

Svensk Fastighetsfinansiering

Industry (GICS): Real Estate Management & Development
Sector (Nordea): Construction and Real Estate

Key info

Country	Sweden
Bloomberg debt	NYSVFI
Bloomberg equity	1237682D SS
Moody's	NR/---
S&P	NR/---
Market cap. (bn)	n.a.

Nordea Markets - Analysts

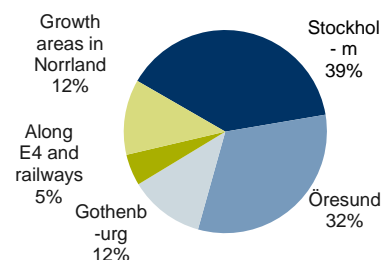
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Recommendations

Security name	Recommendation (old)
SEK: NYSVFI 1.42 20	Market perform ()
SEK: NYSVFI 0 10/31/22	Market perform ()

Source: Company data and Nordea Markets

Properties by geography, October 2017, %



Source: Company data and Nordea Markets

A stable Swedish financing collaboration

SFF is a financing collaboration between five large Swedish real estate companies – Catena, Diös, Fabege, Platzer and Wihlborgs – characterised by good knowledge of commercial and residential properties, low vacancy rates and solid geographical diversification. The strengths are somewhat offset by its fairly risky financial profile, with a LTV of 58% as of Q2 2017. The main risk to bondholders comes from exogenous factors, eg an economic downturn in Sweden.

Diversified external funding

SFF's business idea is to issue bonds secured with mortgages in real estate belonging to the five owners and thus provide a diversified funding source. SFF was the first Swedish company to use real estate as a security for an MTN programme. During H1, the company issued bonds totalling SEK 1.7bn, close to SEK 700m more than the same period last year. As of October 2017, the combined market capitalisation of SFF's shareholders was ~ SEK 62bn, with property value of ~ SEK 138bn as of Q3 2017.

Stable outlook given asset protection and geography

We view SFF's credit profile as a blend of the credit profiles of Fabege, Wihlborgs, Platzer, Catena and Diös. As such, we think that a business risk profile of satisfactory and a financial risk profile of significant correctly reflect the composition of the pool in terms of geography and property type, as well as the robustness of the security package with a one-notch uplift for the notes to reflect strong asset protection. As the properties in the pool are exchangeable, restrictions – including limitations on property type, geographical market, vacancies and lease maturity – have been put in place to safeguard the asset quality of the pool. These enhancements are, in our view, likely to provide a substantial (~80%) recovery in the property pool in the event of default. Moreover, a minimum 4.75% cash reserve requirement (with a gradual step-up linked to Stibor) provides a liquidity bridge if SFF should need to monetise its properties in a stressed environment.

Market perform recommendations on longer SEK bonds

The estimated fair spreads on SFF's SEK 2020 and SEK 2022 bonds are close to market indications (within the +/- 10% range), hence we initiate coverage with Market perform recommendations.

Key credit metrics and ratios (adjusted numbers)

SEKm	2010	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E
EBITDA	0	0	0	0	0	-4	-6	-6	-6	-6
- margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBIT	0	0	0	0	0	-4	-6	-6	-6	-6
- margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Shareholders' equity	0	0	0	0	0	392	699	698	696	694
Debt	0	0	0	0	0	3,396	4,894	4,894	4,894	5,134
Debt/(Debt+Equity)	n.m.	n.m.	n.m.	n.m.	n.m.	0.9	0.9	0.9	0.9	0.9
FFO/Debt	n.m.	n.m.	n.m.	n.m.	n.m.	-0.1%	0.0%	0.0%	0.0%	-0.1%
FOCF/Debt	n.m.	n.m.	n.m.	n.m.	n.m.	-0.1%	-0.1%	0.0%	0.0%	-0.1%
DCF/Debt	n.m.	n.m.	n.m.	n.m.	n.m.	-0.1%	-0.1%	0.0%	0.0%	-0.1%
EBITDA interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	-0.3	-0.2	-0.2	-0.2	-0.2
Debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
ROC	n.m.	n.m.	n.m.	n.m.	n.m.	-0.2%	-0.1%	n.a.	n.a.	n.a.

Source: Company data and Nordea Markets

Recommendations

The estimated fair spreads on SFF's SEK 2020 and SEK 2022 bonds are close to market indications (within the +/-10% span), hence we initiate coverage with Market perform recommendations.

Fair spread estimates close to market indications

Our fair spread estimates for SFF's bonds reflect the following factors:

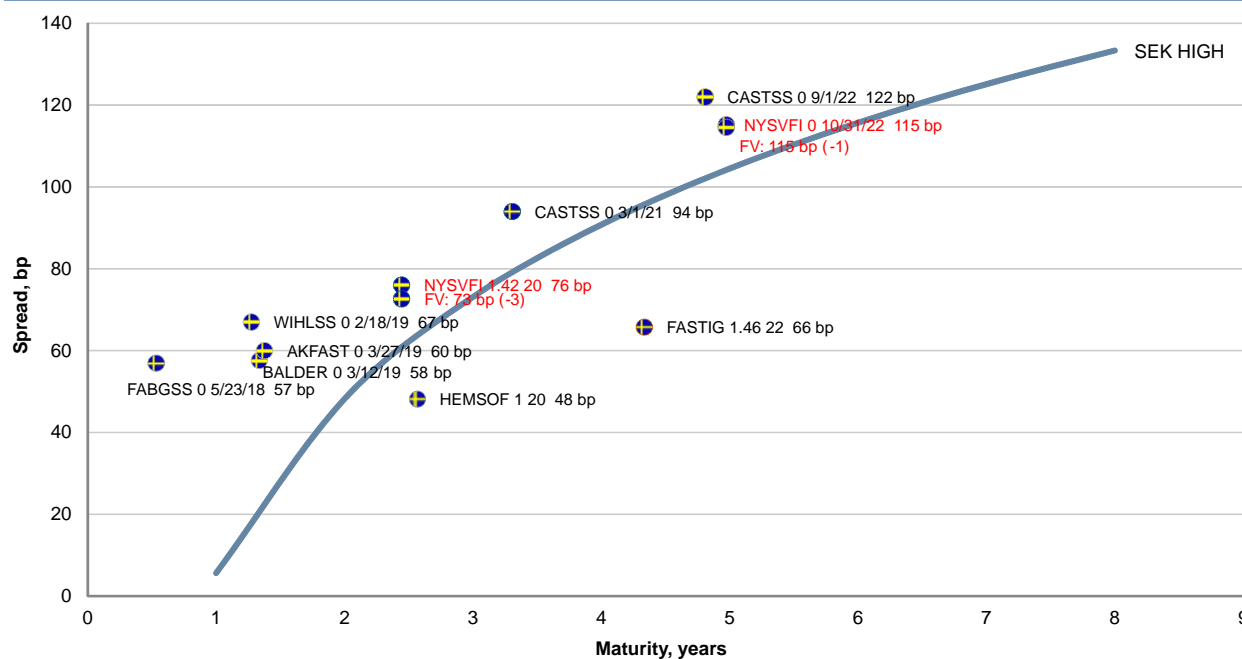
- A 5-10% addition to reflect the unrated status of the issuer.
- A 5-10% addition to reflect the bond liquidity, implying low demand saturation.

