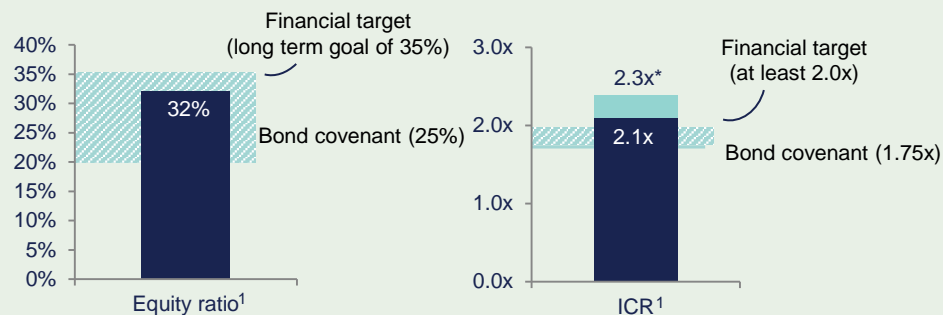
### DIVIDENDS

The company's dividend policy so 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. The 2019 Annual General Meeting decided, in accordance with the Board's proposal, that the dividend be abolished in favor of reinvestment into the project portfolio

### FINANCIAL TARGETS

Stendörren has three stated financial targets:

- Long term equity ratio of 35% (and never less than 20%). Current ratio at 32% (Q2 2019)
- Long term ICR of at least 2.0x. Current ICR at 2.3x\* (LTM Q2 2019)
- Long term average ROE of at least 12%. Current ROE at 13% (LTM Q2 2019)



## STRATEGY

### ACQUISITIONS

- Acquire logistics, warehouses and industrial premises expected to consistently deliver on the company's return requirements
- Acquire properties located in the Greater Stockholm region and other growth centers in the Mälardalen region
- Acquire properties that are flexible in terms of use
- Evaluate new geographical markets and sectors, such as residential development (on own properties)
- Good balance between investment properties with stable cash flows and project properties with great value potential

### MANAGEMENT AND DEVELOPMENT

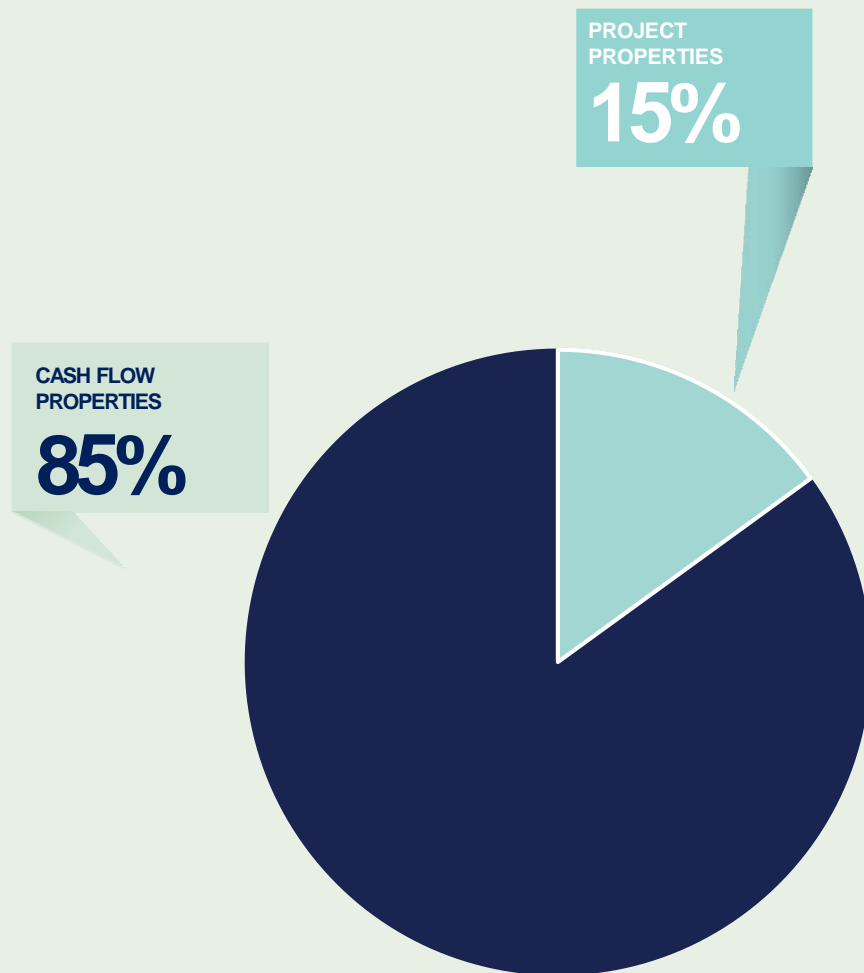
- Continuously develop and proactively manage the property portfolio
- Secure customer satisfaction with current and potential customers by keeping close relations
- Sustain and strengthen customer relations with reputable tenants
- Have a clear leasing strategy in order to secure both long-term cash flows and rental growth, regardless of market condition
- Focus on properties which can be developed through active work with decreased vacancies, rent increase and tenant-adjustments as well as exploitation in the form of new construction and building rights

### FINANCE

- Sustain a clear focus on increasing net operating income and strong cash flows
- Work proactively with the level of capitalisation in order to balance risk and also be positioned for new acquisitions
- Work proactively to minimize capital- and interest rate risks
- Maintain a high standard in external reporting to lenders, stock market, board of directors, authorities and external parties

<sup>1</sup>) As per 30 June 2019, the outcome shows the actual outcome (2.1x calculated as a 12-month trailing average) excluding the one-off financial costs attributable to bidding process during Q4 2018 (the light blue part of the bar)

# VALUE GROWTH IN PROJECT DEVELOPMENT



"CASH FLOW FROM OUR CASH FLOW PROPERTY PORTFOLIO ENABLES US TO CARRY UP TO 15% OF PROPERTY VALUE IN BUILDING RIGHTS AND PROJECT DEVELOPMENT"

## BENEFITS

1. PROJECT DEVELOPMENT IS CONDUCTED UNDER OWN MANAGEMENT
2. PROJECT DEVELOPMENT CREATES CONSIDERABLE VALUE POTENTIAL
3. CASH FLOW PROPERTIES GENERATE STABLE CASH FLOWS. PROJECT DEVELOPEMENT ENABLES HIGHER YIELD

# SUSTAINABILITY

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

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



- 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

# PROPERTY PORTFOLIO

STENDÖRREN

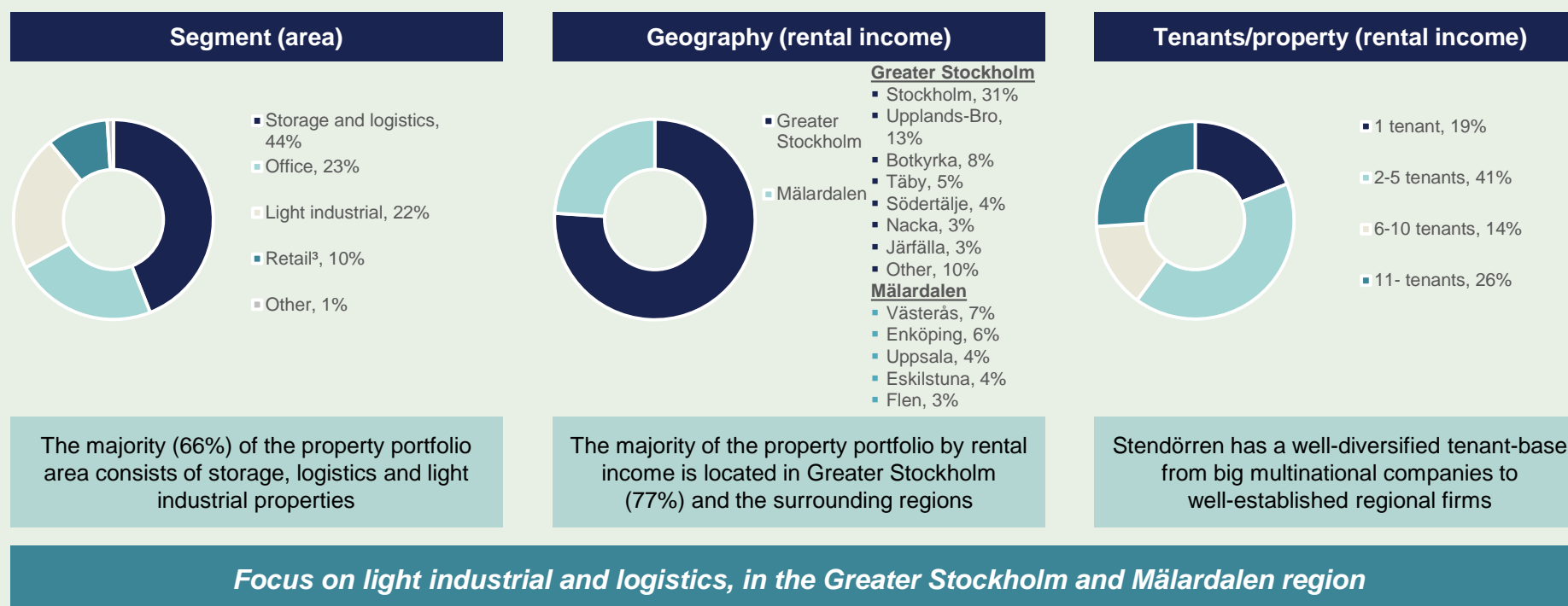
*Lokaler som gör skillnad.*

# PROPERTY PORTFOLIO OVERVIEW

## PROPERTY PORTFOLIO OVERVIEW

- Stendörren has a property portfolio of SEK 8,754m, with a property yield of 5.6%<sup>1</sup> as per 30 June 2019
- Rental value<sup>2</sup> of SEK 592m with an economic occupancy rate of 87% as per 30 June 2019
- Top 10 tenants account for 26% of the rental income
- Average increase in renegotiated leases of 14% in 2018 and >20% Q2 2019 year to date

