

## Swedbank Research

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# Svensk FastighetsFinansiering (SFF)

IG-Issuer with a Stable Outlook

# SFF

Swedbank Research

SFF

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# Credit Summary

## SFF in Brief

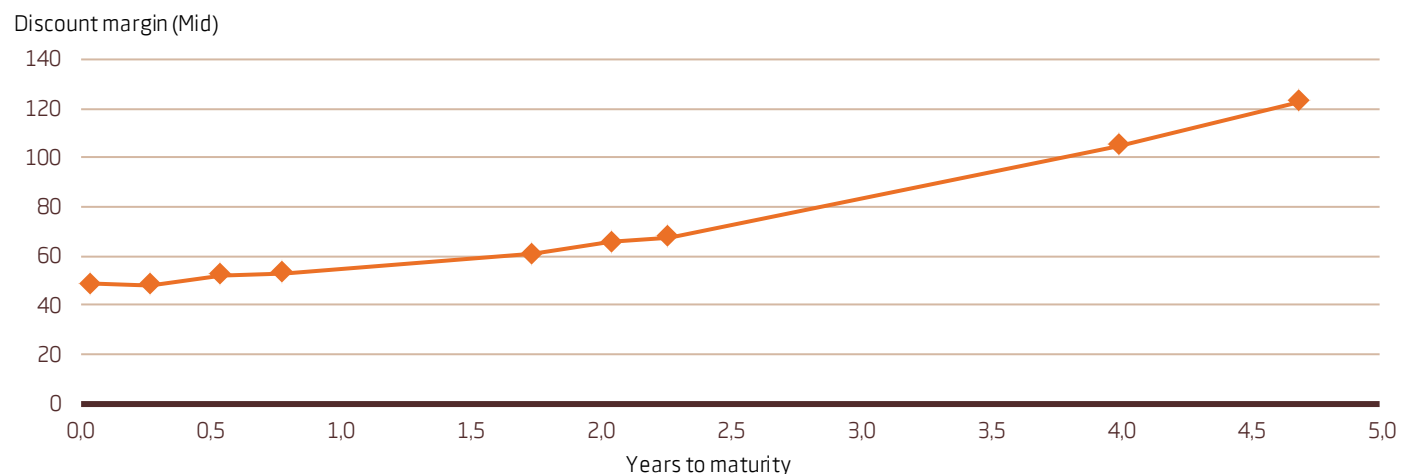
### Operations in brief

- Svensk FastighetsFinansiering AB (SFF) is a funding vehicle for the five owners that offers investors secured lending
- The five sponsors are all listed on Nasdaq OMX and active within the real estate industry. The companies are: Catena, Diös, Fabega, Platzer and Wihlborgs
- All bonds issued by the funding vehicle share securities in a pledged security pool
- The first bond issue was done in 2011 through SFF, which was transformed into nSFF in 2015 when the number of sponsors was increased from three to five. The name was changed back to SFF in December 2016
- SFF's secured MTN-program has a framework amount of SEK 12bn. As of February 22<sup>nd</sup> 2018, a total of 15 bonds were outstanding with a combined value of SEK 9.2bn

### Bond list

ISIN	Coupon	Maturity	Volume (SEKm)	ISIN	Coupon	Maturity	Volume (SEKm)
SE0006851317	0.858	2018-03-09	250	SE0010547810	Float	2019-11-20	300
SE0006851333	Float	2018-03-09	775	SE0010547828	0.365	2019-11-20	950
SE0008374524	Float	2018-05-31	652	SE00108322667	0.49	2020-02-28	891
SE0008964415	Float	2018-09-07	920	SE0006851341	Float	2020-03-09	889
SE0009346422	Float	2018-12-03	700	SE0006993622	1.42	2020-04-20	1082
SE0009579774	0.5	2019-02-06	500	SE0009580160	Float	2020-05-29	300
SE0009241656	0.51	2019-02-28	500	SE0009606759	Float	2022-02-20	500
SE0010325530	0.345	2019-09-25	580	SE0010494823	Float	0222-10-31	274

### Bond curve (only FRN)



## Credit Summary

# Credit Strengths and Concerns

### Credit strengths

Resilient structure	<ul style="list-style-type: none"><li>• The company is structured in a resilient way with many lines of defence, with the mortgage certificate , the pledged shares in the property comp. &amp; the issued guarantee from the sponsor as highly supportive</li><li>• These lines of defence ultimately mean that bonds are backed by the general capacity of the sponsors</li></ul>
Financial covenants	<ul style="list-style-type: none"><li>• In addition to the above, the financial vehicle itself (SFF) is constrained by a number of financial covenants, with a minimum equity ratio of 10% and dividend restrictions as examples</li><li>• SFF is also required to hold a minimum of 4.75% of cash based on total outstanding secured loans</li></ul>
Positive development among sponsors	<ul style="list-style-type: none"><li>• Compared to old SFF, new SFF has a more diversified owner base in terms of segments and geographical diversification</li><li>• The sponsors have, as most Swedish RE companies, experienced positive tailwinds in recent years</li></ul>

### Credit concerns

Concentration risk	<ul style="list-style-type: none"><li>• All of the five sponsors are active within the real estate sector and although they are diversified in terms of segments/geographically, a downturn in the sector will most likely affect all negatively</li><li>• Real estate companies in general are sensitive to increases in interest rates</li></ul>
Complicated structure & exposure to less attractive markets	<ul style="list-style-type: none"><li>• The structure is not straight forward and has some legal risks related to the design of the secured structure</li><li>• Part of the security pool will offer exposure to cities with low-comparable growth</li></ul>
Majority of sponsors regarded as HY	<ul style="list-style-type: none"><li>• The stand-alone credit quality among the sponsors is typically high yield and the overall strength of the structure is lifted by the larger IG-companies</li><li>• Some of the sponsors are still in a growth phase which partially elevates risk</li></ul>

## Credit Summary

# Credit Profile

### Credit Profile

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- *Credit Profile* – Based on the underlying credit strength of the owners and the credit enhancement offered by the structure, we argue that the funding vehicle SFF should be viewed as investment grade. The fundamental credit strength of the owners ranges from high yield to investment grade, with Fabege (Moody's: Baa3/Stable) being the only officially rated company. We believe the owners offers an adequate diversification both geographically and in terms of segments. This leads to a relatively low geographical concentration risk which partly mitigates the potential negative effects of any regional downturn whereas the concentration risk in terms of industry is obvious. No borrower may account for more than 50% of total outstanding loans and the several restrictions applied on portfolio level ensures high quality in the security pool

The fact that all issued bonds share securities in a pledged security pool is basically the heart of the structure. In addition to the 50% mortgage certificates at inception, a high degree of debt protection for the bondholders lies in the pledged shares in the property company, the issued guarantee from the sponsor and the issued promissory notes. Important to note is that pledged properties have no other encumbrances and that the guarantee means that bonds are ultimately backed by the general capacity of the sponsors. This leads to a situation where a number of defence lines have to consecutively fail in order for bondholders to take a credit loss. The financial vehicle itself is constrained by a number of financial covenants. The minimum equity ratio of 10%, the dividend restrictions and the cash reserve (minimum of 4.75%) all supports the case. Weighing negative on our overall assessment is the complexity of the structure, the concentration on real estate and the average credit quality of the sponsors.

#### Features that could improve the credit profile

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- Strong performance among the sponsors
- Additional sponsors (with IG credit profiles)
- Increased cash reserve

#### Features that could deteriorate the credit profile

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- Poor performance among sponsors
- Downturn in the real estate market
- Changes to the structure weakening the position of bondholders

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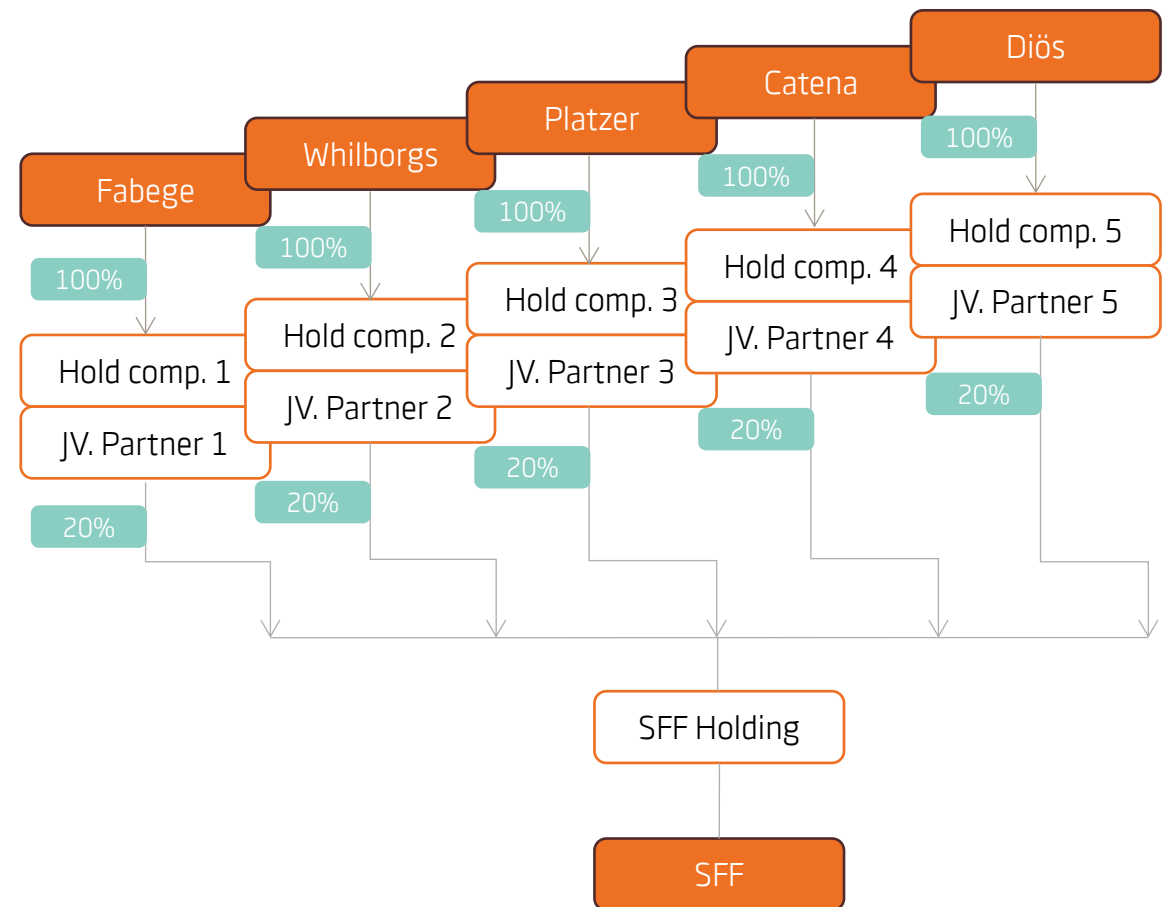
# SFF Structure