We see no reason to adjust for credit quality, issuer performance, event risk or ownership issues.

Recommendation and walk-through of the fair spread estimate		
Bloomberg ticker	EK840433	AP657667
Short name	NYSVFI 1.42 20	NYSVFI 0 10/31/22
Currency	SEK	SEK
New recommendation	Market perform	Market perform
(old)	()	()
Curve spread	61	104
Credit quality vs reference	0	0
Issuer score vs reference	0	0
Rated/Unrated	6	5
Bond liquidity	0	0
Demand saturation	6	5
Ownership etc	0	0
Total adjustments	12	10
Fair value spread	73	115
Actual spread	76	115
Difference	-3	-1
Bid/Ask spread	10	10

Source: Company data and Nordea Markets

SEK 2020 and SEK 2022 bonds' fair spread and peer bonds, years to maturity and bp



Note: Reference curve represents a regression of bond spreads from a broad selection of SEK denominated corporate bonds. We estimate the average credit quality of the bonds composing this reference curve to be about BBB.

Source: Company data and Nordea Markets

Our fair spread for a specific bond is calculated by: 1) determining a reference bond curve for the bond, based on average spreads on bonds that we deem are relevant investment alternatives; 2) determining the spread of the reference curve for the same maturity as the specific bond; and 3) modifying that spread by adjusting for investment risk factors, including difference in credit quality, issuer performance trends and event risk, issuer rating status (publicly rated or unrated), bond liquidity, demand saturation, and ownership and other soft factors that we deem relevant to determine fair spread. The modification is made by adding or deducting spread elements to the reference curve spread as we deem applicable to reflect the relative investment risk.

Company overview and structure

SFF is a financing collaboration between five large Swedish real estate companies: Catena, Diös, Fabege, Platzer and Wihlborgs. The key function of SFF is to raise capital externally through the issuance of senior bonds that are secured with first-priority mortgages in pledged properties and/or PropCo shares. SFF's portfolio restrictions, including limitations on respective property type, are moderately supportive, as they allow some variation in the pool's credit quality over time, ultimately depending on the composition of the originators and their respective contributed property holdings in terms of region, asset quality and collateral.

A broadened shareholder base

Faberge, Wihlborgs, Catena, Diös and Platzer each hold 20% in SFF. We are positive towards the broad ownership and increased shareholder diversity. All current sponsors are listed on Nasdaq OMX Stockholm. The combined market capitalisation of SFF's shareholders was about SEK 62bn as of October 2017, with a property market value of about SEK 138bn as of Q3 2017. Property segments include offices, residential, retail, industry and logistics. Geographical coverage includes Stockholm, Gothenburg and Öresund, as well as a number of regional city areas in the middle and northern parts of Sweden (for details about SFF's shareholders, please refer to Appendix 1).

Generally, the composition of property portfolios and geographical exposure differ between the sponsors. The sponsors' financial profiles are segmented, with the LTV ratios for Catena, Platzer and Diös ranging between 55-60% and 50-55% for Wihlborgs. In this context, Faberge's more conservative LTV of 44% is a supportive factor.

We assume a continued strong default correlation between originators, given the respective companies' strong affiliations to the Paulsson sphere and their similarities in terms of industry risk and underlying drivers for operating performance. These risks are only partly mitigated by the geographical diversification between the companies.

SFF: Summary of key credit factors	
Credit supportive factors	Credit constraining factors
Credit supportive ownership. The company structure creates a long-term relationship and stable company structure, and we consider the stock-listing of the five owners positive, as it adds a potential source of liquidity.	High cyclicality. Property markets are generally cyclical, and SFF has a large exposure to office properties, which tend to correlate very well with GDP growth.
Well diversified geographical base within Sweden. Solid diversification, within Sweden, with focus in larger growth cities.	Concentration risk. Relatively large concentration risk from an international perspective.
Stable and growing underlying markets. The underlying structural drivers remain firmly in place.	Structural risks. The SPV structure composes some legal and structural risks.