## PROPERTY DISTRIBUTION



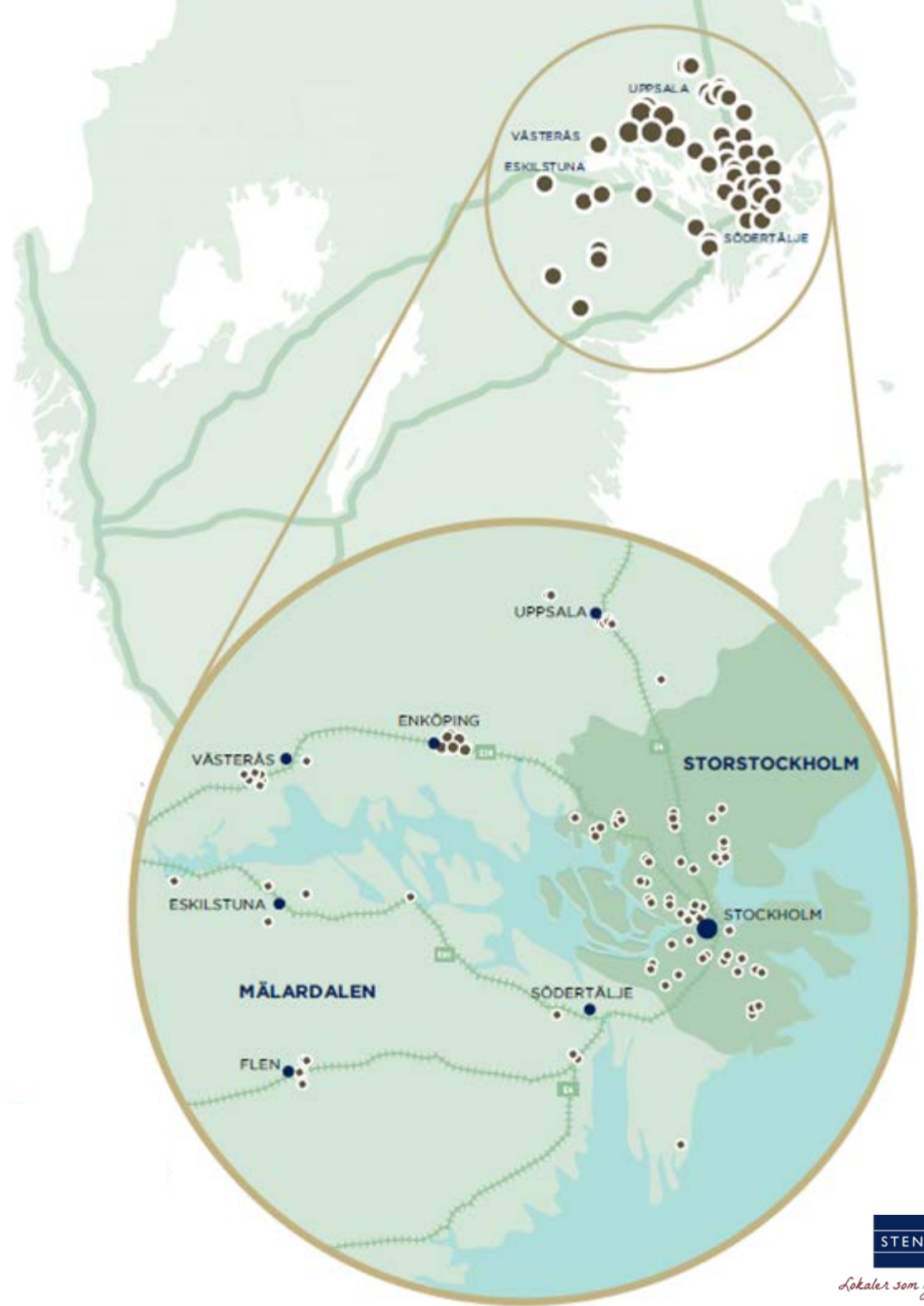
1) Excluding projects and land, 12 months average 2) Estimated earnings capacity as of June 30, 2019 3) Capital goods e.g car dealerships

# STENDÖRREN'S PROPERTY PORTFOLIO

**79%**

WITHIN THE GREATER  
STOCKHOLM REGION

- Greater Stockholm
- Mälardalen



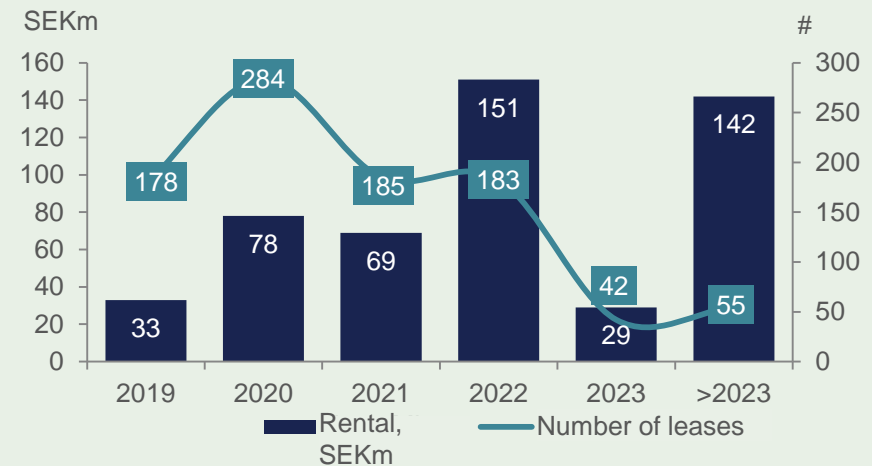
# DIVERSIFIED TENANT BASE

## LARGEST TENANTS AS PER Q2 2019

Tenant	Rental income, SEKm	Rental area, th. sq.m.	Share of total rental income	Lease maturity, years
Coop Logistics AB	52	129	10%	3.5
Exploria AB	17	18	3%	8.5
Åtta.45 Tryckeri AB	11	9	2%	11.3
Unilever Europe BV	9	13	2%	8.5
Alfa Laval Tumba AB	9	20	2%	5.0
Fuchs Lubricants Sweden AB	8	13	2%	1.3
Bactiguard AB	8	4	2%	10.0
Enköping Kommun	7	6	1%	3.5
PostNord Sverige AB	7	5	1%	3.0
Sätra Motorcenter AB	6	6	1%	3.5
<b>Sum</b>	<b>134</b>	<b>222</b>	<b>26%</b>	
Other	458	499	74%	
<b>Total</b>	<b>592</b>	<b>721</b>	<b>100%</b>	



## LEASE MATURITY BY RENTAL INCOME

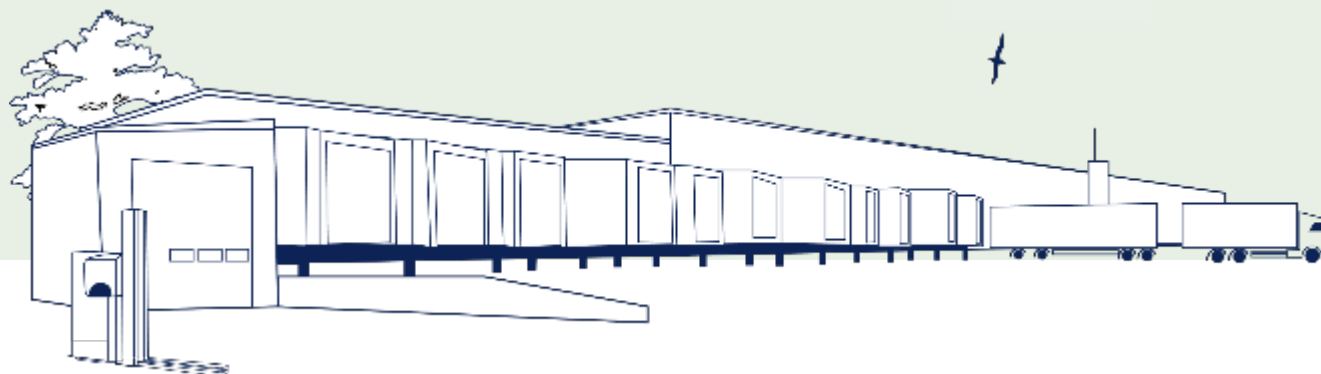


- Stendörren has an attractive and well-diversified customer base with some 800 individual tenants
- The weighted average unexpired lease term is 4.1 years
- Largest tenant is Coop that contributes 10% of total rental income
- Top ten tenants contribute 26% of total rental income with an average weighted lease maturity of approximately 5.5 years

# STENDÖRREN PROPERTY PORTFOLIO

## FAST MAJORITY OF THE PROPERTIES LOCATED IN THE GREATER STOCKHOLM REGION

REGION	BOOK VALUE, SEKm	BOOK VALUE /SQ.M.	NOI, SEKm	# OF PROPERTIES	OCCUPANCY	LETTABLE AREA, '000 SQ.M.
<b>Stockholm</b> Greater Stockholm Region	6,939 (79%)	13,522	328	78	88%	513
<b>Uppsala</b>	281 (3%)	17,580	17	9	92%	16
<b>Eskilstuna</b>	283 (3%)	6,239	16	3	90%	45
<b>Enköping</b>	479 (5%)	12,009	26	13	83%	40
<b>Other Stockholm &amp; Mälardalen region</b>	772 (9%)	7,229	50	19	83%	107
<b>Total</b>	<b>8,754</b>	<b>12,139</b>	<b>436</b>	<b>122</b>	<b>87%</b>	<b>721</b>



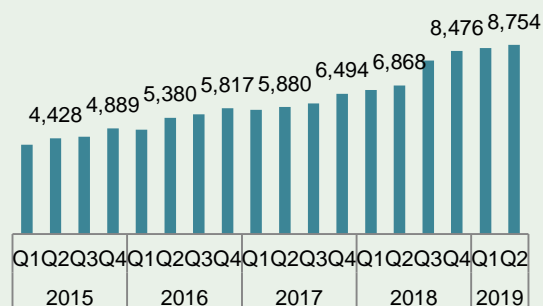
# FINANCIAL INFORMATION

# KEY METRICS



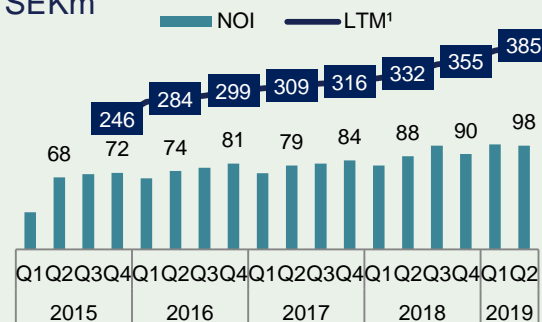
## GROWING PROPERTY PORTFOLIO

**Property value**  
SEKm



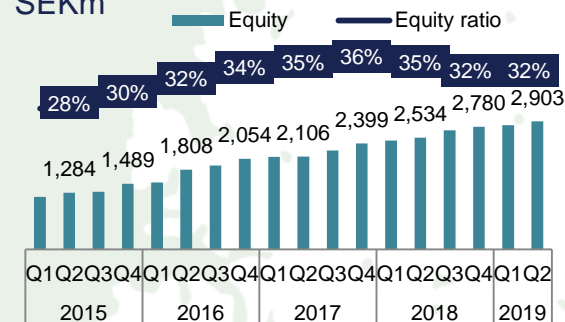
## DEBT SERVICE CAPACITY

**Net operating income**  
SEKm

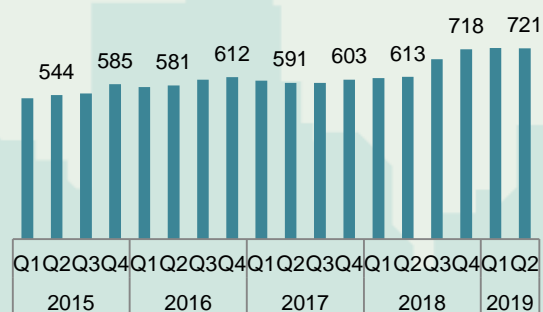


## SOLID BALANCE SHEET

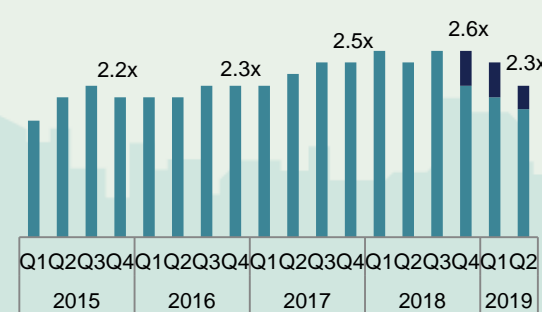
**Equity ratio**  
SEKm



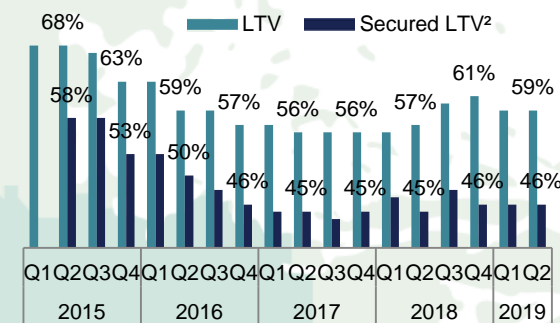
**Lettable area**  
'000 sq.m.