Indirectly owned JV by five Swedish real estate companies

## SFF in brief

- SFF is an indirectly owned joint venture (JV) between Fabege, Wihlborgs, Platzer, Catena and Diös, with each company holding 20% of the common stock in SFF. SFF Holding is an SPV solely set up for the ownership of SFF
- SFF is initially capitalized with SEK 5m but is always required to maintain a minimum equity ratio of 10% with capitalization in connection with any transaction
- Operations in SFF are limited to lending to the five HoldCos in the structure and the funding of these operations in the capital markets. The HoldCos pass on funds to the ultimate borrowers, all of which are 100%-owned subsidiaries of the sponsors
- All lending is secured with promissory notes, existing mortgage certificates, shares in the ultimate borrower and an on-demand guarantee from the relevant sponsor
- Operations are limited by a significant number of covenants and compliance restrictions (see next slide)
- SFF has no employees, as all related administration is outsourced to service suppliers

## General structure



# Restrictions, covenants & degree of leverage protection

## Portfolio restrictions

- No single borrower may account for more than 50% of total outstanding secured loans
- Properties with tax code 4xx (Industrial, storage) and 820 (Distribution), max 20%, and, 322 (Hotel and restaurant) max 5% of total outstanding secured loans
- A minimum of 65% of office properties must be located in Stockholm, Gothenburg and/or Öresund. Only certain geographical areas are permitted otherwise

## Covenant restrictions

- A minimum equity ratio of 10% applies, as do dividend restrictions – no dividend distributions are allowed without prior Security Agent approval
- SFF is initially capitalized with only SEK 5mn. SFF is required to hold a minimum 4.75% of cash based on total outstanding secured loans, and investments are restricted to highly liquid and creditworthy securities, such as Swedish benchmark covered bonds (rated AAA) or Swedish government benchmark bonds

## Collateral & valuation

- Shares in the borrower, promissory notes, mortgage certificates covering min. 50% of the loan, guarantee from the Sponsor
- Valuation of properties is required on a regular basis. Carried out both by external agencies and by the sponsors themselves
- Full market valuations and desktop valuations are performed on a rolling basis. On a quarterly basis, compliance certificates are to be submitted to the Security Agent. A general three-month remedy period applies for most restriction/covenant violations

## Degree of leverage protection

- Apart from the minimum 50% mortgage certificates at inception, a high degree of debt protection for the bond holders lies in the pledged shares in the property company (the company holding the pledged property); the issued guarantee from the sponsor and the issued promissory notes
- There are a number of defense lines, as defined by the structure that must consecutively fail to result in a credit loss for a bondholder. In the previous structure (SFF), 100% mortgage certificates were required at inception. Notice that an alternative route to liquidation is divestment of the shares, which is quicker in a normal situation

Tax code	Property type	Max initial LTV	Trigger LTV	Max LTV	Min initial Wale	Max initial economic vacancy
320	Mainly residential	72%	75%	77%	Na	10%
321	Mixed, commercial and residential	67%	75%	77%	24m	10%
322	Hotel and restaurant	60%	70%	77%	30m	5%
325, 326	Mainly commercial	67%	75%	77%	24m	10%
420, 423, 426, 431, 432	Industrial, storage	60%	70%	77%	24m	5%
820	Distribution	65%	75%	77%	24m	5%
823, 825, 826, 829	Education, caretaking	70%	75%	77%	24m	10%

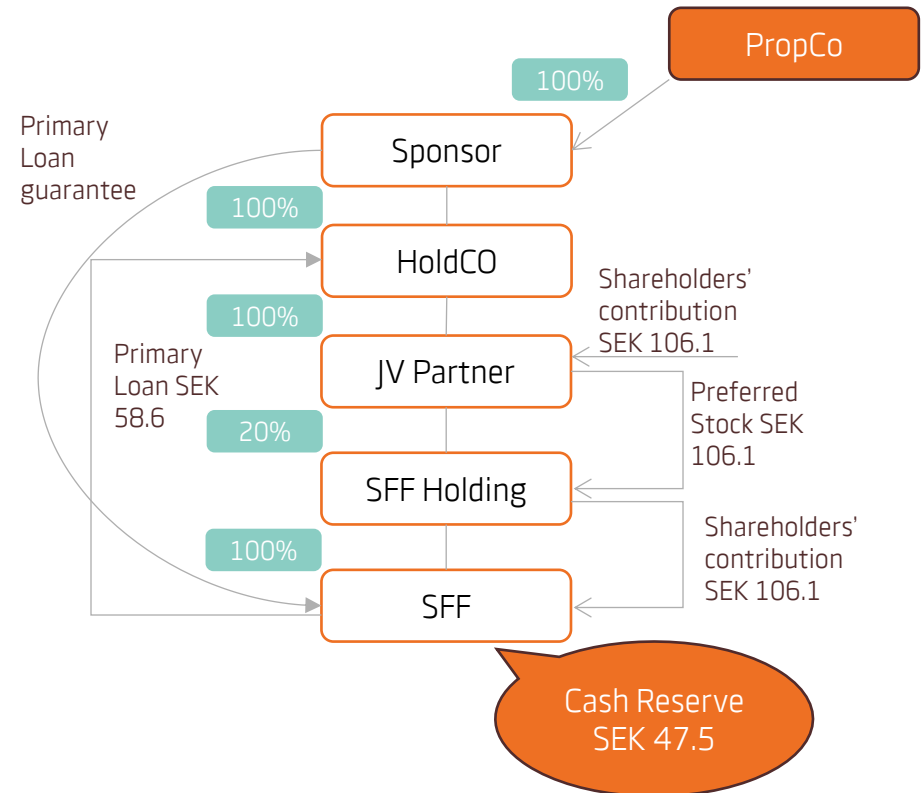


# Preparation for a bond issue

## Step-by-step preparation

- Prior to a bond issue, the relevant JV partner is capitalized (the figure to the right illustrates a SEK 1bn bond issue - with all the numbers referring to that size)
- SFF Holding will then issue preferred stock, which is subsequently acquired by the relevant JV partner
- As a next step, SFF Holding makes a correspondingly large capital contribution to SFF, ensuring at least a 10% equity ratio
- Thereafter, SFF extends a primary loan to the relevant HoldCo that corresponds to the difference between the shareholder's contribution and the minimum cash reserve of 4.75% in SFF. The Cash may be invested only in low-risk instruments such as on-demand bank accounts, Swedish benchmark covered bonds (AAA), Swedish government benchmark bonds, Swedish municipal bonds/CP (AA-) and benchmark Kommuninvest bonds
- In favor of SFF for the primary loan, the ultimate sponsor issues a guarantee. When the bond matures, the primary loan is repaid and the funds, as well as the cash reserve, are used to repurchase the outstanding preferred stock after full repayment of the relevant bond
- Worth noting is that the primary loans are merely of theoretical interest

## Preparation for a bond issue of SEK 1bn

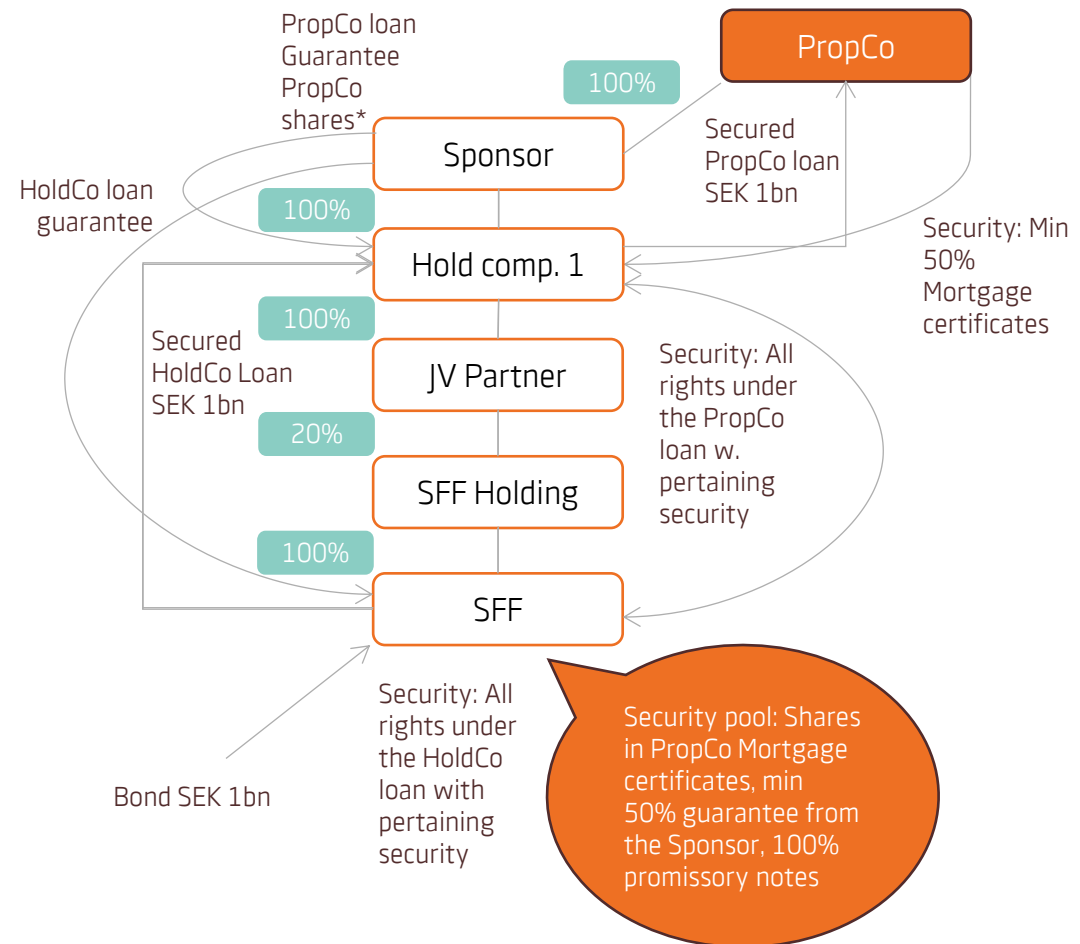


# Transaction structure for a bond issue

## Transaction description

- When a bond is issued by SFF, they extend a secured loan to the relevant HoldCo of the same size. The HoldCo then extends a secured loan to the relevant PropCo, which is the sponsor owned entity owning the property to be financed by the bond issuance. The sponsor issues a guarantee in favor of the HoldCo for the PropCo loan, and the sponsor pledges 100% of the shares in the PropCo to the HoldCo
- In the next step, the sponsor issues a guarantee in favor of SFF for the HoldCo loan. The PropCo must pledge mortgage certificates covering at least 50% of the PropCo loan to the HoldCo. However, if there are already mortgage certificates in place (potentially more than 50%), they must be pledged so that the 50% is only a minimum requirement
- The HoldCo pledges all rights under the PropCo loan and the pertaining security to SFF, and SFF pledges all rights under the HoldCo loan and the pertaining security to the Security Agent to form the security pool. In the event that a PropCo pledges mortgage certificates that cover 100% of the PropCo loan, the sponsor will not be required to pledge the shares in the PropCo. Instead, the corresponding cash reserve is increased by 1 percentage unit from 4.75% to 5.75%