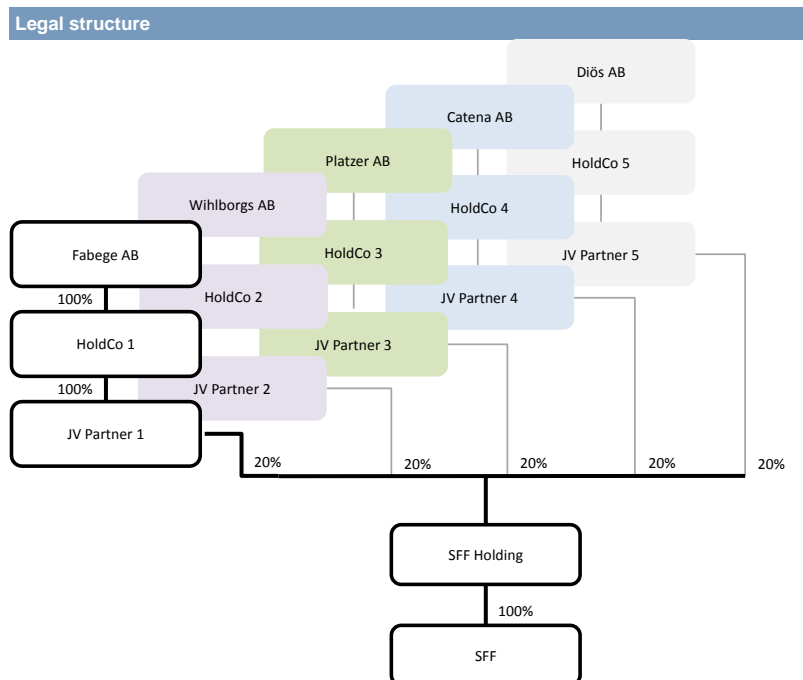
Source: Company data and Nordea Markets

Credit overview of owners for Q3 2017, SEKm, % and x			
Company	Property value (SEKm)	Loan-to-Value (%)	Interest coverage (x)
Catena	11.506	58%	4.0x
Diös	19.260	58%	5.5x
Faberge	55.509	44%	3.1x
Platzer	14.533	57%	3.6x
Wihlborgs	36.928	55%	3.4x

Source: Company data and Nordea Markets

Legal and funding structure

The originators have indirect ownership in SFF Holding AB, an SPV which is the 100% owner of the issuing entity, SFF AB. The intermediate layers in the structure (holding companies and joint ventures) have been established to comply with laws and regulations around lending within a group.



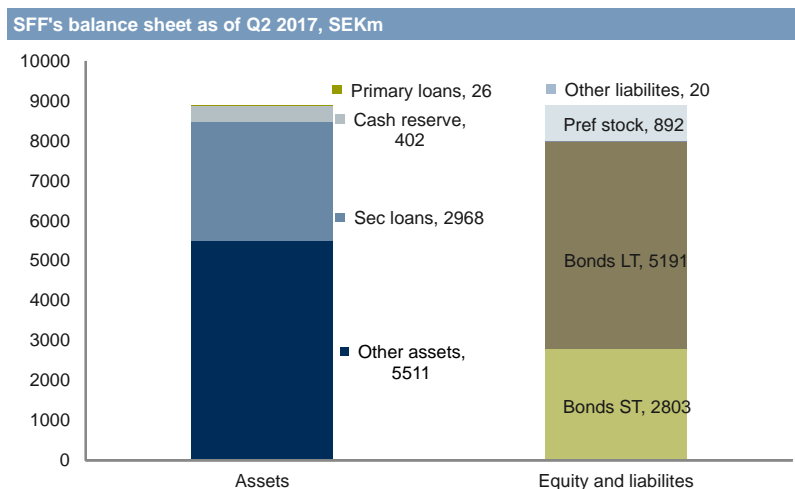
Source: Company data and Nordea Markets

The issuance of senior secured bonds by SFF will be made according to the following steps:

- SFF issues senior secured bonds.
- The proceeds are on-lent as a secured loan to the relevant HoldCo.
- The HoldCo extends a secured loan to the relevant PropCo.
- Sponsor issues guarantee in favour of the HoldCo for the PropCo loan.
- Sponsor pledges 100% of the shares in the PropCo to the HoldCo.
- Sponsor issues a guarantee in favour of SFF for the HoldCo loan.
- PropCo pledges mortgage certificates covering a minimum of 50% of the PropCo loan to the HoldCo.
- PropCo signs application for mortgage certificates (*"pantbrevsansökningar"*) covering the remaining PropCo loan and submits them to the Security Agent.
- HoldCo pledges the promissory notes (the PropCo loan), the mortgage certificates and the shares in the PropCo to SFF.
- SFF pledges the HoldCo loan, the PropCo loan, the HoldCo loan guarantee, the mortgage certificates and the promissory notes to the Security Agent to form the security pool.

Equity ratio

At only 10%, we note that SFF's capitalisation is relatively weak. We assign less analytical importance to SFF's capitalisation, however, as all borrowing is ultimately on-lent back to back with SFF's shareholders, this eliminates any mark-to-market risks at the SFF level.



Source: Company data and Nordea Markets

Portfolio restrictions put in place to safeguard asset quality

As properties in the pool are exchangeable, restrictions have been put in place to safeguard the quality of properties. Some of the most important features include:

- Properties must be located within the core markets of the respective originator
- No cross-collateralisation of properties allowed; properties cannot be pledged for other obligations
- Restrictions on the total collateral provided in the pool with respect to property type/region
- Restrictions on vacancy levels according to property type
- No more than 20% of rental income originating from a specific property within the pool should come from one of SFF's shareholders
- Strict maximum allowed loan-to-value (LTV) for respective property/property type (ranging from 60% to 72%); minimum weighted average lease maturity (WALE) requirements
- Full property valuation to be carried out annually by authorised valuation firm. In addition, an external desktop valuation is performed annually, in addition to two internal valuations.

Moderately supportive portfolio restrictions

We view the portfolio restrictions in SFF as moderately supportive, allowing a certain geographical concentration, with a minimum 65% of office properties to be located in Stockholm *and/or* Gothenburg *and/or* Öresund. They also allow exposure to less liquid, secondary property markets, including cities in the middle and north of Sweden, which may reach a maximum of 35% of the market value of the pool.