**Interest coverage ratio<sup>2</sup>**



**Loan to value**



1) Last twelve months 2) Profit from property management before financial expenses in relation to financial expenses on a 12 month rolling basis. The outcomes (Q4 2018 Q2 2019) show both the actual outcome (calculated as a 12 month trailing average), and the outcomes excluding the one off financial costs attributable to bidding process during Q4 2018 (the light blue part of the bar). 3) Secured LTV is not reported for Q1 2015

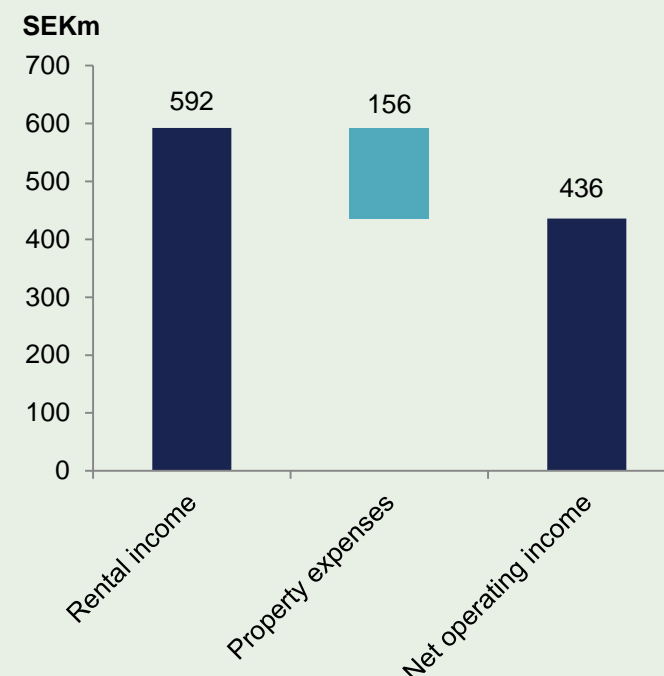
# EARNINGS CAPACITY

## COMMENTS

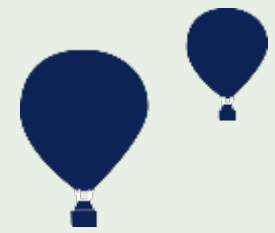
- **As of 30 June 2019 the property portfolio consisted of 122 properties with a lettable area of 721,000 sq.m.**
- **12 month rolling NOI for the portfolio amounts to approximately SEK 436m**
  - Stendörren estimates that the current portfolio generates a combined rental income, adjusted for vacancies and discounts of approximately SEK 592m on a 12 month basis
  - Meanwhile, the property expenses<sup>1</sup> are expected to amount to approximately SEK 156m, resulting in a NOI of SEK 436m
- **Run rate figures are not a 12 month forward looking estimate**
  - The figures are based on the current portfolio as of 30 June 2019 and thereafter known changes
  - The figures are not adjusted for expected new tenants, future vacancies or changes in rental level and should therefore not be viewed as an estimate of the result during the upcoming 12 months
- **Changes in the portfolio and organisation could increase or decrease rental income, NOI and profit from property management**
  - The 12 month run rate may change depending on future acquisition or divestments of properties
  - Announced acquisitions that have not been completed are not included in the run rate estimate

## 12-MONTH RUN RATE

Earnings capacity	SEKm
Rental income	592
Property expenses <sup>1</sup>	-156
<b>Net operating income</b>	<b>436</b>

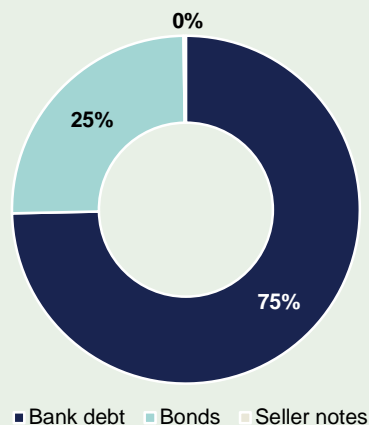


1) Estimated property costs on an annual basis including adjustment of SEK 9m regarding property leasehold payments in accordance with IFRS 16



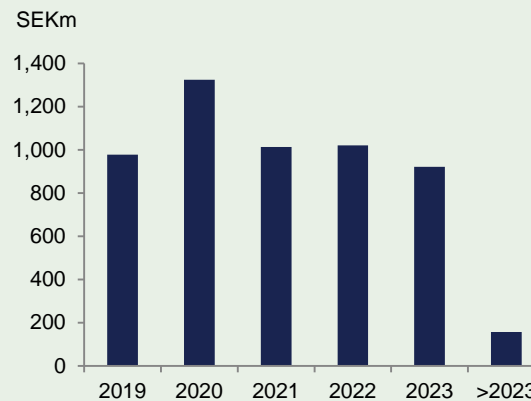
# DEBT FUNDING

## DEBT FUNDING OVERVIEW



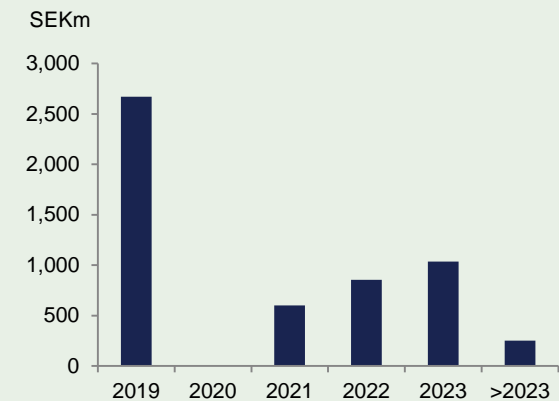
- Total interest bearing debt amounts to SEK 5,393m
  - Bank debt of SEK 4,043m
  - Bond debt of SEK 1,360m
  - Seller notes of SEK 12m
  - Loan fees of SEK -22m (not shown in graph, reported as prepaid interest)
- Stendörren uses several of the leading Nordic banks for debt sourcing
- Typically approximately 60% bank financing on acquisitions

## LOAN MATURITY



- Stendörren has a well distributed maturity profile on its financial indebtedness
- Average loan maturity of approximately 2.2 years (binding credit commitments from banks exist for extension of all debt that matures in 2019. Such extensions would increase the average loan maturity by approximately 0.7 years)
- Average interest rate of approximately 1.9% on financing from credit institutions

## INTEREST FIXING<sup>1</sup>



- During Q2 2019 Stendörren had interest rate caps amounting to SEK 2,734m of nominal value
- Including the interest rate caps, the average interest fixing was 1.7 years

1) Interest fixing for 2019 includes all debt with STIBOR as base and which is not included in interest fixing through derivatives

# BALANCE SHEET OVERVIEW

## BALANCE SHEET

2019-06-30	SEKm
Investment properties	8,754
Other non-current assets	234
<b>Total non-current assets</b>	<b>8,988</b>
Other current receivables	113
Cash and bank balances	96
<b>Total current assets</b>	<b>209</b>
<b>Total assets</b>	<b>9,197</b>
Equity	2,903
<b>Total equity</b>	<b>2,903</b>
Non-current interest-bearing liabilities	4,033
Current interest-bearing liabilities	1,360
Deferred tax liabilities	452
Non-interest-bearing liabilities	449
<b>Total liabilities</b>	<b>6,294</b>
<b>Total equity and liabilities</b>	<b>9,197</b>

## KEY METRICS

Metric	Data
Property value, SEKm	8,754
Net debt, SEKm	5,297
Equity / Total assets	32%
LTV	59%

- As of 30 June 2019 Stendörren had total assets of SEK 9,197m of which Investment properties accounted for SEK 8,754m
- Stendörren had a total equity of SEK 2,903m as of 30 June 2019, corresponding to an equity ratio of 32%
- Gross debt amounted to SEK 5,393m while the company had cash and bank balances of SEK 96m, resulting in a net debt of SEK 5,297m
- The LTV amounted to 59% as of Q2 2019
- Secured a credit facility from banks totaling SEK 609m