## Transaction structure for a bond issue of SEK 1bn

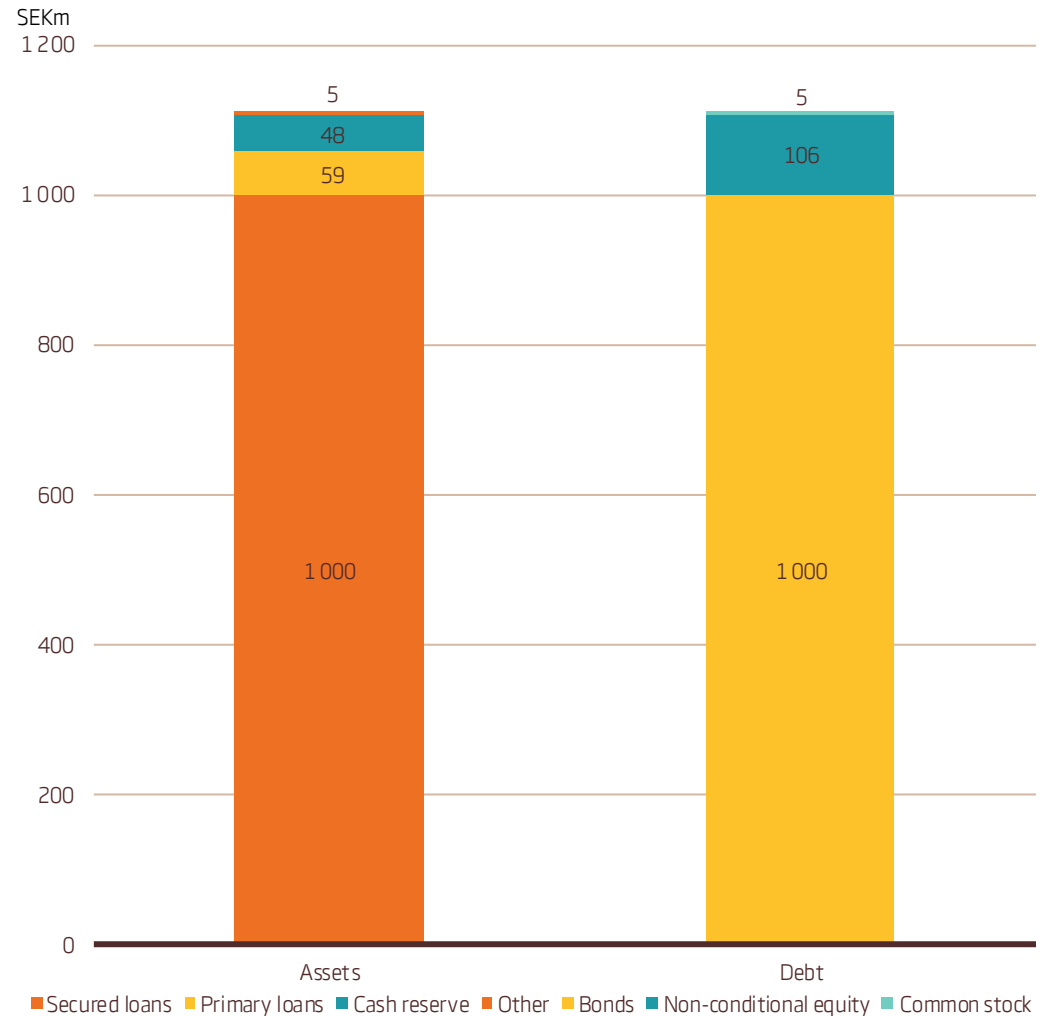


# The Recovery Prospects & the Balance Sheet

## A receiver may claim recovery of collateral not pledged

- SFF's balance sheet following a SEK 1,000mn bond issuance is set out in the figure to the right
- The asset side is primarily the secured loans in addition to the primary loans and the cash reserve
- The liability side is only the bond and the equity portion is made up of common stock and a non-conditional equity injection
- We stress that SFF's rather weak balance sheet and general financial profile are not key credit concerns in the structure (compare with the balance sheet of a bank)
- In a bankruptcy situation, a receiver may claim recovery of collateral not pledged in connection with the loan transaction if the pledging occurs more than three months before the bankruptcy, which is basically a recovery risk with regard to springing mortgages
- Mitigations in this regard include the negative pledge, as there are no other material creditors and no remedy because mortgage certificates are registered as soon as the LTV trigger is violated and the fact that the shares in the Propco are pledged and can be accelerated

## SFF's balance sheet after a bond issue of 1bn



# Stress Test

## Resilient structure limits potential credit losses

- In our stress case, we assume a total of SEK 8,000m in outstanding bonds and we assume that sponsors have borrowed pro-rata (i.e., 20% each). The initial weighted LTV is assumed to be 67.5%, which is basically the maximum allowed LTV. The initial cash reserve is SEK 380m, which is 4.75% of the outstanding secured debt, and is potentially on the low side. The three-month STIBOR is set at 100bp, and we assume a 25bp spread on primary loans and excess cash. The spread on outstanding bonds is set at 100bp on average. An effective tax rate of 22% is applied. The time period from default to actual asset disposal is assumed to be five quarters, where the default is assumed to take place at the end of Q1 in the model and asset disposal at the end of Q6. Three of the five borrowers (i.e., 60%) are in payment default in our stressed scenario. In addition, we assume that sponsor guarantees are not fulfilled. The LTV at the time of asset disposal is set at 78%. We apply a 25% market value (MV) haircut at disposal. Effectively, this means that market values are assumed to fall by 35% from inception to disposal. The annual rolling costs (SFF) are estimated at SEK 5m
- Under the assumptions above, SFF can accommodate a 60% payment default and a haircut of more than 35% in MV, which is equivalent to more than SEK 4.1bn of the approx. SEK 12.0bn collateral value, without capital loss or suspended coupons

## Cash flow in our stressed scenario

Cash flow	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Interest income	40,0	16,0	16,0	16,0	16,0	16,0	16,0	16,0
SG&A	-0,8	-0,8	-0,8	-0,8	-0,8	-0,8	-0,8	-0,8
Interest & fee expense	-40,0	-40,0	-40,0	-40,0	-40,0	-40,0	-16,0	-16,0
Cash flow from security lending before CEI*	-0,8	-24,8	-24,8	-24,8	-24,8	-24,8	-0,8	-0,8
Interest income primary loans	1,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6
Interest income cash	-	-	-	4,5	-	-	-	2,4
Paid tax	-0,2	0,0	0,0	0,0	0,0	0,0	0,0	-0,5
Cash flow before CEI & financing activities	0,7	-24,1	-24,1	-19,6	-24,1	-24,1	-0,1	1,8
Income from security disposal due to bankruptcy	0,0	-	-	-	-	4 615,4	-	-
Change in funding from security disposal	0,0	-	-	-	-	-4 800,0	-	-
Dividends/new share issues	-0,7	-	-	-	-	-	-	-
Cash flow from CEI & financing activities	-0,7	-	-	-	-	-184,6	-	-
Cash flow for the period	0,0	-24,1	-24,1	-19,6	-24,1	-208,7	-0,1	1,8
Opening balance cash & cash equivalent	380,0	380,0	355,9	331,8	312,2	288,1	79,3	79,2
Closing balance cash & cash equivalent	380,0	355,9	331,8	312,2	288,1	79,3	79,2	81,0

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# Company Overviews

## Catena in Brief

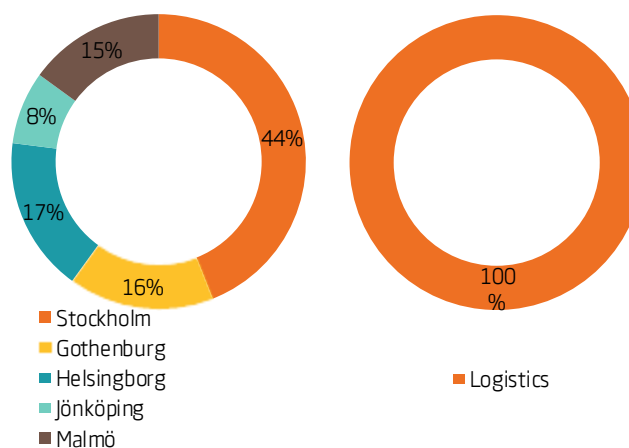
### Operations in brief

- The company is a commercial real estate company with focus on the logistics segment. Geographical focus is the central/south part of Sweden with the greater Stockholm area being the main market
- The history dates back to 1967 but it was not until 2013 that Catena as we know it today was created. In 2006, Bilia decided to distribute Catena to its shareholders and following a divestment of all properties in 2010-2011, the company acquired Brinova Logistik in 2013 and focused all attention on this segment
- At year end 2017, the company had a total of 109 properties with a combined lettable area of 1,662 tsqm. Rental value amounts to SEK 1.1bn and the vacancy rate sits at 5%
- 2017 was an acquisition-intensive year as a total of 18 properties were acquired for SEK 2bn whereas 3 were divested for SEK 466m