Other key restrictions include:

- Minimum 75% of outstanding loans to be held in offices
- A 20% maximum allowed share of logistics, warehousing and industrial properties
- Max 5% hotels
- No borrower may account for more than 50% of outstanding secured loans

Properties in the secured property pool, as of 30 September 2017		
Catena	Stockholm	Drivremmen 1
Catena	Eskilstuna	Ekeby 2:2
Catena	Örebro	Mosås 4:66
Catena	Stockholm	Nattskiftet 11
Catena	Burlöv	Sunnanå 12:51
Catena	Hallsberg	Terminalen 1
Diös	Luleå	Braxen 1
Diös	Skellefteå	Hjorten 5
Diös	Skellefteå	Lekatten 9
Diös	Gävle	Norr 19:4
Diös	Gävle	Norr 23:5
Diös	Gävle	Norr 40:3
Diös	Sundsvall	Rätten 1
Diös	Luleå	Siken 7
Diös	Skellefteå	Sirius 25
Diös	Umeå	Skarpskytten 3
Diös	Skellefteå	Sleipner 5
Diös	Luleå	Stören 17
Fabege	Stockholm	Båtturen 2
Fabege	Stockholm	Bocken 52
Fabege	Solna	Farao 17
Fabege	Stockholm	Getingen 13
Fabege	Stockholm	Hägem Mindre 7
Fabege	Stockholm	Korphoppet 1
Fabege	Solna	Nationalarenan 8
Fabege	Stockholm	Nattskiftet 11
Platzer	Göteborg	Gårda 3:12
Platzer	Göteborg	Gårda 3:14
Platzer	Göteborg	Gullbergsvass 5:26
Wihlborgs	Malmö	Bronsdolken 25
Wihlborgs	Malmö	Bronsdolken 3
Wihlborgs	Helsingborg	Floretten 4
Wihlborgs	Malmö	Flygledaren 9
Wihlborgs	Malmö	Forskaren 1
Wihlborgs	Malmö	Forskaren 4
Wihlborgs	Helsingborg	Hillerbarden 1
Wihlborgs	Helsingborg	Kniven 2
Wihlborgs	Malmö	Kolga 4
Wihlborgs	Malmö	Kranen 8
Wihlborgs	Helsingborg	Kroksabeln 11
Wihlborgs	Malmö	Neptun 6
Wihlborgs	Malmö	Sankt Jörgen 21
Wihlborgs	Malmö	Skrovet 3
Wihlborgs	Malmö	Skrovet 6
Wihlborgs	Burlöv	Sunnanå 12:27
Wihlborgs	Lund	Syret 3
Wihlborgs	Malmö	Väktaren 3

Source: Company data and Nordea Markets

Asset protection, covenants and stress test

We view SFF's collateral protection as moderately supportive, reflecting the minimum 50% requirement of pledged mortgage certificates backing bond issuance, with the remainder taken out as a "springing lien" mortgage at specified trigger LTV levels. Moreover, the originators are allowed to post property companies' (PropCo) shares as collateral. The cash reserve requirement of a minimum 4.75% (which we consider to be somewhat low) is partly mitigated by a gradual step-up in the cash reserve linked to Stibor. Our harsh stress test models a default of two of the weaker originators, with SFF producing a substantial expected recovery at ~80%.

High share of mortgage certificates expected as collateral

SFF allows a minimum of 50% in mortgage certificates to be taken out as collateral in the pool, with the remainder taken out as a "*springing lien*" mortgage at specified trigger LTV levels (ranging between 70% and 75%, depending on property type). In practice, however, we expect SFF to operate with a much higher share of mortgage certificates as collateral in the pool, given the requirement that all existing mortgage certificate for a property that is put in to the pool need to be provided as collateral. So far, we understand that this requirement has applied to all properties in the pool, and that the springing lien concept has not been used.

In addition, shareholders are able to post security in the form of PropCo shares, which allows them to comply with the lower 4.75% liquidity requirement (in contrast to posting 100% mortgage certificates as security, which requires a 5.75% minimum cash reserve).

Property restrictions						
Tax code	Property type	Max initial LTV	"Trigger-LTV"	Max LTV	Min. initial WALE	Max. initial vacancy
320	Mainly residential	72%	75%	77%	--	10%
321	Mixed, commercial and residential	67%	75%	77%	24	10%
322	Hotel and restaurants	60%	70%	72%	30	5%
325, 326	Mainly commercial	67%	75%	77%	24	10%
420, 423, 426, 431, 432	Industrial, storage	60%	70%	72%	24	5%
820	Distribution	65%	75%	77%	24	5%
823, 825, 826, 829	Education, care	70%	75%	77%	24	10%

Source: Company data and Nordea Markets

We assess little, or even no, collateral value to springing lien should it be more frequently used, arguing that an originator in distress may not necessarily be incentivised to put bondholders first in line in the process of securing the remaining mortgage in the property. Moreover, mortgage certificates that are taken out under springing lien shortly before default by an originator may be contested in court by its creditors (*Sent ställd pant* in Swedish), thereby eroding the value of the springing lien.

At the same time, we believe that SFF and its shareholders have a strong incentive to avoid breaching the trigger-LTV levels and take out remaining mortgage headroom under a "springing lien", especially as there is no remedy period offered in connection with such a breach.

We also note that costs for taking out a springing lien may not be honoured by an originator potentially in distress and these charges would eventually be paid by SFF, which may lead to rapid erosion of its cash reserve. In this context, we note that failure to pay by SFF for taking out mortgages would constitute a default.

SFF has a negative pledge that acts as reinforcement for the springing lien structure. However, in a stress scenario we still view this feature as being a remedy with limitations compared with a pledge based on 100% mortgage certificates.

Financial covenants and liquidity provisions

SFF must maintain a minimum cash reserve of 4.75% of total outstanding bonds. In practice, the cash reserve is likely to be slightly higher because of a mixture of collateral (containing both mortgage certificates and PropCo shares) that carries different cash reserve requirements. A share pledge in a PropCo carries a lower cash requirement, as it would likely require less time and effort to monetise in a hypothetical enforcement scenario compared with the enforcement of property pledged with 100% mortgage certificates.

If a PropCo were to choose to take out 100% in mortgage certificates as an alternative to share pledges (such as in the case of Diös, which has fewer of its properties in the form of single ownership PropCos), no shares would be pledged and the cash reserve would instead increase to 5.75%. In our view, this will only be a partly offsetting factor though, as SFF allows shares in limited partnerships (*Kommanditbolags- och handelsbolagsandelar* in Swedish) to qualify as collateral, which we view as weaker than a pledge in common stock in a limited company.

The purpose of the cash reserve is to bridge any liquidity gap that may arise from the point of default of one or several originators up to the monetising of the pledged property related to the defaulted originator(s), which may be time-consuming in a situation of distress.