# MARKET OVERVIEW

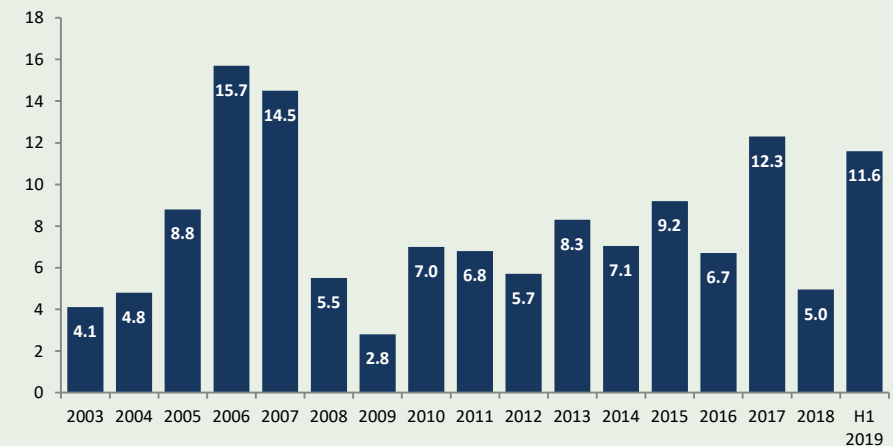
# LOGISTICS

## STRONG UNDERLYING MARKET

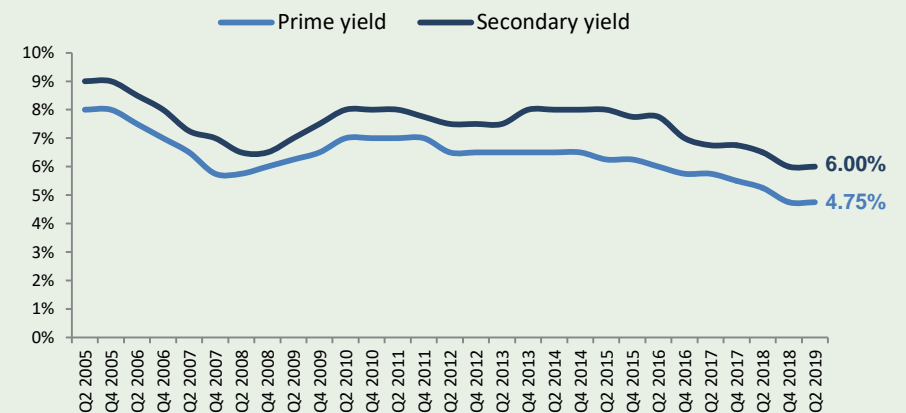
- 86% of Sweden's population and businesses are situated in the urban areas, with Stockholm metropolitan area accounting for approximately 2.3m
- Out of the most attractive logistics locations Stockholm stands out as the dominant player due to population and business community, location and transportation options
- The total turnover for logistics properties amounted to SEK 11.6bn in the first two quarters of 2019 combined. SEK 10.5bn of which took place in Q1 2019
- In recent years, the logistics sector has become increasingly established as an institutional asset class, which has seen the demand for prime properties rise significantly and pushed yields downwards. This is expected to continue as demand increases
- Growing e-trade business, digitalization trends and a stable rental market with low vacancies have contributed to high levels of interest of investing in logistics properties, but supply is limited
- Historically, long-term contracts have been signed for logistics properties. The current trend however, is shorter contracts and that warehouses close to cities become more attractive, which result in higher rental levels
- The availability of bank financing and increased demand has led to a highly competitive market where yields have been pushed down. The current yield for prime logistics can go as low as 4.75% (Sweden) with secondary logistics properties yield at 6.00% (Sweden)

## TURNOVER LOGISTIC PROPERTIES<sup>1</sup>

SEKbn



## YIELDS LOGISTICS<sup>1</sup>

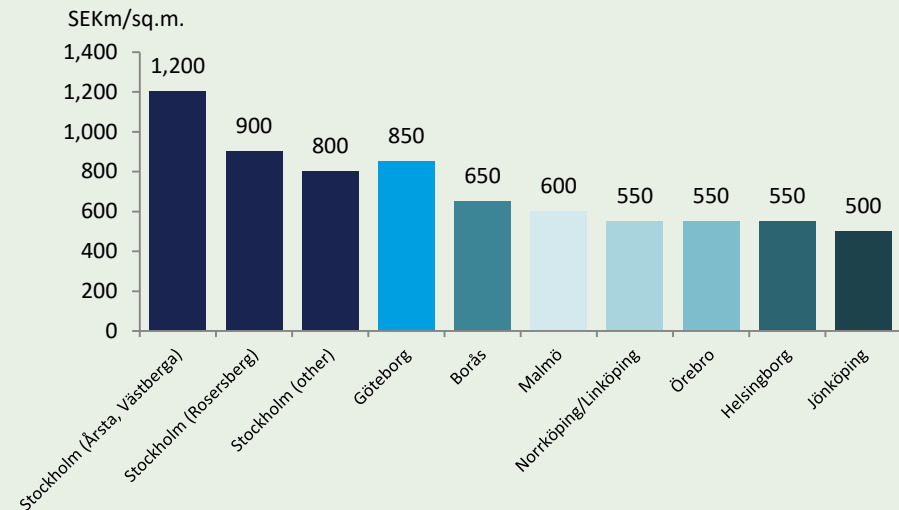


# GREATER STOCKHOLM IN FOCUS

## STRONG MARKET REGION

- The Greater Stockholm area has a current population of 2.3m and is the fastest growing capital in Europe, with its population expected to grow by 11% by 2020
- Stockholm benefits from excellent transportation infrastructure including first class road and rail connections, a well-established urban public network and the country's largest airport (Arlanda airport). Stockholm will benefit from extensive infrastructure projects over the short, medium and long term
- The Stockholm region has the highest rental levels in Sweden. Rental spread varies from 700-1,200 SEK per sq.m, whereas Jönköping has the lowest rents varying from of 450-500 SEK per sq.m. The rent levels, for modern logistic facilities with good access to motorway and other public transport and is close to the city center is approximately 900 – 1,200 SEK per sq.m. in the Stockholm region
- The population growth in the Stockholm region is pushing property owners towards converting centrally located logistics properties to residential development, thereby decreasing supply
- Speculative development of logistics/industrial properties remains low and is focused around specific locations such as Märsta/Sigtuna/Rosersberg, Järfälla/Veddesta and Södertälje/Nykvärn
- The combination of a growing economy and limited supply is beneficial for the demand for logistics and industrial properties

## PRIME LOGISTICS RENT



Market	Rental spread, SEK per sq.m
Stockholm (Årsta, Västberga)	900-1,200 SEK/sq.m.
Stockholm (Rosersberg)	800-900 SEK/sq.m.
Stockholm (other)	700-800 SEK/sq.m.
Göteborg	700-850 SEK/sq.m.
Borås	500-650 SEK/sq.m.
Malmö	600 SEK/sq.m.
Norrköping/Linköping	500-550 SEK/sq.m.
Örebro	500-550 SEK/sq.m.
Helsingborg	500-550 SEK/sq.m.
Jönköping	450-500 SEK/sq.m.

# CONCLUDING REMARKS

# CONCLUDING REMARKS

## STRONG FINANCIALS COUPLED WITH ESTABLISHED MARKET POSITION

- 1 Diversified tenant base (more than 800 tenants with 4.1 years to maturity)
- 2 Substantial potential for continued pick-up in rent as leases are renegotiated (>20% ytd per Q2 2019)
- 3 Active in the Greater Stockholm and Mälardalen region
- 4 Yield on cash flow properties (5.6%)
- 5 Strong debt service capabilities (ICR of 2.3x\* per LTM Q2 2019)
- 6 Long track record and committed management
- 7 Strong potential in increasing balance sheet with marginal increase in central administration expenses

\* The outcome excluding the one-off financial costs attributable to bidding process during Q4 2018

# RISK FACTORS

# RISK FACTORS

*In this section, material risk factors are illustrated and discussed, including the Issuer's economic and market risks, business risks, legal and regulatory risks, as well as structural risks relating to the Capital Securities, risks relating to the Capital Securities and risks related to debt instrument such as the Capital Securities. The Issuer's assessment of the materiality of each risk factor is based on its assessment of the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Investor Presentation.*

*The risk factors are presented in categories and where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor. The most material risk factors in a category is presented first under that category, the assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact is disclosed by rating the relevant risk as low, medium or high. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence.*

## Definitions

**"Issuer"** means Stendörren Fastigheter AB (publ).

**"Group"** means the Issuer and its subsidiaries from time to time.

**"Property"** means all real properties and site leasehold rights owned by any member of the Group from time to time.

## 1. RISKS RELATING TO THE ISSUER

### 1.1 Economic and market risks

#### 1.1.1 Market value risk

The Issuer is operating within the real estate business, which to a large extent is affected by macroeconomic factors such as the general economic trend, regional economic development, employment rate development, production rate of new premises, changes of infrastructure, inflation and interest rates. The development of the economy is therefore a material factor for supply and demand on the real estate market and accordingly affects vacancy and rental rates for the Properties.

Expectations regarding inflation also affect the interest rate and therefore affect the Issuer's net financial income. In addition, changes in the interest rate and inflation also affect the markets yield requirements and thus the market value of the Properties. The market value of the properties will also be affected, positively or negatively, by the general investment climate on the relevant investment market. The investment climate will, among other things, be heavily influenced by the risk sentiment among investors, access to capital and the relative investment yield that can be expected from other, competing investment alternatives.

Negative changes in macroeconomic factors such as the risks described above will, if the risks materialises, affect the Issuer's net financial income, which in turn could adversely affect the Issuer's operations, earnings and financial position.

Risk rating: High

#### 1.1.2 Interest rate risk

Interest rate risk is described as the risk that changes in interest rates affect the Group's interest expense. For example, other than equity, the Group's operations are mainly financed by loans from credit institutions. Interest expenses are therefore one of the Group's main cost items and an increase in interest rates would lead to higher financing costs since the Issuer's level of debt creates an exposure to interest rate risk, where an increase in the STIBOR rate would lead to higher financing costs.

# RISK FACTORS (CONT'D)

For example, as per the end of 2018 an interest sensitivity test indicated that, if there would be an increase in STIBOR amounting to 0.5 per cent., such change would have an impact of approximately SEK 20 million in increased interest expenses (before taxes) for the Group on a yearly basis, and if STIBOR would increase with 2.0 per cent., the Group's interest expenses (before taxes) would increase with SEK 99 million on a yearly basis. Through the CPI-indexation of all rental contracts, there is a natural hedge against high inflation and thus increasing interest rates. According to the Issuer's finance policy, between 40 per cent. and 70 per cent. of all interest bearing liabilities should always be hedged through interest derivatives or fixed rate contracts. For example, the Group has entered into interest rate swap agreements with respect to credit agreements with floating interest rates. The derivatives constitute a hedging against higher interest rates, but this also implies that the market value of the Group's interest rate derivatives decreases if the market interest rates decrease, which in turn has a negative impact on the Issuer's financial position and result. In certain cases, the Group has also entered into credit agreements providing for an interest rate floor. The consequence of these provisions is, for example, that the Group will be unable to in full benefit a negative 3-months STIBOR rate.

If the risks materialise and there would be an increase in the STIBOR rate, this increase will affect the Issuer's net financial income, which in turn could adversely affect the Issuer's operations, earnings and financial position.

Risk rating: Medium

## 1.1.3 Rental income and rental development

Rental income is the Issuer's main source of income. The rental income is affected by the vacancies of the Properties, contracted rental rates and the tenants paying their rents on time. Rental rates are affected by, *inter alia*, the supply and demand on the market and the level of the market rental rates. Increased vacancies and/or decreased rental rates will negatively affect the Issuer's earnings. For example, the Group's total rental income amounted to SEK 537 million for the financial year 2018 and a potential decrease in the Group's total rental income of 10 per cent., due to fluctuations in vacancies could therefore have a material negative impact on the Group's total earnings, corresponding to the decrease in rental income.