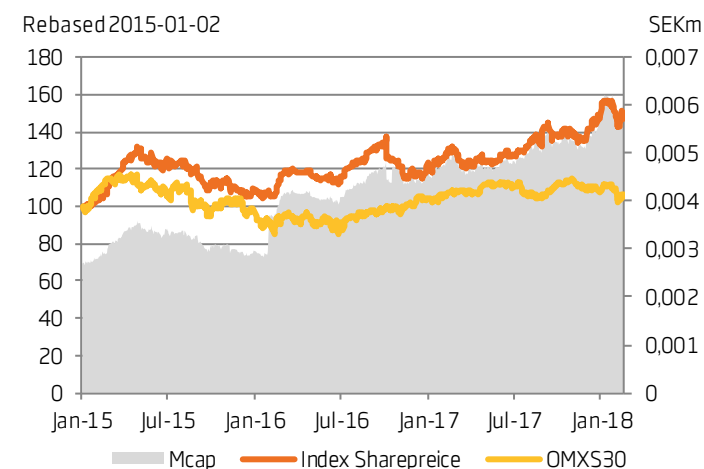
### Key figures

SEKm	2016	2017	2018e	2019e	2020e
Rental Income	786,6	892,0	1 038,2	1 095,9	1 146,2
NOI	578,1	671,2	774,1	824,2	865,0
Pre-Tax Profit	386,6	669,1	1 033,2	546,3	563,1
Portfolio Size	10 786	13 131	14 161	14 702	15 269
IBD	6 457	7 568	7 918	8 168	8 318
EBITDA/Interest	2,2x	3,0x	3,4x	3,3x	3,2x
Debt/EBITDA	11,8x	11,8x	10,8x	10,4x	10,1x
LTV	59,9%	57,6%	55,9%	55,6%	54,5%
Debt/Debt + Equity	62,3%	62,2%	60,0%	59,5%	58,7%
FFO/Debt	4,9%	5,8%	6,4%	6,6%	6,7%

### Portfolio overview



### Share price development



### Shareholders

Shareholders	Votes
Backahill	30,0%
Endicott Sweden AB	10,6%
LF Fund	9,0%
SFU Sverige AB	4,8%
Kilen 134 Strängnäs	4,5%
Handelsbanken Funds	3,5%
Nordea Investment Funds	2,7%
Citi Switz AG	2,4%
Skagen M2	1,5%
RBC Investor Services	1,5%

# Company Overviews

## Diös in Brief

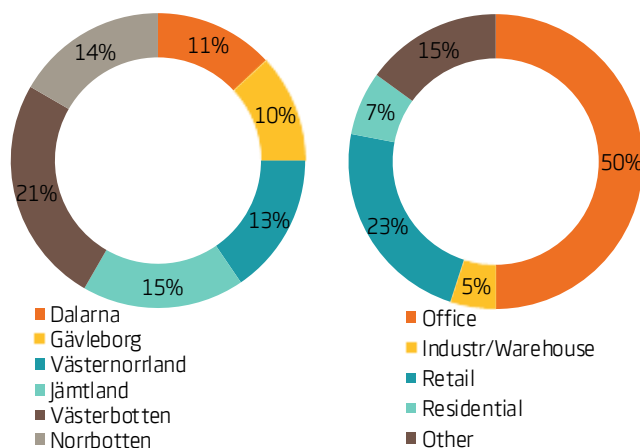
### Operations in brief

- The company is a commercial real estate company (7% residential) focusing on the northern part of Sweden. The company has roots far back but was created in its current shape in 2005 when AP Fastigheter sold all of their properties north of Uppsala to a newly created company (Diös) with a number of owners backing it (initiator was Erik Paulsson). The company was listed in 2006 and current Mcap is approx. SEK 7.3bn
- The portfolio is diversified in terms of segments although offices is, and has been, the main segment making up the largest part of the portfolio
- At year end 2017, the company had a total of 339 properties with a combined lettable area of 1,553 tsqm. Rental value amounts to SEK 1.9bn and the vacancy rate sits at 9%
- During last year, the company executed a rights issue regarding SEK 60m shares, bringing in SEK 1.9bn in equity

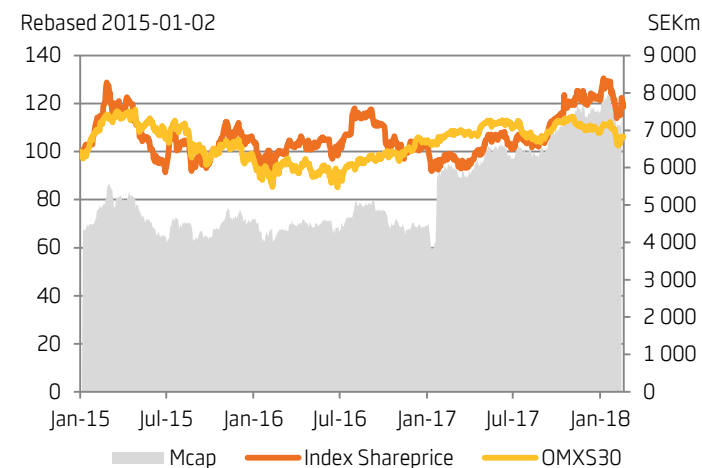
### Key figures

SEKm	2016	2017	2018e	2019e	2020e
Rental Income	1 341,0	1 719,0	1 774,9	1 816,7	1 853,3
NOI	806,0	1 080,0	1 102,2	1 140,7	1 157,2
Pre-Tax Profit	957,0	1 261,0	1 216,8	860,1	868,8
Portfolio Size	13 683	19 457	20 320	20 838	21 338
IBD	8 022	11 104	11 104	11 204	11 304
EBITDA/Interest	3,6x	5,4x	5,4x	5,3x	5,2x
Debt/EBITDA	10,8x	11,0x	10,9x	10,6x	10,5x
LTV	58,6%	57,1%	54,6%	53,8%	53,0%
Debt/Debt + Equity	65,0%	61,7%	59,4%	58,3%	57,4%
FFO/Debt	6,9%	7,0%	7,4%	7,6%	7,6%

### Portfolio overview\*



### Share price development



### Shareholders

Shareholders	Votes & Capital
AB Persson Invest	15,4%
Backahill	10,5%
Bengtssons Tidnings AB	10,1%
Pensionskassan SHB	6,0%
Avanza	3,7%
Handelbanken Funds	3,5%
SEB Funds	3,1%
Fourt AP-Fund	1,9%
Transamerica Asset Mgmt.	1,7%
Staffan rasjö	1,5%

# Company Overviews

## Fabege in Brief

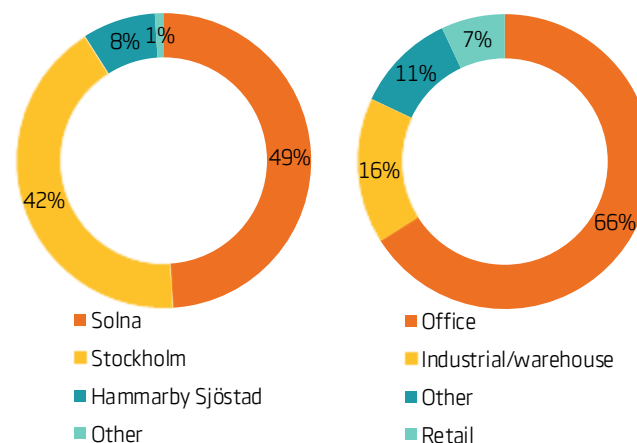
### Operations in brief

- Fabege is a commercial property company with focus on office properties. The company has a history and a track-record of successfully completing a large number of projects, which is a natural part of the business together with managing properties and being a player in the transaction market
- All properties are located in the Stockholm region and in recent years, a majority of the portfolio has been tilted towards Solna Arenastaden & Solna Business Park). Additional submarkets are mainly Stockholm inner city and Hammarby Sjöstad
- At year end 2017, the company had a total of 90 properties with a combined lettable area of 1,136 tsqm. Rental value amounts to 2.6bn and the vacancy rate sits at 6%
- The company was listed in 1990 (as Wihlborgs Fastigheter) and currently has a Mcap of SEK 28.6bn

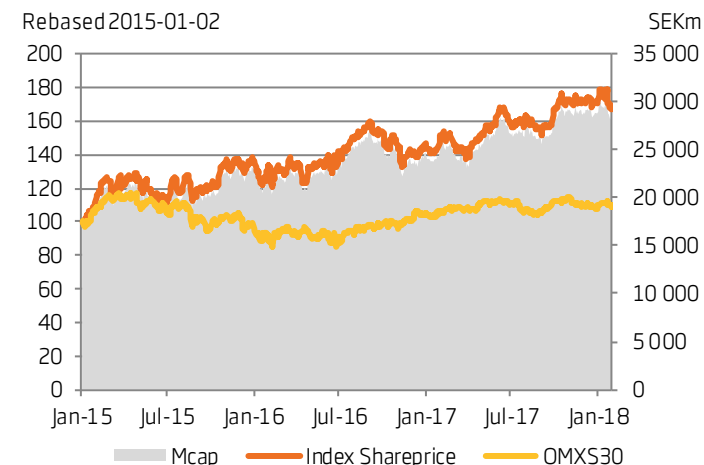
### Key figures

SEKm	2016	2017	2018e	2019e	2020e
Rental Income	2 105,0	2 280,0	2 633,0	3 067,3	3 228,7
NOI	1 507,0	1 680,0	1 941,8	2 259,4	2 377,6
Pre-Tax Profit	8 680,0	7 352,0	3 983,8	1 589,9	1 637,4
Portfolio Size	47 842	57 889	61 803	63 880	65 993
IBD	21 978	24 841	25 671	26 996	28 396
EBITDA/Interest	2,7x	3,2x	3,6x	3,8x	3,6x
Debt/EBITDA	15,3x	15,5x	13,9x	12,6x	12,5x
LTV	45,9%	42,9%	41,5%	42,3%	43,0%
Debt/Debt + Equity	48,9%	47,0%	45,7%	46,5%	47,4%
FFO/Debt	3,7%	4,4%	5,0%	5,8%	5,7%

### Portfolio overview



### Share price development



### Shareholders

Shareholders	Votes & Capital
Erik Paulsson	15,3%
Fourth AP-fund	4,5%
BlackRock	3,9%
Investment AB Öresund	3,3%
Vanguard	2,4%
Mats Qviberg	2,3%
Länsförsäkringar Fund	2,2%
E.N.A City AB	1,7%
Handelsbanken Funds	1,7%
Principal Gööbal Investors	1,5%



# Company Overviews

## Platzer in Brief

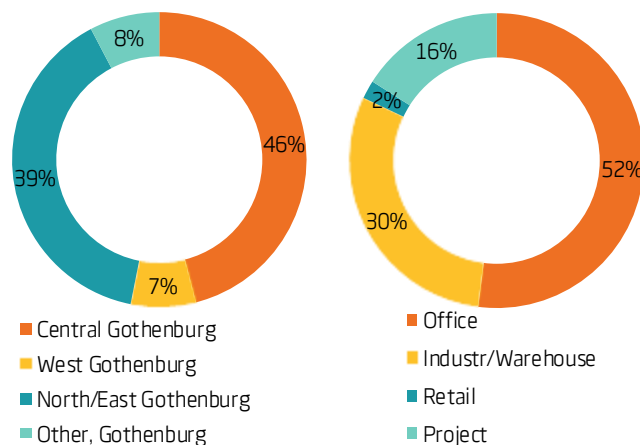
### Operations in brief

- The company is a commercial real estate company only present in the Gothenburg region. Historically focus has been on the office segment and this still makes up the majority of the portfolio however; following the "Volvo-transaction" in Dec 2016 the logistics/warehouse portion was substantially increased
- Platzer's history dates back to 1969 but the company was established in its current shape in 2008. Platzer was listed in 2013 with a current Mcap of approx. SEK 6.1bn
- At year end 2017, the company had a total of 68 properties with a combined lettable area of 805 tsqm. Rental value amounts to SEK 1,326/sqm and the vacancy rate sits at 5%
- About 16% of total portfolio value is made up of project properties. In total, 24 properties are regarded as project properties with a combined area of 50tsqm