The cash may be held in bank accounts and invested in Swedish covered bonds, government bonds, municipal bonds and certificates (AA-) and Kommuninvest benchmark bonds. In our view, the cash requirement in SFF is relatively weaker than the provisions in its predecessor, but somewhat mitigated by a gradual increase in the cash reserve tied to Stibor levels (+1 pp at Stibor >300 bp, +2 pp at Stibor > 600 bp and +3 pp at Stibor > 900 bp).

The default LTV is set at 77% except for hotel and industrial/storage properties, which have a default LTV of 72%. These levels imply more stretched debt leverage in the pool than for its predecessor. Springing liens signed by the originators will be sent off by the security agent at an LTV level of 70-75% (depending on property type) for taking out remaining mortgage certificates.

Harsh stress test still producing meaningful recovery

Our hypothetical stress test suggests a substantial (~80%) recovery upon disposal of properties in the pool given that the company has a cash reserve of 4.75%. However, in connection with the stress test we also note the following:

- Should one or several originators default, SFF's board of directors will seek in the first place to divest the pledged properties related to the defaulted originators, and if this is not sufficient, then with other properties from the pool. Note that this will not automatically constitute a default in SFF as long as the maximum LTV is not breached.
- Springing lien and the resulting mortgage fees are likely to consume part of SFF's cash reserve (2% on assumed 25% in mortgage certificates), leading to a cash claim on SFF thereby impairing its ability to pay timely interest to bondholders during the process of property disposal.

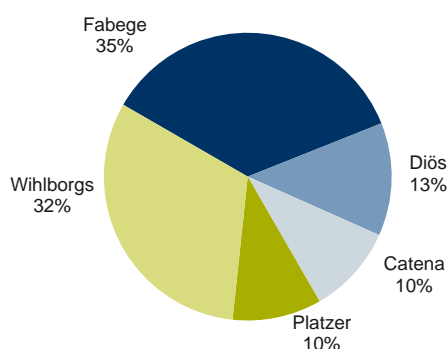
Credit profile

The assessment of the notes is based on our view of SFF as having a credit profile which is a blend of the credit profiles of Fabège, Wihlborgs, Platzer, Catena and Diös. As such, we think that a business risk profile of satisfactory and a financial risk profile of significant correctly reflect the moderately supportive portfolio the company has, with a one-notch uplift for the notes reflecting strong asset protection. Should the credit quality of the pool weaken to reach the minimum allowed levels – in terms of collateral protection, geography and/or property type – we will consider the profile to have deteriorated.

Strong asset protection and adequate regional composition

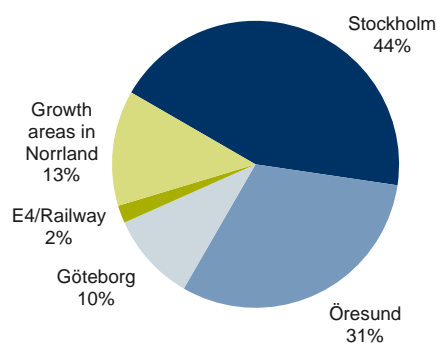
We affirm our one-notch-higher credit quality on the senior secured notes issued by SFF, backed by properties in five underlying companies. The rating of the notes is based on our view of SFF as having a credit profile which is a blend of the credit profiles of Fabège, Wihlborgs, Platzer, Catena and Diös. As such, we think that a business risk profile of satisfactory and a financial risk profile of significant correctly reflect the moderately supportive portfolio the company has, with a one-notch uplift for the notes reflecting strong asset protection.

SFF: Originators' share of issuance in Q2 2017, %



Source: Company data and Nordea Markets

SFF: Property split by geography in Q2 2017, %



Source: Company data and Nordea Markets

Credit enhancement through restrictions and covenants

Our current credit profile for SFF reflects the weighted credit profile of its originators (Sweden-based real estate companies Catena, Diös, Fabège, Platzer and Wihlborgs), adding structural credit enhancement provided by portfolio restrictions as well as liquidity and covenant provisions. As properties in the pool are exchangeable, restrictions, including limitations on property type, geographical market, vacancies and lease maturity, have been put in place to safeguard the asset quality of the pool. In our view, these enhancements are likely to produce a substantial (~80%) recovery in the event of default (see *Asset protection, covenants and stress test*).

The current credit profile is further underpinned by covenant restrictions on the equity ratio as well as loan-to-value (LTV) levels, which vary according to property type. Moreover, a 4.75% minimum cash reserve requirement in SFF – with a gradual step-up linked to Stibor – provides a liquidity bridge in the event that SFF needs to monetise properties in the pool.

We continue to see a strong link between SFF and its originators, and also assume a relatively high correlation in credit quality and default dependence between originators, given their shared underlying exposure to macroeconomic and industry trends and risks.

Stable outlook based on asset protection and regions

The current outlook for the company's credit profile remains stable, but in monitoring this, we specifically look at the composition of the pool in terms of geography and property type, as well as the robustness of the security package (such as the use of 'springing lien') provided at any given point in time. Should the credit quality of the pool weaken to reach the minimum allowed levels – in terms of collateral protection, geography and/or property type – we will consider the profile to have deteriorated. Specifically, we expect that issuance backed by Diös should not exceed 20% of the pool for an extended time period, otherwise it could weaken the geographical composition of the pool.

Appendix 1: Description of originators

Catena AB

Catena focuses on management and project development for logistics and industrial properties in the greater city areas of Stockholm, Gothenburg, Jönköping, Malmö and Helsingborg.

Following the merger with logistics company Tribona in 2016, Catena doubled its property value from SEK 5bn up to SEK 10bn, gaining a firm foothold within the retail food sector, with tenants including ICA and Netto. The property value is SEK 11.5bn as of Q3 2017.

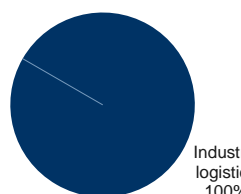
Catena reported a LTV of 57.6%, as of Q3 2017, down from 63.0% in Q3 2016. The equity ratio stood at 32.9% (above the company's 30% minimum target), while interest coverage was 3.7x (exceeding the minimum 1.75x target).