The risk of fluctuations in vacancies increases with more single large tenants. For example, the ten largest tenants as of 30 June 2019 accounted for approximately one fifth (1/5) of the total contracted rental income. There is a risk that the Issuer's larger tenants do not renew or extend their lease agreements upon expiry and that the Issuer does not find new tenants, which in the long term could lead to a decrease in rental income and an increase in vacancies. For example, the largest tenant, being Coop Sverige, accounted for approximately ten (10) per cent., of the total contracted rental income as of 30 June 2019. If Coop Sverige does not renew or extend its lease agreement it could result in a material decrease in the Issuer's rental income, which would have a negative impact on the Issuer's total rental income and hence the Issuer's earnings.

Even if the Issuer deems the likelihood of a material decrease in rental income as described above to be relatively low, if any of these risks materialise, it may have a material negative impact on the Group's total rental income, which in turn would have a material negative effect on the Group's income and hence adversely affect the Issuer's earnings and financial position.

Risk rating: Medium

# RISK FACTORS (CONT'D)

## 1.1.4 Geographical risks

The supply and demand for properties and the return on property investments varies between different geographical markets and may develop differently within geographical markets. The Issuer's Properties are located in the Greater Stockholm area (*Storstockholm*) and Mälaren Valley (*Mälardalen*).

The demand for commercial premises of the type that the Issuer invests in is however positively impacted by the long term growth of the Greater Stockholm region (*Storstockholm*). The market supply of premises for light industrial-, warehouse and logistics use have for many years been lagging behind the demand for such space whereby the effective market rent have been climbing steadily. Given that the average lease term in the Group's portfolio of properties is longer than 4 years, approximately 20-25 per cent. of all leases will come up for renewal in each of the coming 4 years. When these leases come up for renewal they will be on average 3-7 years old thus implying that there is a substantial catch-up of rental increase that can be expected. For the full year 2018, the rental contracts that were renewed and extended resulted in an average rental increase of 14 per cent.

If the demand for premises to lease declines in that market, it could adversely affect the Issuer's operations, earnings and financial position.

Risk rating: Medium

## 1.2 Risks relating to the Issuer's business

### 1.2.1 Property transactions

The Issuer's Property portfolios may vary over time and acquisition and sale of additional Properties and Property owning companies are an important part of the Issuer's and the Group's ordinary business. The Group acquired Properties for SEK 1,715 million and sold Properties for SEK 365 million during the financial year of 2018. Inefficiencies in connection with Property transactions may lead to attractive Properties or Property owning companies being disposed of whereas less attractive Properties or Property owning companies may be acquired, which could lead to a decrease in the market value of the Issuer's Property portfolios. The disposal of Properties within the Group could also, due to the value of the specific Properties, have a significant negative effect on the Issuer's cash flow, if such Properties are sold at a too low price. For example, if the Properties are sold to a lower price than expected or if the market value of the Properties decreases, this could have a negative effect on the Issuer's earnings and financial position.

All types of transactions, including acquisitions and divestments of real estate, are associated with risks and uncertainties. When acquiring real estate there is uncertainty regarding future loss of tenants, potential environmental impact from activities carried out on the property as well as decisions from authorities. For example, there is always a thorough investigation performed before an acquisition agreement is signed whereby any technical deficiencies, environmental contamination (ongoing or historic), financial issues in a company that is to be acquired or any other matter that could have a negative impact on the value of the acquired property (or property owning company). There is however always a risk that the investigation does not uncover all the potential issues and problems whereby the Issuer's operations, earnings and financial position could be negatively affected.

When acquiring real estate companies, there are risks relating to, *inter alia*, tax, environmental issues and disputes. In real estate transactions, the seller usually leaves guarantees regarding, for example, environmental risks and the validity of lease agreements. In transactions with real estate companies, it is also generally guaranteed that no tax disputes or other legal disputes exist. Certain warranties may be unlimited, such as tax warranties, which could imply warranty claims on significant amounts, even to the extent that the claim exceeds the value of the underlying property object. If any of these risks were to materialise, this could have a negative effect on the Issuer's operations, earnings and financial position.

# RISK FACTORS (CONT'D)

Furthermore, as the Group has and is continually acquiring companies, the Group is exposed to integration risks due to the high number of acquisitions of new companies. The integration risks could, for example consist of increased merging costs, organisational costs, risks related to the inability to retain key personnel and unexpected costs related to management of new tenants. Such increased costs could negatively affect the Group's operations, financial position and earnings and in turn the performance of the Issuer under the Capital Securities.

Risk rating: High

## 1.2.2 Risks relating to developing and renovating projects

Developing new Property as well as renovating existing Property or acquiring vacant Property involves risks for the Issuer, such as miscalculations of customer demand leading to unsold premises, unleased premises, lower profitability for the project and undesired tied-up capital on the balance sheet. When developing new Property or renovating existing Properties, there is a risk that the Issuer is unable to lease vacant Properties it has acquired or that such development or renovation turns out less profitable than expected, or that premises remain unsold and the Issuer has undesired tied-up capital on the balance sheet, which could have a negative effect on the Issuer's earnings and financial position.

If the costs for developing or renovating Properties requires more capital than expected by the Issuer, or if there should be any delays in the projects, there is a risk that the planned developments or renovations have to be suspended or reduced, which could have a negative impact on the Issuer's business and hence a negative effect on the Issuer's earnings and financial position.

Risk rating: High

## 1.2.3 Risks relating to local plans and permits for new construction and re-construction

Property development projects (including new construction, re-construction of buildings or change of use) is subject to zoning plans, permits and decisions from authorities unless such are already in place. Such permits and decisions may not always be granted when expected or at all, which can cause delays, increased costs and even jeopardise project realisation. Further, modified municipal planning may lead to local plans not being approved when expected or at all, causing delays and increased costs pertaining to necessary restructuring of the project. If necessary permits or approvals are not obtained when expected or at all, this could, for example, cause delays, increase costs or even jeopardise the project's realisation, which in turn could have a negative effect on the Issuer's earnings and financial position.

For example, the Issuer owns in excess of 120 Properties and as a part of the active management of the property portfolio there are approximately 10 properties where there is an ongoing process to update or change the existing zoning plan to fit the business plan for those properties.

Even though the Issuer deems the likelihood for a material change in the principles for granting permits for new construction and re-construction to be low, a change in the current principles for granting such permits significantly may affect the Issuer's ability to pursue with its business.

Risk rating: High

## 1.2.4 Technical risks

The Issuer's real estate investments involve technical risks. A technical risk can in this context be described as the risk related to the technical operations of the Property, for example the risk of defects relating to the construction of the Property, other latent shortcomings or deficiencies, damages (for instance due to fire or other forces of nature) or environmental hazards. The Issuer has signed full value insurances for Properties owned by any Group Company. The Issuer also performs thorough investigations of the technical standard of any property before it is acquired (see further under risks relating to

# RISK FACTORS (CONT'D)

property transactions below). Furthermore, any environmental contamination or environmental impact from operations undertaken on any of the properties owned by any Group Company is primarily the responsibility of the tenant that performs that operation although there will always be a secondary responsibility for any environmental remediation that a defaulting tenant cannot perform. Such secondary responsibility is borne by the property owner.

Risk rating: Medium

## 1.2.5 Operating and maintenance costs

Tenants leasing industrial premises at the Issuer's Properties, usually have a relatively extensive responsibility for operating costs pursuant to the terms of the relevant lease agreements. Operating costs are mainly costs that are tariff-based, such as costs for electricity, cleaning, water and heating. When a cost increase is not compensated through regulation of the lease, or an increase in rent by renegotiation of the lease agreement, it may have a negative effect on the Issuer's financial position and results. In the event of vacancies, the Issuer's result may be affected mainly by loss of revenue. Maintenance costs include costs that are necessary in order to maintain the standard of Properties in the long term. The occurrence of unforeseen and extensive renovation needs on Properties may have a negative effect on the Issuer's earnings and cash flows.

Risk rating: Medium

## 1.2.6 Dependency on members of management and other key personnel

The knowledge, experience and commitment of the Issuer's employees are important for the Issuer's future development. For example, the Issuer is highly dependent on a number of key persons such as the members of the management team. Should the key persons decide to leave the Issuer, it could impact the future development of the Issuer. Furthermore, if the Issuer is unable to retain members of management and other key personnel, or recruit new members of management or other key personnel to replace people who leave the Issuer at reasonable compensation levels, it may have a negative impact on the Issuer's costs and therefore as a result, affect the Issuer's operations, earnings and financial position.

Risk rating: Medium

## 1.2.7 Environmental risks

Property management, which is a part of the Issuer's business, includes environmental risks. According to Swedish legislation, the party that has conducted operations which have caused contamination is responsible for remediation of the contaminated property. If such party is not able to carry out or pay for the remediation of a contaminated property, the party who acquired the property and was aware of the contamination at the time of acquisition or ought to have detected it then shall be liable for remediation. If claims for remediation regarding any of the Properties should be put forward to the Group, this may have a negative effect on the Issuer's earnings and financial position. For example, out of the 121 properties and land leases owned by the Issuer, there is one property with a documented environmental contamination. When acquired in 2016 the investigation concluded that the environmental liability could be set at SEK 5 million for this contamination (which is fully reserved in the balance sheet of the Issuer).

Furthermore, changed laws, regulations and requirements from authorities in the environmental area could result in increased costs for the Issuer with respect to sanitation or remediation regarding currently held or future acquired properties, as well as increased costs for carrying out planned real estate development, both of which may have a negative effect on the Issuer's earnings and financial position.

# RISK FACTORS (CONT'D)

As the Issuer's business operations mainly consists of owning and managing light industrial and logistics properties in which the tenants are conducting business, the risk for environmental issues could be higher than compared to other types of commercial properties.

Risk rating: Medium

## 1.2.8 Counterparty risk

The Issuer's current and potential customers may find themselves in situations, for example due to financial circumstances, where they cannot pay the agreed rent as it falls due or otherwise abstain from fulfilling their obligations. Further, new developments and renovation projects may be delayed due to, for example, suppliers not being able to deliver on time or contractors being unable to finish projects as planned. If the Issuer's counterparties are unable or unwilling to fulfil their obligations towards the Issuer, it could have a negative impact on the Issuer's ability to maintain profitability. In addition, counterparty risks within the Issuer's financial operations arise, *inter alia*, in the event of investment of excess liquidity, if derivatives are entered into and upon obtaining long-term and short-term credit agreements.

If any counterpart risk arises it may have a negative effect on the Issuer's earnings and financial position.

Risk rating: Medium

## 1.2.9 Competition

The Issuer operates in a competitive industry. For example, the Group's competitiveness is, amongst other things, dependent on its ability to predict future changes in the industry and to quickly adapt to current and future market needs. The Issuer's two major types of competitors are other real estate management companies within the real estate business with the same business focus as the Issuer, and real estate developers which are mainly focusing on leasing new-built properties directly to customers instead of selling them to companies as the Issuer.