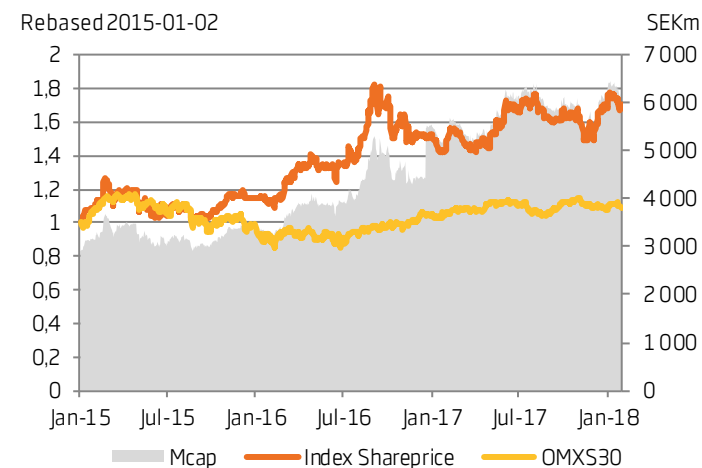
### Key figures

SEKm	2016	2017	2018e	2019e	2020e
Rental Income	687,1	995,0	1 060,2	1 108,6	1 153,6
NOI	506,5	727,0	774,6	809,9	842,8
Pre-Tax Profit	635,4	1 754,0	917,7	554,1	584,6
Portfolio Size	13 615	15 559	16 516	17 104	17 715
IBD	7 969	8 391	8 641	8 641	8 641
EBITDA/Interest	3,2x	3,5x	3,6x	3,7x	3,9x
Debt/EBITDA	17,1x	12,3x	11,9x	11,4x	11,0x
LTV	58,5%	53,9%	52,3%	50,5%	48,8%
Debt/Debt + Equity	62,9%	58,5%	56,9%	55,3%	53,7%
FFO/Debt	3,5%	5,1%	5,5%	6,1%	6,4%

### Portfolio overview



### Share price development



### Shareholders

Shareholders	Votes	Capital
Enström & Co	37,7%	11,7%
LF Göteborg & Bohuslän	21,8%	16,9%
LF Skaraborg	13,7%	4,2%
Familjen Hielte/Hobohm	7,6%	18,9%
Fourth AP-Fund	4,0%	9,9%
LF Fund Management	3,5%	8,9%
Carnegie Fund	2,6%	6,4%
Lesley Invest	1,2%	2,9%
Svolder	1,2%	3,0%
RBC Investor Services	0,9%	2,3%

# Company Overviews

## Wihlborgs in Brief

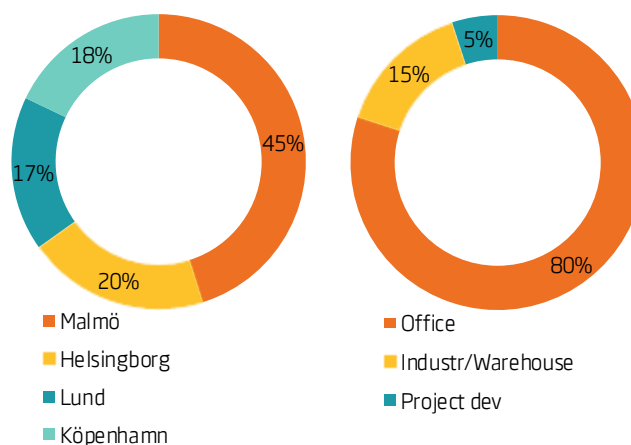
### Operations in brief

- The company is a commercial real estate company with a primary focus on office-properties in the Öresund region
- Wihlborgs was established (in its current shape) in 2005 when the company was split into two parts; the properties located in Stockholm were gathered in Fabege whereas the properties in Öresund were placed in a company that retained the name Wihlborgs Fastigheter. On the 23<sup>rd</sup> of May 2005, Wihlborgs' shares were listed on the Stockholm Stock Exchange
- In recent years, focus has been on growing the Copenhagen portion which now makes up 18% of total portfolio value (6% in 2012)
- At year end 2017, the company had a total of 267 properties with a combined lettable area of 2,009 tsqm. Rental value amounts to SEK 2.7bn and the vacancy rate sits at 7%. Mcap amounts to approx. SEK 14.7bn

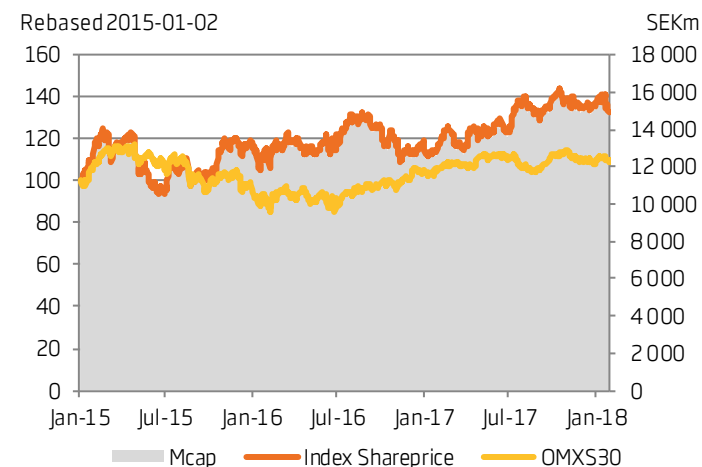
### Key figures

SEKm	2016	2017	2018e	2019e	2020e
Rental Income	2 035,0	2 296,0	2 553,3	2 735,8	2 800,1
NOI	1 518,0	1 717,4	1 909,4	2 046,3	2 094,1
Pre-Tax Profit	3 274,0	3 231,4	2 808,4	1 418,0	1 464,9
Portfolio Size	32 755	38 612	41 635	43 218	44 839
IBD	17 553	20 653	21 275	21 825	21 825
EBITDA/Interest	3,2x	3,4x	3,4x	3,5x	3,6x
Debt/EBITDA	11,9x	12,4x	11,5x	11,0x	10,8x
LTV	53,6%	53,5%	51,1%	50,5%	48,7%
Debt/Debt + Equity	60,5%	60,3%	58,0%	57,7%	56,7%
FFO/Debt	5,8%	5,6%	6,0%	6,4%	6,6%

### Portfolio overview



### Share price development



### Shareholders

Shareholders	Votes & Capital
Erik Paulsson	10,3%
SEB Fund	5,5%
Länsförsäkringar Fund	3,5%
Familjen Qviberg	2,8%
Norges Bank	2,6%
Nordea Fund	1,4%
Tibia Konsult	1,1%
Odin Ejendom	1,0%
DnB - Carlson fund	1,0%
Other	70,8%

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## Financials

# Profit & Loss - Catena

Large acquisition the main driver in 2018

Income Statement, SEKm	2015	2016	2017	2018e	2019e	2020e
<b>Rental income</b>	<b>464</b>	<b>787</b>	<b>892</b>	<b>1 038</b>	<b>1 096</b>	<b>1 146</b>
% growth	7,6%	69,5%	13,4%	16,4%	5,6%	4,6%
Operating expenses	-113	-209	-221	-264	-272	-281
<b>NOI</b>	<b>351</b>	<b>578</b>	<b>671</b>	<b>774</b>	<b>824</b>	<b>865</b>
SG&A	-27	-33	-31	-38	-39	-41
Other operating income/expenses	9	4	0	0	0	0
<b>Operating income</b>	<b>334</b>	<b>549</b>	<b>640</b>	<b>736</b>	<b>785</b>	<b>824</b>
EBIT-margin	72,0%	69,8%	71,8%	70,9%	71,7%	71,9%
Results from associates	12	-6	8	0	0	0
Interest income	7	18	4	0	0	0
Interest expense	-94	-244	-213	-217	-239	-261
Other financial items	0	0	0	0	0	0
<b>Income from property management</b>	<b>259</b>	<b>316</b>	<b>440</b>	<b>518</b>	<b>546</b>	<b>563</b>
Realised gains/losses	102	10	0	0	0	0
Revaluation, properties	198	138	291	389	0	0
Revaluation, derivatives	31	-39	23	0	0	0
Writedowns/other	0	-39	-85	0	0	0
<b>Income before tax</b>	<b>590</b>	<b>387</b>	<b>669</b>	<b>907</b>	<b>546</b>	<b>563</b>
Extraordinary items	0	0	0	0	0	0
Current tax	-4	-6	7	-9	-5	-6
Tax rate, current	0,7%	1,4%	-1,0%	1,0%	1,0%	1,0%
Deferred tax	-15	-43	-130	-163	-98	-101
<b>Net income</b>	<b>572</b>	<b>338</b>	<b>545</b>	<b>735</b>	<b>442</b>	<b>456</b>

## Comments

- Announced a major acquisition in Q4-2017 for SEK 1.1bn, including 5 properties with a lettable area of 91,500sqm and a rental value of SEK 57m (remaining average lease maturity of 9.6x). This, in combination with our belief of a favourable rental growth within the logistics segment, will drive top-line in 2018-2020. Worth keeping in mind is the relatively long average lease maturity of 5.0x, which means only a limited amount of the portfolio will be renegotiated in upcoming years (this caps the upside but on the other side, also secures cash flow)
- We believe positive revaluations will increase in 2018 and with a high probability, also be present in 2019 (although our estimates are a bit cautious and does not include this)
- The average interest rate of 3.2% is relatively high, partially as a result of the long average interest maturity of 4.6x. If we see a hike in interest rates, the company is well protected making the downside limited