Catena is listed on Nasdaq OMX Mid Cap Stockholm. The largest shareholder is Backahill AB, a holding company associated with Erik Paulsson and family.

Key financial metrics					
	2016	2015	2014	2013	2012
Property Value, SEKm	10,786	5,340	5,751	4,722	3,382
Economic occupancy rate, %	93%	96%	96%	87%	97%
Credit duration, years	1.5	2.5	2.9	2.3	1.3
Interest duration, years	3.5	3.1	3.5	0.3	0.3
Average interest rate, %	3.6%	2.6%	2.8%	3.1%	2.9%
ICR, (x)	2.3x	4.8x	3.1x	3.2x	4.0x
LTV (reported), %	60%	70%	61%	63%	61%
Yield, %	7.4%	7.1%	6.1%	5.2%	2.6%

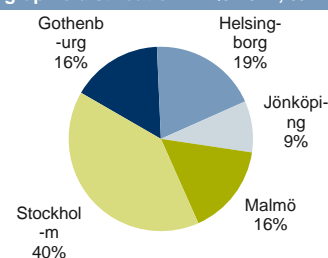
Source: Company data and Nordea Markets

Property type in Q3 2017, %



Source: Company data and Nordea Markets

Geographic distribution in Q3 2017, %



Source: Company data and Nordea Markets

Diös Fastigheter AB

Diös is a medium-sized commercial property company, with approximately SEK 19.2bn market value in properties as of Q3 2017. In terms of geography, its property portfolio is focused on the northern part of Sweden, with an emphasis on Gävle, Sundsvall and Östersund.

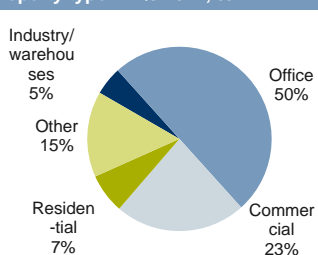
Diös's property portfolio is relatively well diversified in terms of property types, including offices (50%), industrial/warehousing (5%), commercial (23%) and residential (7%). We view Diös's ~30% share of rent derived from public tenants favourably. These factors partly offset the company's focus on secondary locations outside the larger Swedish city regions.

Diös was listed in 2006 on Nasdaq OMX Mid Cap Stockholm. Backahill Inter AB, a company associated with the Paulsson family, is the second-largest shareholder, with 10.5% of capital as of Q3 2017. The company's LTV has declined in recent years and reached roughly 57.8% as of Q3 2017.

Key financial metrics					
	2016	2015	2014	2013	2012
Property Value, SEKm	13,683	13,381	12,200	11,823	11,878
Economic occupancy rate, %	90%	88%	89%	89%	89%
Credit duration, years	1.8	2.4	2.0	2.1	2.9
Interest duration, years	0.9	0.8	1.4	1.9	2.3
Average interest rate, %	2.0%	2.5%	2.8%	3.6%	3.8%
ICR, (x)	3.6x	3.4x	2.5x	2.2x	2.0x
LTV (reported), %	59%	61%	63%	65%	66%

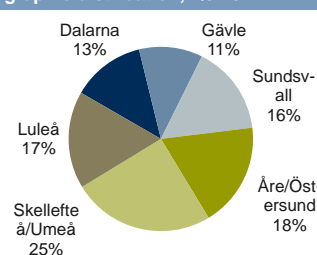
Source: Company data and Nordea Markets

Property type in Q3 2017, %



Source: Company data and Nordea Markets

Geographic distribution, Q3 2017



Source: Company data and Nordea Markets

Fabege AB

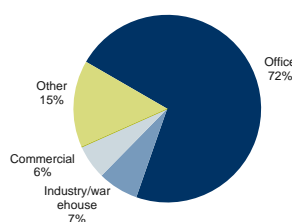
Fabege ranks as one of the larger listed Swedish property companies. With SEK 55,5bn in portfolio market value, its focus is on commercial properties (mainly offices) in four areas of the greater Stockholm area: Stockholm's inner city, Arenastaden, Solna Business Park and Hammarby Sjöstad. In addition, the company has significant project development activities, mainly comprising the development of Arenastaden.

Fabege is listed on Nasdaq OMX Stockholm, and Erik Paulsson and his family are the largest shareholders, holding 15.3% of the capital as of Q3 2017. The company's debt leverage trend was 44% as of Q3 2017, down from 47% in Q3 2016.

Key financial metrics					
	2016	2015	2014	2013	2012
Property Value, SEKm	47,842	40,279	32,559	33,384	31,636
Economic occupancy rate, %	94%	93%	94%	93%	92%
Credit duration, years	3.8	4.1	3.7	4.8	3.7
Interest duration, years	2.2	2.5	1.9	2.6	3.4
Average interest rate, %	2.6%	2.8%	3.1%	3.6%	3.8%
ICR, (x)	2.7x	2.1x	2.4x	2.0x	2.3x
LTV (reported), %	46%	52%	60%	57%	57%
Yield, %	4.5%	4.9%	5.4%	5.6%	5.7%

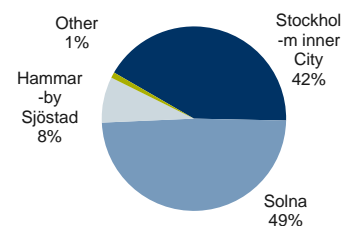
Source: Company data and Nordea Markets

Property type in 2016, %



Source: Company data and Nordea Markets
*Rental value

Geographic distribution in Q3 2017, %



Source: Company data and Nordea Markets

Platzer Fastigheter AB

Platzer is a mid-sized real estate company with a portfolio valued at SEK 14,5bn in Q3 2017. The company's geographic focus is geared towards the greater Gothenburg area. Office properties accounted for the bulk of the portfolio, with the remainder consisting of industrial/warehousing properties and projects.