It may become necessary for the Group to make significant investments, restructuring operations or price reductions in order to adapt to new competition. For example, the Group's competitors may have greater resources and capabilities than the Issuer to better withstand downturns in the market, compete more effectively, retain skilled personnel and react faster to changes in local markets. Financially strong competitors may use price reductions with the purpose of quickly gaining market shares or to establish themselves on the market. If such competitors decides to enter into the markets of larger Stockholm (*Storstockholm*) and Mälaren Valley (*Mälardalen*) where the Issuer's Properties are located, this could lead to a decline in the demand for the Issuer's Properties. Although the Issuer deems the likelihood of the establishment of such financially strong competitor which establishment on the abovementioned markets could adversely affect the demand for the Issuer's Properties and hence weaken the Issuer's position in the markets to be low, if the risk described above materialise it would have a material negative impact on the Issuer's earnings and financial position.

Further, if the Group has to make significant investments, restructurings or price reductions due to increased competition, it may have a negative effect on the Issuer's earnings and financial position.

Risk rating: Medium

# RISK FACTORS (CONT'D)

## 1.2.10 Reputational risk

The Issuer is dependent on its good reputation. The Issuer's reputation is important from many different aspects. It is for example important in relation to new and current tenants. As an example, operative problems or maintenance problems could damage the Issuer's reputation, which in turn could lead to difficulties obtaining new or keeping current tenants. The Issuer's reputation is also important in relation to banks, bond investors and other sources of capital as well as in relation to recruitment of key personnel. Furthermore, damage to the Issuer's reputation could lead to loss of income or loss of growth potential, which in turn may have a negative effect on the Issuer's business, earnings and financial position.

Risk rating: Medium

## 1.2.11 Disputes and litigation

The Issuer faces the risk of litigation and other proceedings in relation to its business. For example, the Issuer focuses on owning and managing light industrial and logistics properties. As a result, the tenants are mainly conducting business in the Issuer's Properties. If there would be a stoppage in the tenant's operating activities due to the Property's technical design or standard, this could result in a claim for damages from the tenant, which, if the described risk materialises, could affect the Issuer's earnings and financial position.

The outcome of any litigation may expose the Issuer to unexpected costs and losses, reputational and other non-financial consequences and diverting management attention. For example, the outcome of litigation and other proceedings may not correspond to the way the outcome is perceived by the market, and the Issuer's reputation may be impacted in a way which adversely affects its earnings and financial position.

Risk rating: Medium

## 1.2.12 Holding company risks

The Issuer is a holding company and the Group's operations are mainly run through its subsidiaries. The Issuer is hence dependent on its subsidiaries to be able to fulfil its obligations under the Capital Securities. For example, the Group intends to provide the Issuer with liquidity by way of intra-group loans, dividends or other transfers of value in order for the Issuer to fulfil its obligations under the Capital Securities. However, if the subsidiaries do not provide liquidity, or due to other circumstances, conditions, laws or regulations are prevented from providing liquidity to the Issuer, there is a risk that the Issuer will not be able to fulfil its obligations under the Capital Securities.

Even if the Issuer deems the likelihood of a negative cash flow in the Issuer due to the fact that its subsidiaries have not provided the Issuer with liquidity to be low, every Investor shall be aware that their investment is dependent not solely on the Issuer's earnings, but also the subsidiaries earnings.

Risk rating: Low

# RISK FACTORS (CONT'D)

## 1.2.13 Risks relating to inadequate insurance

The Group has insured its operations against usual losses and/or potential liability in relation to third party claims. Certain types of losses and/or damages are generally not covered by insurance policies due to such losses being considered as impossible to insure, for example losses resulting from the act of war, terrorism, professional liability or personal liability (the latter two where damages are caused by negligence, wilful misconduct or criminal acts). Further, most of the Issuer's insurances (i.e. the insured amounts) are limited by specified maximum amounts per claim, series of injuries and the specified insurance periods. Also, if a tenant is revoking its lease agreement due to a damage to the leased property, there is a risk that the Issuer's insurance policies are not covering the lost rental income. In the event that a loss is not covered or only partially covered by the Issuer's insurance policies or that an incurred loss exceeds the maximum amount covered by the relevant insurance policy, or upon the occurrence of consequential loss, this may have a material negative effect on the earnings and financial position.

Risk rating: Low

## 1.3 Financial risks relating to the Issuer

### 1.3.1 Refinancing risk

Refinancing risk is the risk that financial costs could be higher and/or the refinancing possibilities could be limited or non-existent when the Capital Securities or other debt owed by the Issuer or the Group falls due and/or needs to be refinanced. This could in turn affect the Issuer's and/or the Group's liquidity and consequently affect the possibility to repay debt as it falls due.

The Issuer's business is partly financed by externally provided capital. The bulk of the required capital for financing of both development of existing Properties and future acquisitions is and will be provided by banks, credit institutions or other lenders. As of 30 June 2019, the Group's net indebtedness amounted to SEK 5,393 million, of which SEK 1,360 million will be due within twelve months.

During the financial crisis, the volatility and the disruptions in the financial and credit markets were great, with reduction in liquidity and higher credit risk premiums for many credit institutions. Although the turmoil in the market has ceased due to central banks' quantitative easing programs and amended regulations from agencies, there is still a great uncertainty and volatility. If the Issuer cannot refinance itself or only may refinance itself at much higher costs, this could have a negative effect on the Issuer's business, earnings and financial position.

If the Issuer is unable to refinance existing financial indebtedness on the relevant due dates it may lead to its creditors taking action against it, for example by initiating court proceedings or filing for bankruptcy for the Issuer, which in turn would have a negative impact on the Issuer's business and financial position.

Risk rating: High

### 1.3.2 Liquidity Risk

Liquidity risk is the risk that the liquid assets of the Issuer are not sufficient to meet its payment obligations at the relevant maturity date or that the Issuer cannot issue new securities at a fair price. The Issuer is dependent on available liquidity in order to fulfil its obligations, making investments and paying interest and amortisation costs related to its financing. If the Issuer does not have sufficient liquidity to fulfil its obligations this could have a negative effect on the Issuer's business, earnings and financial position.

Risk rating: High

# RISK FACTORS (CONT'D)

## 1.3.3 Changes in value of Properties

The Issuer's Properties are reported at fair value (*verkligt värde*) in the balance sheet and with changes in value in the profit and loss account. Different factors, for example changes in cash flow or the markets profitability requirements, could have an material effect on the value of the Properties, which may cause the Issuer to write down the fair value of the affected Properties. A possible result of such write down is that it would adversely affect the Issuer's earnings and financial position.

Furthermore, factors affecting the reported fair value of the Properties could both be Property specific, such as rent levels, occupancy ratio and operative expenses, and market specific, such as macroeconomic effects, general economic trends, growth, unemployment levels, the rate of production of new premises, population growth, inflation and interest rates.

If the value of the Properties decreases, causing the Issuer to write down their value, it could result in a number of consequences, such as a breach of the covenants of the loans owed by the Group from time to time, which in turn could result in such loans being accelerated prior to maturity. For example, an increase or decrease in the net operating income (*driftsnetto*) of +-2.5 per cent., would, as of 31 December 2018, affect the estimated market value of the Properties with by approximately +- SEK 212 million.

Furthermore, a material decrease of the market value of the Properties would also have a negative impact on the Issuer's possibilities to dispose of its Properties without incurring losses, which in turn may have a negative effect on the Issuer's earnings and financial position. For example, an increase or decrease of the markets yield requirements of 0.5 per cent., would, as of 31 December 2018, result in a decrease in the value of the Properties with SEK 775 million, and an increase in the value of the Properties amounting to SEK 948 million.

If any of these risks materialise, it may have a material negative effect on the Issuer's income statement and hence a material negative effect on the Issuer's earnings, which in turn could have a negative impact on the Issuer's financial position.

Risk rating: High

## 1.3.4 Covenants in credit agreements

If the Group is in breach of any of its covenants (e.g. financial covenants) in its loan agreements, it could lead to loans being accelerated which means that they fall due for payment prior to their specified maturity. If the Group is unable to repay such loan following an acceleration it may further give the creditor under such loan the right to enforce security granted for such loan. Such breach could adversely affect the Issuer's business, earnings and financial position.

Furthermore, the financial covenants could have consequences for the Issuer in relation to its ability to obtain additional financing in the longer term, including its ability to refinance its bank borrowings on comparable terms. Also, in the event of a downturn in revenue, the Issuer's leverage could have a disproportionately adverse effect on its profitability. Even though the Issuer deems the likelihood of the described risks to materialises to be low, if the risks materialises this could affect the Issuer's ability to seize business opportunities in the future which in turn could have a negative effect on the Issuer's business.

Risk rating: Medium

# RISK FACTORS (CONT'D)

## 1.4 Legal and regulatory risks relating to the Issuer

### 1.4.1 New amended legislation

The Issuer's business is regulated by and must be conducted in accordance with several laws and regulations, (*inter alia* the Swedish Companies Act (*aktiebolagslagen* (2005:551)), the Swedish Land Code (*Jordabalken* (1970:994)), the Swedish Environmental Code (*Miljöbalken* (1998:808)) and the Swedish Planning and Building Act (*plan- och bygglagen* (2010:900))), but also for example detailed development plans, building standards and security regulations, and there is a risk that the Issuer's interpretation of applicable laws and regulations may be incorrect or may change in the future.

New legislation or regulations or changes regarding the application of existing legislation or regulations, regarding for example building permits or other matters applicable to the Group's operations or its clients or the Capital Securities, may adversely affect the Issuer's business, possibly with retroactive effect.

Risk rating: Medium

### 1.4.2 Taxation risks

In the event that the historical tax position would be challenged this could lead to additional tax costs for the Group should the tax risk not be covered by the guarantees provided in the share purchase agreements entered into. The value of the guarantees provided in the share purchase agreements is also dependent on the financial position of the sellers.

In the event that the Issuer's interpretation of tax laws, treaties and regulations or their applicability is incorrect, if a governmental authority successfully makes negative tax adjustments with regard to an entity of the Issuer or if the applicable laws, treaties, regulations or governmental interpretations thereof or administrative practice in relation thereto change, including with retroactive effect, the Issuer's past or current tax positions may be challenged. In the event tax authorities were to succeed with such claims, this could result in an increased tax cost, including tax surcharges and interest which could have a negative impact on the Issuer's business, earnings and financial position.

Since the laws, treaties and other regulations on taxation, as well as other financial charges, have historically been subject to frequent changes, further changes are expected in the future, possibly with a retroactive effect. A change in the current tax legislation resulting in increased property tax or reduced possibilities for interest deductions would result in the Group facing an increased tax burden which could affect the Issuer's earnings and financial position.

For example, in 30 in March 2017, a committee proposal was submitted to the Swedish Government on certain issues within the real estate and stamp duty area. The main proposal aims at ensuring that the tax consequences of an indirect sale of real estate (through the sale of the shares in the company that owns the real estate) to the greatest extent possible correspond to those arising from direct sale of the same real estate. At the time of this Investor Presentation it is unclear to what extent it will result in new legislation.