## Financials

# Key Ratios - Catena

The high implied yield is key in keeping cash flow metrics in place

Key Ratios	2015	2016	2017	2018e	2019e	2020e
Rental income	464	787	892	1 038	1 096	1 146
NOI	351	578	671	774	824	865
NOI-margin (%)	75,7%	73,5%	75,2%	74,6%	75,2%	75,5%
EBIT	334	549	640	736	785	824
EBIT-margin (%)	72,0%	69,8%	71,8%	70,9%	71,7%	71,9%
FFO	242	294	419	509	541	557
% of Income	52,0%	37,4%	46,9%	49,1%	49,3%	48,6%
Equity	2 478	3 904	4 597	5 175	5 437	5 713
Debt	3 754	6 457	7 568	7 918	8 168	8 318
Debt/(Debt+Equity) (%)	60,2%	62,3%	62,2%	60,5%	60,0%	59,3%
LTV	70,3%	59,9%	57,6%	56,4%	56,0%	54,9%
Net LTV	66,5%	58,5%	56,9%	54,4%	53,6%	52,9%
Equity Ratio	35,7%	31,6%	32,3%	33,7%	34,1%	34,7%
FFO/Debt (%)	6,5%	4,9%	5,8%	6,4%	6,6%	6,7%
FOCF/Debt (%)	7,4%	-4,4%	-1,5%	-0,1%	0,0%	-0,1%
DCF/Debt (%)	5,4%	-6,0%	-3,2%	-2,0%	-2,2%	-2,3%
Debt/EBITDA (x)	11,2x	11,8x	11,8x	10,8x	10,4x	10,1x
Net debt/EBITDA (x)	10,6x	11,5x	11,7x	10,4x	10,0x	9,7x
Interest coverage (x)	3,5x	2,2x	3,0x	3,4x	3,3x	3,2x

## Comments

- Targets to have average debt maturity of at least 2.0x (2.4x as of 2017), ICR of 1.75x (3.2x) and an equity ratio of at least 30% (32.3%). Leverage wise, the debt/debt + equity does look a bit high at 62.2% and we expect the company to navigate this below 60% at the end of 2020. What we recognize is the fact that the company is still in a growth phase (portfolio value has more than doubled since 2015) and it is normal to see a higher level of leverage until the company becomes more mature
- The logistics segment is characterized by a high implied yield (average adj. implied yield of 6.2% among Corem/Sagax/Catena/Stendörren compared to 4.9% in our universe of companies), which leads to a rather strong FFO generation. This is reflected in metrics as both FFO/debt and the ICR are at adequate levels despite the current growth phase

## Financials

# Profit & Loss - Diös

### Cautious revenue estimates leaves an upside

Income Statement, SEKm	2015	2016	2017	2018e	2019e	2020e
<b>Rental income</b>	<b>1 315</b>	<b>1 341</b>	<b>1 719</b>	<b>1 775</b>	<b>1 817</b>	<b>1 853</b>
% growth	-1,3%	2,5%	28,0%	4,4%	2,4%	2,0%
Operating expenses	-539	-535	-639	-673	-676	-696
<b>NOI</b>	<b>776</b>	<b>806</b>	<b>1 080</b>	<b>1 102</b>	<b>1 141</b>	<b>1 157</b>
SG&A	-58	-63	-73	-81	-81	-83
Other operating income/expenses	0	0	0	0	0	0
<b>Operating income</b>	<b>718</b>	<b>743</b>	<b>1 007</b>	<b>1 021</b>	<b>1 059</b>	<b>1 074</b>
EBIT-margin	54,6%	55,4%	58,6%	57,5%	58,3%	58,0%
Results from associates	0	0	0	0	0	0
Interest income	2	0	0	0	0	0
Interest expense	-212	-205	-185	-189	-199	-206
Other financial items	0	0	0	0	0	0
<b>Income from property management</b>	<b>508</b>	<b>538</b>	<b>822</b>	<b>832</b>	<b>860</b>	<b>869</b>
Realised gains/losses	0	0	0	0	0	0
Revaluation, properties	273	328	412	385	0	0
Revaluation, derivatives	64	91	27	0	0	0
Writedowns/other	0	0	0	0	0	0
<b>Income before tax</b>	<b>845</b>	<b>957</b>	<b>1 261</b>	<b>1 217</b>	<b>860</b>	<b>869</b>
Extraordinary items	0	0	0	0	0	0
Current tax	-163	12	-43	-12	-9	-9
Tax rate, current	19,3%	-1,3%	3,4%	1,0%	1,0%	1,0%
Deferred tax	-140	-137	-189	-219	-155	-156
<b>Net income</b>	<b>542</b>	<b>832</b>	<b>1 029</b>	<b>986</b>	<b>697</b>	<b>704</b>

### Comments

- Showed a rather strong Q4-report and for the full year of 2017, the company had organic revenue growth in the comparable portfolio of +3.7%. The like-for-like growth was as much as +19% in regards to NOI, resulting in a NOI-margin of 62.4% compared to 60.7% in 2016
- With this in mind, our revenue estimates for Diös can be viewed as somewhat conservative, as we have only included revenue growth around inflation levels whereas the remaining portion of growth relates to already announced acquisitions. In addition, the recent year has shown the company's potential of improved margins going forward whereas we keep the NOI-margin relatively unchanged
- Revaluations in the markets where Diös operates tend to be less volatile than in the south/central part of Sweden. Although this means a smaller upside, it also implies some stability in a downturn as market values should drop less

## Financials

# Key Ratios - Diös

### EBITDA/interest above 5.0x a clear strength

Key Ratios	2015	2016	2017	2018e	2019e	2020e
Rental income	1 315	1 341	1 719	1 775	1 817	1 853
NOI	776	806	1 080	1 102	1 141	1 157
NOI-margin (%)	59,0%	60,1%	62,8%	62,1%	62,8%	62,4%
EBIT	718	743	1 007	1 021	1 059	1 074
EBIT-margin (%)	54,6%	55,4%	58,6%	57,5%	58,3%	58,0%
FFO	389	523	966	1 009	851	860
% of Income	29,6%	39,0%	56,2%	56,8%	46,9%	46,4%
Equity	3 694	4 313	6 887	7 604	8 000	8 404
Debt	8 121	8 022	11 104	11 104	11 204	11 304
Debt/(Debt+Equity) (%)	68,7%	65,0%	61,7%	59,4%	58,3%	57,4%
LTV	60,7%	58,6%	57,1%	54,6%	53,8%	53,0%
Net LTV	60,7%	58,6%	56,9%	54,1%	52,6%	51,1%
Equity Ratio	27,4%	31,0%	34,9%	36,8%	37,6%	38,3%
FFO/Debt (%)	4,2%	6,9%	7,0%	7,4%	7,6%	7,6%
FOCF/Debt (%)	4,3%	6,0%	3,7%	5,0%	3,0%	3,2%
DCF/Debt (%)	1,7%	3,4%	1,2%	2,5%	0,3%	0,5%
Debt/EBITDA (x)	11,3x	10,8x	11,0x	10,9x	10,6x	10,5x
Net debt/EBITDA (x)	11,3x	10,8x	11,0x	10,8x	10,4x	10,2x
Interest coverage (x)	3,4x	3,6x	5,4x	5,4x	5,3x	5,2x

### Comments

- The company is targeting a solidity above 30%, LTV below 60% and a NOI-margin above 63%. At the end of 2017, all of these targets were fulfilled (although LTV was close to the limit)
- The company stands out on cash flow metrics, with FFO/debt and ICR looking extremely strong. We believe the ICR will remain high (above 5.0x) however; we do recognize that the average weighted interest maturity profile is short at 2.2x and thus, makes the company sensitive to interest rate hikes
- Leverage is, and will remain, a bit elevated. Key for the company will continue to be cash flow, as companies in the northern part of Sweden cannot (and should not) rely on positive revaluations to improve their financial profiles
- Debt/EBITDA should be kept below 12.0x and in the long term, is a metric we expect Diös to bring down close to 10.0x

## Financials

# Profit & Loss - Fabege

The extremely strong Stockholm office market drives top-line

Income Statement, SEKm	2015	2016	2017	2018e	2019e	2020e
<b>Rental income</b>	<b>1 998</b>	<b>2 105</b>	<b>2 280</b>	<b>2 633</b>	<b>3 067</b>	<b>3 229</b>
% growth	-4,3%	5,4%	8,3%	15,5%	16,5%	5,3%
Operating expenses	-569	-598	-600	-691	-808	-851
<b>NOI</b>	<b>1 429</b>	<b>1 507</b>	<b>1 680</b>	<b>1 942</b>	<b>2 259</b>	<b>2 378</b>
SG&A	-65	-70	-74	-93	-109	-115
Other operating income/expenses	0	0	0	0	0	0
<b>Operating income</b>	<b>1 364</b>	<b>1 437</b>	<b>1 606</b>	<b>1 848</b>	<b>2 151</b>	<b>2 263</b>
EBIT-margin	68,3%	68,3%	70,4%	70,2%	70,1%	70,1%
Results from associates	-94	-425	-105	0	0	0
Interest income	0	0	0	0	0	0
Interest expense	-582	-541	-509	-515	-561	-626
Other financial items	0	0	0	0	0	0
<b>Income from property management</b>	<b>688</b>	<b>471</b>	<b>992</b>	<b>1 334</b>	<b>1 590</b>	<b>1 637</b>
Realised gains/losses	21	491	0	93	0	0
Revaluation, properties	3 252	7 614	6 095	2 557	0	0
Revaluation, derivatives	272	99	268	0	0	0
Writedowns/other	0	5	-3	0	0	0
<b>Income before tax</b>	<b>4 233</b>	<b>8 680</b>	<b>7 352</b>	<b>3 984</b>	<b>1 590</b>	<b>1 637</b>
Extraordinary items	0	0	0	0	0	0
Current tax	-2	-88	-2	-40	-16	-16
Tax rate, current	0,0%	1,0%	0,0%	1,0%	1,0%	1,0%
Deferred tax	-999	-1 485	-1 717	-717	-286	-295
<b>Net income</b>	<b>3 232</b>	<b>7 107</b>	<b>5 633</b>	<b>3 227</b>	<b>1 288</b>	<b>1 326</b>

## Comments

- During 2017, the company renegotiated contracts totalling SEK 211m with the result being an increase in rental value, on average, with +26%. The company is benefitting from the strong rental growth in the Stockholm office market & given the average lease maturity of 4.4x, we can expect a portion of the stock (about 15%) to be renegotiated each year going forward which will drive top-line. However, the vast increases we estimate in 2018 & 2019 is mainly driven by completed projects
- Given that the company recent obtained an official rating, one could argue for a lower interest rate going forward. However, given the levels the company is borrowing capital through SFF, this should not impact the average interest rate in any particular way
- Our general view is that revaluations will only be present in 2018 in the real estate sector before bottoming out. However, Fabege's projects are likely to contribute positively to this line item in these years as well