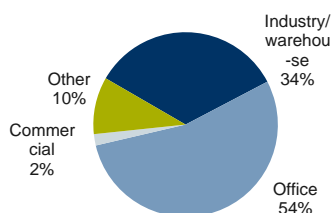
Platzer's loan-to-value ratio was 57% as of Q3 2017, with a new maximum target of 60%, down from 65% previously. The equity ratio and interest coverage stood at 35% (34% Q3 2016) and 3.6x (3.2x Q3 2016), respectively, in the same period.

Following a new share issue and a subsequent public listing in 2013 on Nasdaq OMX Mid Cap, Platzer broadened its shareholder base. Backahill, which is associated with Erik Paulsson, is the third-largest shareholder, holding 5.2% of the capital and 17.1% of the votes, respectively.

Key financial metrics					
	2016	2015	2014	2013	2012
Property Value, SEKm	13,615	9,784	8,343	6,913	6,091
Economic occupancy rate, %	94%	91%	94%	93%	91%
Credit duration, years	2.0	1.9	1.8	2.3	1.2
Interest duration, years	3.7	4	4.7	2.8	3.4
Average interest rate, %	2.3%	2.4%	2.8%	3.4%	3.6%
ICR, (x)	3.2x	3.0x	2.4x	2.1x	2.0x
LTV (reported), %	59%	58%	58%	65%	66%
Yield, %	4.9%	4.8%	5.2%	5.3%	5.4%

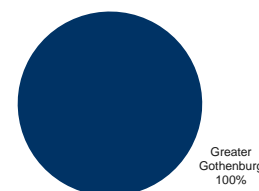
Source: Company data and Nordea Markets

Property type by m² in Q3 2017, %



Source: Company data and Nordea Markets

Geographical distribution in Q3 2017, %



Source: Company data and Nordea Markets

Wihlborgs Fastigheter AB

With a property holding of SEK 36.9bn, Wihlborgs Fastigheter AB (Wihlborgs) ranks as one of the largest property companies in Sweden. Its property portfolio is focused on management and development of commercial properties in the Öresund region, including Malmö, Lund, Helsingborg and Copenhagen. The property portfolio comprises offices (78%, including a small share of retail) and industry/warehousing, industry (21%) and Projects & Land (1%), as of Q3 2017.

Wihlborgs' share was listed in 2005. The largest shareholder, with 10.3% of the shares, is Erik Paulsson.

Wihlborgs holds strong market positions in its key local property markets in the Swedish part of the Öresund region and the holdings are concentrated around a few areas in each city. Its properties in Copenhagen are concentrated in the western part of the greater city area.

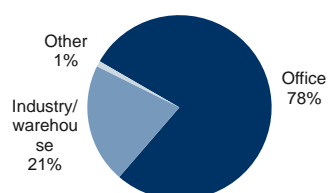
We view Wihlborgs' strong presence in its local markets and its closeness to tenants as supportive rating factors. In addition, its size and market position enable the company to retain existing clients that are seeking alternative locations. This partly helps to offset Wihlborgs' otherwise limited geographical diversity compared with peers like Castellum, Hufvudstaden and much-larger Vasakronan.

Wihlborgs has a LTV of 54.9%, as of Q3 2017, with a maximum target loan-to-value level of 60%. Other financial targets include an equity ratio of at least 30% and an interest coverage ratio of at least 2.0x.

Key financial metrics					
	2016	2015	2014	2013	2012
Property Value, SEKm	32,755	28,623	24,299	22,584	19,876
Economic occupancy rate, %	91%	91%	91%	91%	92%
Credit duration, years	5.9	4.1	4.1	4.0	4.2
Interest duration, years	4.8	4.8	6	5.0	7.0
Average interest rate, %	2.8%	2.7%	3.1%	3.5%	3.6%
ICR, (x)	3.3x	3.2x	2.8x	2.6x	2.7x
LTV (reported), %	54%	57%	58%	61%	59%
Yield, %	4.9%	5.1%	5.6%	5.9%	5.6%

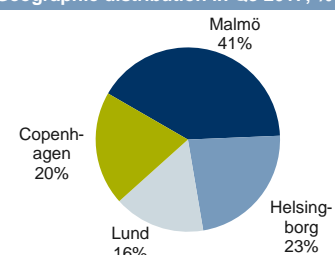
Source: Company data and Nordea Markets

Property type in Q3 2017, %



Source: Company data and Nordea Markets

Geographic distribution in Q3 2017, %



Source: Company data and Nordea Markets

Reported numbers and forecasts

Income statement										
SEKm	2010	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E
Total revenue	0	0	0	0	0	0	0	0	0	0
- growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Gross profit	0	0	0	0	0	0	0	0	0	0
- margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA	0	0	0	0	0	-4	-6	-6	-6	-6
- margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITA	0	0	0	0	0	-4	-6	-6	-6	-6
- margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBIT	0	0	0	0	0	-4	-6	-6	-6	-6
- margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Net finance	0	0	0	0	0	3	4	4	4	4
Pre-tax profit	0	0	0	0	0	-2	-2	-2	-2	-2
Taxes	0	0	0	0	0	0	0	0	0	0
Net profit, continuing operations	0	0	0	0	0	-2	-2	-2	-2	-4
Discontinued operations	0	0	0	0	0	0	0	0	0	1
Net profit to equity	0	0	0	0	0	-2	-2	-2	-2	-2
EBITDA (credit adj)	0	0	0	0	0	-4	-6	-6	-6	-6
EBIT (credit adj)	0	0	0	0	0	-4	-6	-6	-6	-6
Interest expense (credit adj)	0	0	0	0	0	-15	-24	-24	-24	-24