Risk rating: Medium

# RISK FACTORS (CONT'D)

## 1.4.3 Accounting risks

The International Accounting Standards Board (“**IASB**”) published the discussion paper “*Financial Instruments with Characteristics of Equity*” in June 2018 (the “**Discussion Paper**”). The Discussion Paper sets out the IASB’s preferred approach to classification of a financial instrument such as the Capital Securities, from the perspective of an issuer, as a financial liability or an equity instrument. The changes to the accounting standards addressed in the Discussion Paper would, if implemented, most likely lead to financial instruments such as the Capital Securities being classified as financial indebtedness rather than equity as per the current accounting standards. The IASB will during Q4 2019 decide on the direction of the project regarding the potential changes to the accounting standards. Hence, at the time of this Investor Presentation it is unclear to what extent the proposals in the Discussion Paper will result in changes to the account standards.

If the changes to the account standards proposed in the Discussion Paper would be implemented as currently proposed in the Discussion Paper, it would most likely lead to the Capital Securities being classified as financial indebtedness of the Issuer which in turn would have a negative impact on the Issuer’s financial position. Further, such change of accounting standards most likely lead to the occurrence of an Accounting Event (see further under item 2.1.7 (*Redemption of the Capital Securities*) below).

Risk rating: Medium

## 2. RISK RELATING TO THE CAPITAL SECURITIES

### 2.1 Risk relating to the nature of the Capital Securities

#### 2.1.1 The Capital Securities are subordinated to most of the Issuer’s liabilities

The Capital Securities are intended to constitute deeply subordinated debt obligations of the Issuer. This means that if the Issuer is subject to any dissolution, winding-up, liquidation, restructuring (*företagsrekonstruktion*), administrative or other bankruptcy or insolvency proceedings, the Holders normally receive payment after all other creditors have been paid in full. If the Issuer is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors of all Subordinated Indebtedness) in full before it can make any payments on the Capital Securities. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the Capital Securities.

In the event of an Issuer Winding-up or an Issuer Re-construction, the rights of the Holders to receive payments in respect of the Capital Securities will rank *pari passu* among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities, but junior to any present or future claims in respect of all unsubordinated obligations of the Issuer and all Subordinated Indebtedness.

In the event of an Issuer Re-construction, unsecured debt could be subject to a mandatory write-down provided that a qualified majority of the unsecured creditors has approved such write-down. All unsecured debt will then be written down *pro rata*. A debt composition proposal, following which at least 50 per cent. of the amount of the unsecured debt remains, shall be deemed to be accepted by the creditors, where three-fifths of the creditors voting have accepted the proposal and their claims amount to three-fifths of the total amount of claims held by the creditors entitled to vote. Where the debt composition percentage is lower, the debt composition proposal shall be deemed to be accepted where three-fourths of the creditors voting have approved the proposal and their claims amount to three-fourths of the total amount of the claims held by the creditors entitled to vote. If a debt composition is approved, all subordinated debt of the Issuer, including the Capital Securities, will be completely written-off. In respect of subordinated debt it is important to notice that subordinated creditors may only take part in the creditors’ meeting voting on a proposed debt composition provided the unsubordinated creditors consent to such participation. Potential investors should note that claims in respect of the share capital of the Issuer are not subject to loss absorbing measures under an Issuer Re-construction.

# RISK FACTORS (CONT'D)

In the event of a shortfall of funds on an Issuer Winding-up or Issuer Re-construction, there is a real risk that an investor in the Capital Securities will lose all or most of its investment and will not receive any return of the principal amount or any accrued and unpaid interest (including any Deferred Interest). By virtue of such subordination, payments to a Holder will, in the events described in the relevant Terms and Conditions, only be made after all obligations of the Issuer resulting from higher ranking claims have been satisfied. A Holder may therefore recover less than the Holders of unsubordinated or other subordinated liabilities of the Issuer that are senior to the Capital Securities.

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Capital Securities and each Holder shall, by virtue of its holding of any Capital Security, be deemed to have waived all such rights of set-off, compensation or retention.

Risk rating: High

## 2.1.2 Holders of the Capital Securities have very limited rights in relation to the enforcement of payments on the Capital Securities

If a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, the rights of the Holders in respect of the Capital Securities are limited to instituting proceedings for an Issuer Winding-up, and the Holders may prove and/or claim in respect of the Capital Securities in an Issuer Winding-up.

Whilst the claims of the Holders in an Issuer Winding-up are for the principal amount of their Capital Securities together with any Deferred Interest and any other accrued and unpaid interest, such claims will be subordinated as provided above under “*The Capital Securities are subordinated to most of the Issuer’s liabilities*”, accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer in the event of an Issuer Winding-up. The Holders shall not be entitled to accelerate payments of interest or principal under the Capital Securities in any circumstances outside an Issuer Winding-up.

Furthermore, whilst the Holder may institute other proceedings against the Issuer to enforce the terms of the Capital Securities, the Issuer shall not, by virtue of such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Accordingly, the Holders’ rights of enforcement in respect of payments under the Capital Securities are very limited.

Risk rating: High

## 2.1.3 The Issuer is not (and nor is any other Group Company) prohibited from issuing further debt, which may rank pari passu with or senior to the Capital Securities

There is no restriction in the Terms and Conditions on the amount or type of debt that the Issuer or a Group Company may issue or incur that ranks senior to, or pari passu with the Capital Securities. There is a risk that the incurrence of any such debt reduces the amount recoverable by Holders in the event of an Issuer Winding-up, limits the ability of the Issuer to meet its obligations in respect of the Capital Securities and results in Holders losing all or some of their investment in the Capital Securities. The degree to which other debt that ranks senior to, or pari passu with, the Capital Securities may be issued is uncertain and presents a highly significant risk to the amount recoverable by Holders.

Risk rating: High

# RISK FACTORS (CONT'D)

## 2.1.4 The Issuer is not (and nor is any other Group Company) prohibited from pledging assets for other debt

There is no restriction in the Terms and Conditions on the amount or type of assets that the Issuer or a Group Company can pledge, or otherwise use as security, for other debt. If the Issuer chooses to do so, there is risk that this reduces the amount recoverable by Holders in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer and result in Holders losing all or some of their investment in the Capital Securities. The degree to which any other asset pledged may affect the Holders is uncertain and presents a highly significant risk to the amount recoverable by Holders.

Risk rating: Medium

## 2.1.5 The Capital Securities have no maturity date

The Capital Securities are perpetual meaning that the Capital Securities have no specified maturity date. The Issuer is not obliged to redeem the Capital Securities at any time and Holders have no option to redeem the Capital Securities at any time. The Issuer may only redeem the Capital Securities in the circumstances described in Clause 11 (*Redemption and repurchase of the Capital Securities*) of the Terms and Conditions.

Any potential investor should be aware that it may be required to bear financial risks of the investment in the Capital Securities for a long period of time and may not recover their investment before a redemption of the Capital Securities (if any) at the discretion of the Issuer (in particular if there is no active trading on the secondary market). Each potential investor should therefore be aware that there is a risk that it may lose the whole, or parts of, its investment in the event the Issuer chooses to not redeem the Capital Securities.

Risk rating: Medium

## 2.1.6 The Issuer may defer interest payments

The Issuer may, at any time and in its sole discretion (except on an Interest Payment Date on which the Capital Securities are to be redeemed), elect to defer payment of all (but not some only) of the interest which would otherwise be paid on any Interest Payment Date. If interest is deferred in accordance with the Terms and Conditions, the Issuer has no obligation to make such payment on the relevant Interest Payment Date and any such non-payment of interest does not constitute a default or any other breach of obligations under the Capital Securities.

Any actual or anticipated deferral of interest payments will be likely to have an adverse effect on the market price of the Capital Securities. In addition, as a result of such interest deferral provisions of the Capital Securities, the market price of the Capital Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial position.

Risk rating: Medium

# RISK FACTORS (CONT'D)

## 2.1.7 Redemption of the Capital Securities

Upon the occurrence of an Accounting Event, a Substantial Repurchase Event, a Tax Event or a Withholding Tax Event the Issuer may redeem the Capital Securities in whole, but not some only, at any time together with any Deferred Interest and any accrued and unpaid interest (however, please note that the occurrence of any of these events do not entitle any of the Holders to enforce and accelerate the Capital Securities). Furthermore, the Issuer may elect to redeem the Capital Securities in whole, but not some only, at par on the First Call Date or on any Interest Payment Date falling thereafter. The Issuer or any Group Company may, subject to applicable law, at any time and at any price purchase Capital Securities on the market or in any other way and Capital Securities held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled subject to such cancellation representing eighty (80) per cent. or more of the aggregate principal amount of the Capital Securities issued. In addition, upon the occurrence of a Change of Control the Issuer may redeem the Capital Securities in whole to a certain redemption amount defined in the Terms and Conditions.

If the Capital Securities are redeemed Holders have the right to receive a redemption amount, which may exceed the nominal amount of the Capital Securities. There is a risk that the market value of the Capital Securities is higher than the amount received at redemption and that it may not be possible for Holders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Capital Securities and may only be able to do so at a significantly lower rate.

Risk rating: Low

## 2.2 Risk relating to the admission of the capital securities to trading

### 2.2.1 There has been no active trading market for the Capital Securities and an established trading market for the Capital Securities may not develop

Pursuant to the Terms and Conditions, the Issuer will apply for the Capital Securities to be admitted to trading on the corporate bond list of Nasdaq Stockholm (or another Regulated Market) but there is a risk that such application will not be accepted or that the Capital Securities will not be so admitted. A failure to obtain such listing may have a negative impact on the market value of the Capital Securities.

Prior to any admission to trading, there has been no public market for the Capital Securities. Even if a listing will occur, there is a risk that an active trading market for the Capital Securities will not evolve or, if evolved, will not be sustained. The nominal amount of the Capital Securities may not be indicative of their market value after being admitted for trading on Nasdaq Stockholm (or another Regulated Market). Furthermore, following a listing of the Capital Securities, the liquidity and trading price of the Capital Securities may vary substantially as a result of numerous factors, including market fluctuations and general economic conditions and irrespective of the performance of the Issuer and the Group. In addition, transaction costs in any secondary market may be high.

Therefore, Holders may not be able to sell their Capital Securities at the desired time or at a price level that will provide them with a yield comparable to similar investments that have a developed secondary market. Accordingly, the purchase of Capital Securities is suitable only for investors who can bear the risks associated with a lack of liquidity in the Capital Securities and the financial and other risks associated with an investment in the Capital Securities. Investors must be prepared to indefinitely hold the Capital Securities.

Further, if the Issuer fails to procure listing in time, investors holding Capital Securities on an investment savings account (*investeringssparkonto*) will no longer be able to hold the Capital Securities on such account, thus affecting such Holder's tax situation.