## Financials

# Key Ratios - Fabege

### Low LTV but high Debt/EBITDA

Key Ratios	2015	2016	2017	2018e	2019e	2020e
Rental income	1 998	2 105	2 280	2 633	3 067	3 229
NOI	1 429	1 507	1 680	1 942	2 259	2 378
NOI-margin (%)	71,5%	71,6%	73,7%	73,8%	73,7%	73,6%
EBIT	1 364	1 437	1 606	1 848	2 151	2 263
EBIT-margin (%)	68,3%	68,3%	70,4%	70,2%	70,1%	70,1%
FFO	700	805	992	1 294	1 574	1 621
% of Income	35,0%	38,2%	43,5%	49,1%	51,3%	50,2%
Equity	16 479	23 002	28 012	30 526	31 047	31 497
Debt	21 068	21 978	24 841	25 671	26 996	28 396
Debt/(Debt+Equity) (%)	56,1%	48,9%	47,0%	45,7%	46,5%	47,4%
LTV	52,3%	45,9%	42,9%	41,5%	42,3%	43,0%
Net LTV	52,1%	45,6%	42,0%	40,6%	41,3%	42,1%
Equity Ratio	39,5%	45,8%	47,2%	48,2%	47,4%	46,6%
FFO/Debt (%)	3,7%	3,7%	4,4%	5,0%	5,8%	5,7%
FOCF/Debt (%)	-4,9%	-8,3%	-7,6%	-4,9%	-1,9%	-1,7%
DCF/Debt (%)	-7,4%	-10,9%	-10,3%	-7,7%	-4,7%	-4,8%
Debt/EBITDA (x)	15,4x	15,3x	15,5x	13,9x	12,6x	12,5x
Net debt/EBITDA (x)	15,4x	15,3x	15,3x	13,7x	12,3x	12,3x
Interest coverage (x)	2,3x	2,7x	3,2x	3,6x	3,8x	3,6x

### Comments

- Since 2014, the company has really pushed down their LTV which is now among the lowest in the Swedish real estate sector. Given the company's high portion of projects (although executed in a cautious manner), we argue that the low LTV is justified. Going forward, we do not believe it is in the company's interest to lower this even more but instead, the LTV will be kept in the range of 40-45%
- Ahead of the official rating, the financial policy was changed to be more in line with Moody's expectations for investment grade companies. Among the changes was a new target for debt/EBITDA of 13.0x. The high degree of projects somewhat creates a back-loaded cash flow pattern which makes this ratio higher than what we normally see peers operate with. Given this new target, we factor in an improvement of it in the years to come

## Financials

# Profit & Loss - Platzer

Gothenburg is currently going through a transformation process

Income Statement, SEKm	2015	2016	2017	2018e	2019e	2020e
<b>Rental income</b>	<b>589</b>	<b>687</b>	<b>995</b>	<b>1 060</b>	<b>1 109</b>	<b>1 154</b>
% growth	12,2%	16,7%	44,8%	6,6%	4,6%	4,1%
Operating expenses	-152	-181	-268	-286	-299	-311
<b>NOI</b>	<b>437</b>	<b>507</b>	<b>727</b>	<b>775</b>	<b>810</b>	<b>843</b>
SG&A	-35	-39	-46	-51	-54	-56
Other operating income/expenses	0	0	0	0	0	0
<b>Operating income</b>	<b>402</b>	<b>467</b>	<b>681</b>	<b>724</b>	<b>756</b>	<b>786</b>
EBIT-margin	68,3%	68,0%	68,4%	68,3%	68,2%	68,2%
Results from associates	0	0	0	0	0	0
Interest income	0	0	0	0	0	0
Interest expense	-136	-145	-195	-198	-215	-233
Other financial items	0	0	0	0	0	0
<b>Income from property management</b>	<b>266</b>	<b>323</b>	<b>486</b>	<b>526</b>	<b>541</b>	<b>553</b>
Realised gains/losses	0	0	0	0	0	0
Revaluation, properties	510	450	1 214	394	0	0
Revaluation, derivatives	64	-138	54	0	0	0
Writedowns/other	0	0	0	0	0	0
<b>Income before tax</b>	<b>840</b>	<b>635</b>	<b>1 754</b>	<b>920</b>	<b>541</b>	<b>553</b>
Extraordinary items	0	0	0	0	0	0
Current tax	-19	-40	-56	-9	-5	-6
Tax rate, current	2,2%	6,3%	3,2%	1,0%	1,0%	1,0%
Deferred tax	-158	-95	-327	-138	-81	-83
<b>Net income</b>	<b>664</b>	<b>500</b>	<b>1 371</b>	<b>773</b>	<b>455</b>	<b>465</b>

## Comments

- The company's geographical focus should, in terms of rental growth, be a positive factor in the next few years as Gothenburg is currently going through a transformation, where focus is slowly shifting from being an industrial/production society to a more office-focused city. This makes the demand for central office space high and given the current low supply, available office space is limited. During 2017, only 20,000sqm of new office space was completed and the corresponding figure in 2018 is estimated to be 16,000sqm. All things else equal, Platzer should see healthy growth in the 52% of the portfolio within the office-segment
- Interest expense will increase as the debt portfolio grows, which will first and foremost be a consequence of a larger property portfolio. We expect the average interest rate to remain rather unchanged but have adjusted it in line with our expectations of the stibor-development in upcoming years

## Financials

# Key Ratios - Platzer

Improvement of metrics should continue but at a slower pace than in recent years

Key Ratios	2015	2016	2017	2018e	2019e	2020e
Rental income	589	687	995	1 060	1 109	1 154
NOI	437	507	727	775	810	843
NOI-margin (%)	74,2%	73,7%	73,1%	73,1%	73,1%	73,1%
EBIT	402	467	681	724	756	786
EBIT-margin (%)	68,3%	68,0%	68,4%	68,3%	68,2%	68,2%
FFO	255	307	464	517	536	548
% of Income	43,3%	44,7%	46,6%	48,7%	48,3%	47,5%
Equity	3 592	4 703	5 962	6 575	6 849	7 134
Debt	5 924	7 969	8 391	8 641	8 941	9 041
Debt/(Debt+Equity) (%)	62,3%	62,9%	58,5%	56,8%	56,6%	55,9%
LTV	60,5%	58,5%	53,9%	52,3%	52,3%	51,0%
Net LTV	58,2%	57,5%	53,0%	51,2%	50,8%	50,4%
Equity Ratio	35,4%	33,9%	37,4%	38,8%	38,9%	39,5%
FFO/Debt (%)	4,2%	3,5%	5,1%	6,0%	6,0%	6,1%
FOCF/Debt (%)	-1,1%	-1,7%	-1,2%	-0,5%	-0,6%	-0,7%
DCF/Debt (%)	-2,3%	-2,9%	-2,7%	-2,4%	-2,6%	-2,7%
Debt/EBITDA (x)	14,7x	17,1x	12,3x	11,9x	11,8x	11,5x
Net debt/EBITDA (x)	14,2x	16,8x	12,1x	11,7x	11,5x	11,4x
Interest coverage (x)	3,0x	3,2x	3,5x	3,7x	3,5x	3,4x

## Comments

- As most other real estate companies, Platzer has managed to continuously improve its financial profile and key credit metrics in recent years, fuelled by relatively high positive revaluations. In Q4-2017 alone, the company recorded value changes of SEK +841m, representing a q/q increase of +5.8% which helped lower the LTV to 53.9% (56.6%)
- In December 2016, the company made a large acquisition referred to as the "Volvo-transaction". Obviously, this deteriorated metrics as debt was taken on straight away whereas EBITDA takes 12 months to build up. We believe debt/EBITDA should be pushed down (and kept) below 12.0x going forward
- The company's ability to strengthen the ICR and FFO/debt during the last few years is a clear positive and both these are now at adequate levels when compared to peers
- The average weighted debt maturity profile is rather short and presents a risk

## Financials

# Profit & Loss - Wihlborgs

The Öresund region is currently not as strong as Stockholm and Gothenburg

Income Statement, SEKm	2015	2016	2017	2018e	2019e	2020e
<b>Rental income</b>	<b>1 953</b>	<b>2 035</b>	<b>2 296</b>	<b>2 553</b>	<b>2 736</b>	<b>2 800</b>
% growth	5,2%	4,2%	12,8%	11,2%	7,1%	2,3%
Operating expenses	-508	-517	-579	-639	-686	-708
<b>NOI</b>	<b>1 445</b>	<b>1 518</b>	<b>1 717</b>	<b>1 914</b>	<b>2 050</b>	<b>2 092</b>
SG&A	-43	-49	-55	-61	-66	-67
Other operating income/expenses	0	0	0	0	0	0
<b>Operating income</b>	<b>1 402</b>	<b>1 469</b>	<b>1 662</b>	<b>1 853</b>	<b>1 984</b>	<b>2 025</b>
EBIT-margin	71,8%	72,2%	72,4%	72,6%	72,5%	72,3%
Results from associates	0	13	0	0	0	0
Interest income	0	12	12	0	0	0
Interest expense	-427	-459	-495	-551	-583	-614
Other financial items	0	0	0	0	0	0
<b>Income from property management</b>	<b>975</b>	<b>1 035</b>	<b>1 179</b>	<b>1 302</b>	<b>1 401</b>	<b>1 411</b>
Realised gains/losses	0	0	0	0	0	0
Revaluation, properties	1 615	2 504	1 851	1 512	0	0
Revaluation, derivatives	269	-265	201	0	0	0
Writedowns/other	0	0	0	0	0	0
<b>Income before tax</b>	<b>2 859</b>	<b>3 274</b>	<b>3 231</b>	<b>2 813</b>	<b>1 401</b>	<b>1 411</b>
Extraordinary items	0	0	0	0	0	0
Current tax	-4	-7	-27	-28	-14	-14
Tax rate, current	0,1%	0,2%	0,8%	1,0%	1,0%	1,0%
Deferred tax	-577	-291	-636	-506	-252	-254
<b>Net income</b>	<b>2 278</b>	<b>2 976</b>	<b>2 568</b>	<b>2 279</b>	<b>1 135</b>	<b>1 143</b>

## Comments

- The company has driven top-line by acquisitions, exemplified by being net buyers of SEK 2.8bn in 2017. The growth is concentrated to Copenhagen and the company is now one of the largest players in the Danish capital. The increase to rental income of +11.2% in 2018 & +7.1% in 2019 is mainly non-organic, as the Öresund-region does not provide the same upside as Stockholm & Gothenburg currently do in terms of rental growth
- The company has kept its NOI-margin between 72-75% between 2011-2017 and we see no major reason to why this will change going forward. The NOI-margin should be considered rather strong when compared to peers (peers such as Klöver, Kungsleden & Fastpartner tend to have their NOI-margin between 65-70%)
- Revaluations should decline slightly in 2018 but still be present, driven partially by projects