Source: Company data and Nordea Markets

Balance Sheet										
SEKm	2010	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E
Goodwill	0	0	0	0	0	0	0	0	0	0
Other intangibles	0	0	0	0	0	0	0	0	0	0
Tangible assets	0	0	0	0	0	0	0	0	0	0
Shares associates	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	3,738	5,446	5,446	5,446	5,446
Deferred tax assets	0	0	0	0	0	0	0	0	0	0
Other non-interest bearing non-current assets	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Non-current assets	0	0	0	0	0	3,738	5,446	5,446	5,446	5,446
Inventory	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	16	1,218	1,218	1,218	1,218
Cash and cash equivalents	0	0	0	0	0	176	320	320	320	320
Current assets	0	0	0	0	0	192	1,538	1,538	1,538	1,538
Assets held for sale	0	0	0	0	0	0	0	0	0	0
Total assets	0	0	0	0	0	3,931	6,985	6,984	6,984	6,984
Shareholders equity	0	0	0	0	0	392	699	698	696	694
Minority interest	0	0	0	0	0	0	0	0	0	0
Deferred tax	0	0	0	0	0	0	0	n.a.	n.a.	n.a.
Convertible debt	0	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	0	0	0	0	0	3,528	5,134	5,134	5,134	5,134
Non-current liabilities	0	0	0	0	0	0	0	n.a.	n.a.	n.a.
Pension provisions	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	1	3	5
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0
Non-current liabilities	0	0	0	0	0	3,528	5,134	5,135	5,137	5,139
Short-term provisions	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	10	1,151	1,151	1,151	1,151
Short term interest bearing debt	0	0	0	0	0	0	0	0	0	0
Current liabilities	0	0	0	0	0	10	1,151	1,151	1,151	1,151
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	0	0	0	0	0	3,931	6,985	6,984	6,984	6,984
Cash and cash eq (credit adj)	0	0	0	0	0	44	80	80	80	320
Total assets (credit adj)	0	0	0	0	0	3,798	6,745	6,744	6,744	6,984
Shareholders equity (credit adj)	0	0	0	0	0	392	699	698	696	694
Debt (credit adj)	0	0	0	0	0	3,396	4,894	4,894	4,894	5,134

Source: Company data and Nordea Markets

Cash flow statement										
SEKm	2010	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E
EBITDA	0	0	0	0	0	-4	-6	-6	-6	-6
Adj due to change in group structure	0	0	0	0	0	0	0	0	0	0
Change in Provisions	0	0	0	0	0	0	0	0	0	0
Other non-cash adjustments	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	0	0	0	0	0	4	4	4
Dividends received	0	0	0	0	0	0	0	0	0	0
Paid taxes	0	0	0	0	0	0	0	0	0	-2
Other	0	0	0	0	0	0	0	0	0	0
Operating cash flow before NWC	0	0	0	0	0	-4	-6	-2	-2	-4
Change in NWC	0	0	0	0	0	0	0	0	0	0
Operating cash flow	0	0	0	0	0	-4	-6	-2	-2	-4
CAPEX	0	0	0	0	0	0	0	0	0	0
Free Operating cash flow	0	0	0	0	0	-4	-6	-2	-2	-4
Dividends paid	0	0	0	0	0	0	0	0	0	0
Share issues / buybacks	0	0	0	0	0	389	309	0	0	0
Discretionary cash flow	0	0	0	0	0	385	303	-2	-2	-4
Other investments / divestments	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	-3,738	-1,708	0	0	0
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
Net change to group borrowing/repayments	0	0	0	0	0	3,528	1,606	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Change in cash	0	0	0	0	0	174	201	-2	-2	-4
Adjusted metrics										
Funds from operations (FFO) (adj)	0	0	0	0	0	-2	-2	-2	-2	-4
Operating cash flow (OCF) (adj)	0	0	0	0	0	-4	-6	-2	-2	-4
Free operating cash flow (FOCF) (adj)	0	0	0	0	0	-4	-6	-2	-2	-4
Discretionary cash flow (DCF) (adj)	0	0	0	0	0	-4	-6	-2	-2	-4

Source: Company data and Nordea Markets

Key ratios										
Profitability	2010	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E
ROC	n.m.	n.m.	n.m.	n.m.	n.m.	-0.2%	-0.1%	n.a.	n.a.	n.a.
ROIC after tax	n.m.	n.m.	n.m.	n.m.	n.m.	0.0%	0.0%	0.0%	0.0%	0.0%
ROE after tax	n.m.	n.m.	n.m.	n.m.	n.m.	-1.0%	-0.3%	-0.2%	-0.2%	-0.3%
Debt & Interest coverage	2010	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E
FFO/Debt	n.m.	n.m.	n.m.	n.m.	n.m.	-0.1%	0.0%	0.0%	0.0%	-0.1%
FOCF/Debt	n.m.	n.m.	n.m.	n.m.	n.m.	-0.1%	-0.1%	0.0%	0.0%	-0.1%
DCF/Debt	n.m.	n.m.	n.m.	n.m.	n.m.	-0.1%	-0.1%	0.0%	0.0%	-0.1%
EBITDA interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	-0.3	-0.2	-0.2	-0.2	-0.2
FFO cash interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	0.1	0.1	0.1	0.1	0.2
Leverage	2010	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E
Debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	n.m.	n.m.	n.m.	n.m.	10.0%	10.0%	10.0%	10.0%	9.9%
Debt/(Debt+Equity)	n.m.	n.m.	n.m.	n.m.	n.m.	0.9	0.9	0.9	0.9	0.9
Capital expenditure	2010	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E
CAPEX/Depreciation and amortisation	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
CAPEX/Sales	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Working capital ratios	2010	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E
Inventory turnover (days)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Receivables turnover (days)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Days sales outstanding (days)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Per share data	2010	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E
EPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS (adj.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity valuation and yield	2010	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/BV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Payout ratio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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Over the next three months we expect the performance of this fixed income instrument to exceed the performance of the relevant index, sector or benchmark

Market perform

Over the next three months we expect the performance of this fixed income instrument to be in line with the performance of the relevant index, sector or benchmark

Underperform

Over the next three months we expect the performance of this fixed income instrument to fall short of the performance of the relevant index, sector or benchmark

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Recommendation	Count	% Distribution
Outperform	113	27%
Market perform	212	52%
Underperform	87	21%
Total	412	100%

As of 1 April 2017

Distribution of recommendations (transactions)*

Recommendation	Count	% Distribution
Outperform	52	28%
Market perform	106	57%
Underperform	28	15%
Total	186	100%

As of 1 April 2017

* Companies under coverage with which Nordea has ongoing or completed public investment banking transactions.

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