Risk rating: Medium

# RISK FACTORS (CONT'D)

## 2.3 Other risks relating to the capital securities

### 2.3.1 Holder representation and majority decisions by the Holders

Under the Terms and Conditions, the Agent represents each Holder in all matters relating to the Capital Securities. The Terms and Conditions contain provisions to the effect that a Holder is prohibited from taking actions on its own against the Issuer. To enable the Agent to represent the Holders in court, the Holders can submit a written power of attorney for legal proceedings. The failure of all Holders to submit such a power of attorney is likely to negatively impact the enforcement options available to the Agent on behalf of the Holders. Further, under the Terms and Conditions the Agent is entitled in some cases to make decisions and take measures that bind all relevant Holders without first obtaining the prior consent of the Holders.

Additionally, under the Terms and Conditions certain majorities of Holders are entitled to make decisions and take measures that bind all Holders, including those who vote in a manner contrary to the majority. Therefore, the actions of the majority and the Agent in such matters impact the Holders' rights under the Finance Documents in a manner that is possibly undesirable for some of the Holders. The degree to which any such decisions may affect the Holders is uncertain and presents a highly significant risk that the actions of the majority and the Agent in such matters can impact the Holders' rights under the Finance Documents in a manner that can be undesirable for some of the Holders.

Risk rating: Medium

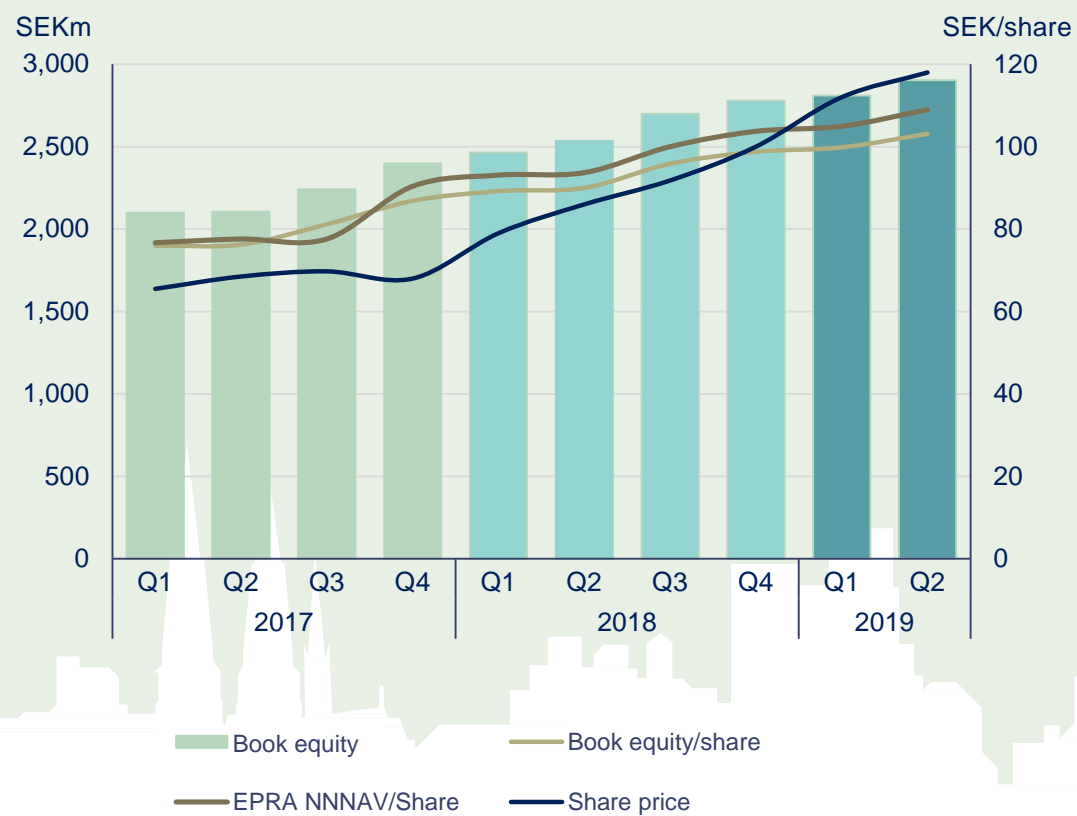
### 2.3.2 European Benchmarks Regulations

In order to ensure the reliability of reference rates (such as STIBOR), legislative action at EU level has been taken. Hence, the so-called Benchmark Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indexes used as reference values for financial instruments and financial agreements or for measuring investment fund results and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014) were added and entered into force on 1 January 2018. The Benchmark Regulation regulates the provision of reference values, reporting of data bases for reference values and use of reference values within the EU. Since the Benchmark Regulation has only been applied for a short period of time, the effects of it so far are difficult to assess. However, there are future risks that the Benchmark Regulation affects how certain reference rates are determined and how they are developed. This in conjunction with increased administrative requirements is likely to lead to a reduced number of entities involved in the determination of reference rates, which, in such case, would lead to a certain reference interest ceasing to be published. If this is the case for STIBOR, and e.g. the relevant fall-back solution evident from the Terms and Conditions should not work properly or negatively for either or both of the Issuer or the Holders, this may lead to difficulties with determination and calculating interest which in turn could lead to costly and time consuming discussions (and maybe even disputes) in respect of the matter, which in each case could have an adverse effect on the Capital Securities, the Issuer and/or the Holders.

Risk rating: Low

# APPENDIX

# EQUITY METRICS DEVELOPMENT



## KEY METRICS

	Q2 2019	Q2 2018	Q2 2017
Share price, SEK	118.0	86.0	68.5
Book equity/share, SEK	103.1	90.0	76.3
EPRA NNAV/share, SEK	109.0	94.3	77.6
Cash flow/share, SEK	1.83	11.89	3.94
Market cap, SEKm	3,322	2,421	1,892

# INCOME STATEMENT

## INCOME STATEMENT

2019-06-30	2017	2018	LTM Q2 2019
Rental income	453	537	585
<b>Total income</b>	<b>453</b>	<b>537</b>	<b>585</b>
Operating expenses	-94	-127	-131
Maintenance expenses	-24	-33	-46
Property tax	-13	-15	-17
Site leasehold rent	-6	-7	-4
<b>Net operating income</b>	<b>316</b>	<b>355</b>	<b>387</b>
Central administration	-51	-51	-63
Financial income	1	1	1
Financial expenses	-105	-131	-153
Site leasehold tax			-4
<b>Profit from property management</b>	<b>161</b>	<b>174</b>	<b>168</b>
Changes in value of investment properties	353	326	294
Changes in value of financial instruments	9	-12	-12
<b>Earnings before tax</b>	<b>523</b>	<b>488</b>	<b>450</b>
Deferred tax expenses	-123	-68	-79
Tax	-4	-1	0
<b>Net profit</b>	<b>396</b>	<b>419</b>	<b>371</b>

## COMMENTS

- LTM Q2 2019, rental income amounted to SEK 585m while the NOI amounted to SEK 387m
- Profit from property management amounted to SEK 168m with financial expenses of SEK -153m
- Net profit for the period amounted to SEK 371m with positive value changes of SEK 294m for investment properties and SEK -12m for financial instruments
- During 2018, rental income amounted to SEK 537m while NOI amounted to SEK 355m, profit for the period amounted to SEK 419m. While income has increased in LTM Q2 2019, so have expenses resulting in a lower net profit for the period

# BALANCE SHEET

## BALANCE SHEET

2019-06-30	2017	2018	Q2 2019
<b>Assets</b>			
Intangible assets	1	6	5
Investment properties	6,494	8,476	8,754
Land leases			225
Inventory	2	3	3
Financial instruments	13	4	1
<b>Fixed assets</b>	<b>6,510</b>	<b>8,489</b>	<b>8,988</b>
Short-term receivables	76	83	113
Cash and cash equivalents	38	163	96
<b>Current assets</b>	<b>114</b>	<b>246</b>	<b>209</b>
<b>Total assets</b>	<b>6,624</b>	<b>8,735</b>	<b>9,197</b>
<b>Equity</b>	<b>2,399</b>	<b>2,780</b>	<b>2,903</b>
Long-term interest bearing debt	2,721	4,251	4,033
Other long-term liabilities	4	11	13
Leaseholds land leases			225
Deferred taxes	323	419	452
Financial instruments	0	0	0
Other provisions	4	4	4
<b>Long-term liabilities</b>	<b>3,053</b>	<b>4,685</b>	<b>4,727</b>
Short-term interest-bearing debt	991	1,037	1,360
Other short-term liabilities	181	233	207
<b>Short-term liabilities</b>	<b>1,172</b>	<b>1,270</b>	<b>1,567</b>
<b>Total equity and liabilities</b>	<b>6,624</b>	<b>8,735</b>	<b>9,197</b>

## COMMENTS

- As of 30 June 2019, total assets amounted to SEK 9,197m
- At the end of the period, total equity amounted to SEK 2,903m, corresponding to an equity ratio of 32%
- Investment properties amounted to SEK 8,754m, corresponding to 95% of Stendörren's total asset value
- Total equity has increased by SEK 123m from SEK 2,780m in 2018 to SEK 2,903m

# CASH FLOW

## CASH FLOW STATEMENT

2019-06-30	2017	2018	LTM Q2 2019
Profit from property management	161	174	168
Adjustments for non-cash flow affecting items	11	16	34
Taxes paid	2	-15	-7
<b>Cash flow from operating activities before changes in working capital</b>	<b>173</b>	<b>175</b>	<b>195</b>
Changes in receivables and other working capital assets	36	10	3
Changes in payables and other working capital liabilities	6	-42	-99
<b>Cash flow from operating activities</b>	<b>215</b>	<b>143</b>	<b>99</b>
Investments in existing investment properties	-232	-296	-255
Other investments and divestments, net	-1	-2	-1
Acquisitions of subsidiaries/investment properties	-436	-1,626	-1,608
Divestments of subsidiaries/investment properties	150	349	349
<b>Cash flow from investment activities</b>	<b>-518</b>	<b>-1,575</b>	<b>-1,515</b>
Share issue	1	24	0
Net new loans raised (raised loans minus repayment of loans)	397	1,591	1,301
Financial instruments, net	-60	-6	-6
Deposits	1	7	8
Dividend	-50	-59	-64
<b>Cash flow from financing activities</b>	<b>290</b>	<b>1,557</b>	<b>1,239</b>
<b>Cash flow for the period</b>	<b>-13</b>	<b>125</b>	<b>-177</b>
Ingoing cash	51	38	273
Outgoing cash	-13	125	-177
<b>Cash and cash equivalents at the end of the period</b>	<b>38</b>	<b>163</b>	<b>96</b>

## COMMENTS

- LTM Q2 2019 cash flow from operating activities amounted to SEK -135m
- Cash flow from investment activities amounted to SEK -1,516m, driven by investments in existing investment properties and acquisitions
- Cash flow from financing activities amounted to SEK 1,475m
- Cash and cash equivalents as per 30 June 2019 amounted to SEK 96m