## Financials

# Key Ratios - Wihlborgs

### Lower vacancy rate helps strengthens cash flow

Key Ratios	2015	2016	2017	2018e	2019e	2020e
Rental income	1 953	2 035	2 296	2 553	2 736	2 800
NOI	1 445	1 518	1 717	1 914	2 050	2 092
NOI-margin (%)	74,0%	74,6%	74,8%	75,0%	74,9%	74,7%
EBIT	1 402	1 469	1 662	1 853	1 984	2 025
EBIT-margin (%)	71,8%	72,2%	72,4%	72,6%	72,5%	72,3%
FFO	977	1 024	1 153	1 274	1 387	1 397
% of Income	50,0%	50,3%	50,2%	49,9%	50,7%	49,9%
Equity	8 876	11 463	13 592	15 386	15 989	16 601
Debt	16 265	17 553	20 653	21 275	21 825	21 825
Debt/(Debt+Equity) (%)	64,7%	60,5%	60,3%	58,0%	57,7%	56,8%
LTV	56,8%	53,6%	53,5%	51,1%	50,5%	48,7%
Net LTV	56,3%	52,8%	53,0%	50,9%	50,7%	50,6%
Equity Ratio	30,6%	34,3%	34,7%	36,5%	36,7%	37,4%
FFO/Debt (%)	6,0%	5,8%	5,6%	6,0%	6,4%	6,4%
FOCF/Debt (%)	-0,1%	0,4%	1,2%	-1,1%	-0,9%	-1,0%
DCF/Debt (%)	-2,4%	-1,9%	-1,0%	-3,4%	-3,3%	-3,5%
Debt/EBITDA (x)	11,6x	11,9x	12,4x	11,5x	11,0x	10,8x
Net debt/EBITDA (x)	11,5x	11,8x	12,3x	11,4x	11,0x	11,2x
Interest coverage (x)	3,3x	3,2x	3,4x	3,4x	3,4x	3,3x

### Comments

- Debt was increased with +17.7% in 2017, mainly to finance the large number of acquisitions made. Revaluations of SEK 1,851m partially offset this increase and most metrics have been kept unchanged on a y/y basis
- Key metrics such as the ICR and FFO/debt looks adequate. These metrics has been positively affected by the improvement of the vacancy rate, which is down from 12% in 2015 to 7% as of year end 2017
- Looking at financial targets, we can conclude that the company is keeping them at a safe distance (equity ratio: 30%, ICR above 2.0x & LTV below 60%). Going forward, we argue that the company should be able to push LTV down towards 50%. However, given the financial policy and the company's will to grow, we may very well see them operate with an LTV around 55% in upcoming years
- The average weighted interest maturity profile of 3.2x is adequate and should keep the ICR in place

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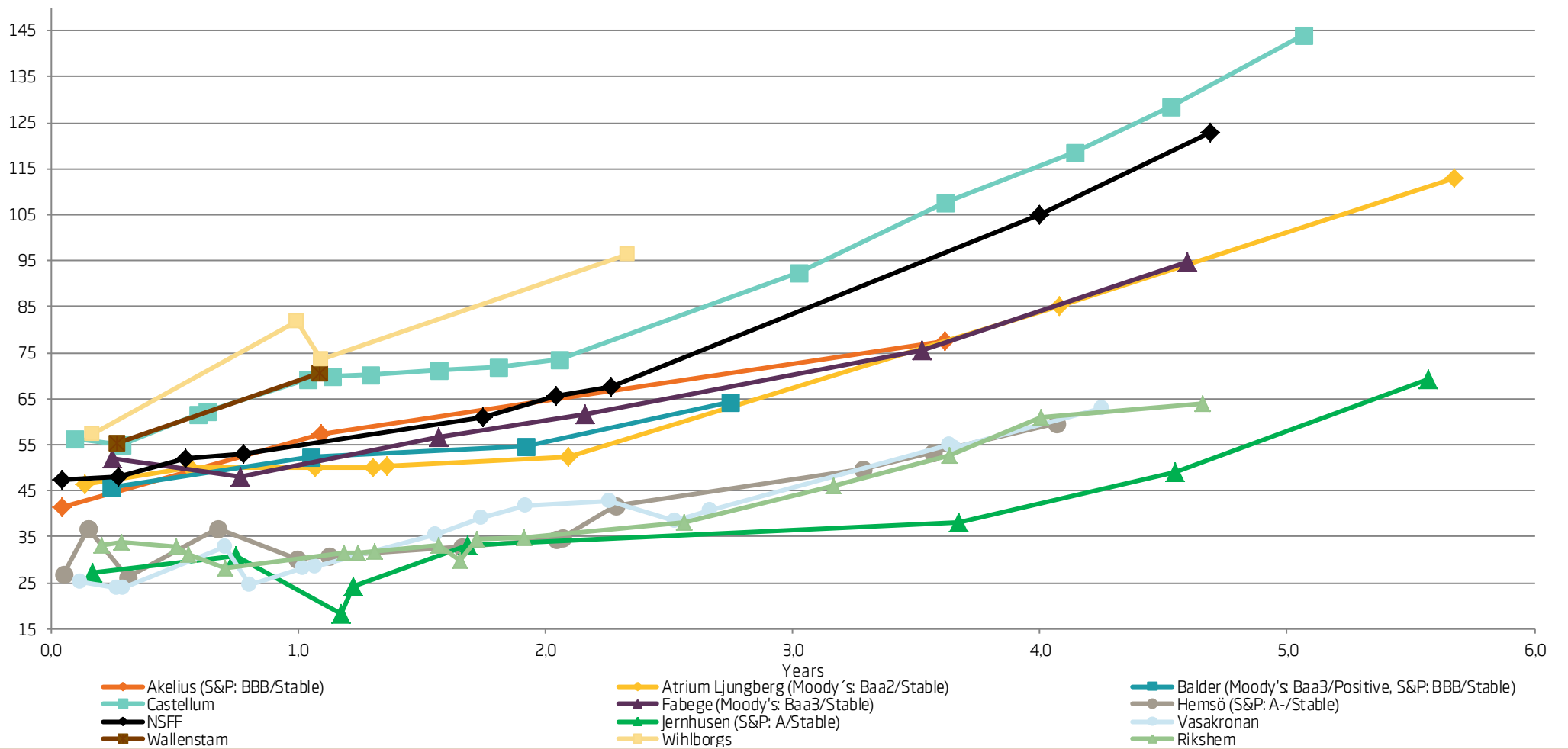
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Appendix

# Indicative bond curves

## Swedish investment grade

Discount margin (mid)



## Financials

# Balance Sheet & Cash Flow Statement- Catena

### Balance sheet

Balance sheet, SEKm	2015	2016	2017	2018e	2019e	2020e
MV properties	5 340	10 786	13 131	14 035	14 576	15 143
Other tangible fixed assets	2	2	2	2	2	2
Holdings in associates	666	82	0	0	0	0
Financial fixed assets	0	0	242	242	242	242
Other non-current assets	675	755	639	639	639	639
<b>Non current assets</b>	<b>6 682</b>	<b>11 626</b>	<b>14 014</b>	<b>14 918</b>	<b>15 459</b>	<b>16 026</b>
ST Financial assets	0	0	0	0	0	0
Cash & cash equivalents	202	146	95	283	352	312
Other current assets	64	573	138	138	138	138
<b>Current assets</b>	<b>266</b>	<b>719</b>	<b>233</b>	<b>420</b>	<b>490</b>	<b>450</b>
<b>Total assets</b>	<b>6 948</b>	<b>12 345</b>	<b>14 247</b>	<b>15 338</b>	<b>15 949</b>	<b>16 476</b>
<b>Equity</b>	<b>2 478</b>	<b>3 904</b>	<b>4 597</b>	<b>5 175</b>	<b>5 437</b>	<b>5 713</b>
Deferred tax liability	418	1 126	1 204	1 367	1 465	1 567
Interest bearing liabilities	2 409	2 788	6 252	6 602	6 852	7 002
Non-interest bearing liabilities	126	518	536	536	536	536
<b>Non-current liabilities</b>	<b>2 953</b>	<b>4 431</b>	<b>7 991</b>	<b>8 504</b>	<b>8 853</b>	<b>9 104</b>
Accounts payable	46	86	0	0	0	0
Interest bearing liabilities	1 345	3 669	1 317	1 317	1 317	1 317
Non-interest bearing liabilities	127	255	343	343	343	343
<b>Current liabilities</b>	<b>1 517</b>	<b>4 009</b>	<b>1 659</b>	<b>1 659</b>	<b>1 659</b>	<b>1 659</b>
<b>EQUITY AND LIABILITIES</b>	<b>6 948</b>	<b>12 345</b>	<b>14 247</b>	<b>15 338</b>	<b>15 949</b>	<b>16 476</b>

### Cash flow

Cash Flow, SEKm	2015	2016	2017	2018e	2019e	2020e
Income from property management	590	387	759	907	546	563
Adjustment for non-cash	-348	-91	-337	-389	0	0
Financial income	0	0	0	0	0	0
Financial cost	0	0	0	0	0	0
Taxes	-1	-2	-3	-9	-5	-6
Other	0	0	0	0	0	0
<b>C.F. operations (FFO)</b>	<b>242</b>	<b>294</b>	<b>419</b>	<b>509</b>	<b>541</b>	<b>557</b>
Change in Working Capital	38	-5	-15	0	0	0
<b>C.F. operating activities (CFO)</b>	<b>279</b>	<b>290</b>	<b>404</b>	<b>509</b>	<b>541</b>	<b>557</b>
Acquisitions of properties	-143	0	-632	0	0	0
Investments in existing properties	0	-575	-520	-515	-542	-567
Sale of properties	1	140	174	0	0	0
Acquisition of shares in ass. comp.	-467	-828	-72	0	0	0
Sales of shares in ass. companies	772	462	0	0	0	0
Other investing activities	-598	226	238	0	0	0
<b>Cash flow after invest. act.</b>	<b>-155</b>	<b>-285</b>	<b>-408</b>	<b>-5</b>	<b>-1</b>	<b>-10</b>
Share issue	0	323	0	0	0	0
Dividends paid/share repurchase	-77	-100	-125	-157	-180	-180
Change of loans	234	9	482	350	250	150
Other financing activities	0	0	0	0	0	0
<b>Net change in Cash</b>	<b>2</b>	<b>-52</b>	<b>-51</b>	<b>188</b>	<b>69</b>	<b>-40</b>



## Financials

# Balance Sheet & Cash Flow Statement- Diös

### Balance sheet

Balance sheet, SEKm	2015	2016	2017	2018e	2019e	2020e
MV properties	13 381	13 683	19 457	20 320	20 838	21 338
Other tangible fixed assets	4	3	0	0	0	0
Holdings in associates	0	0	0	0	0	0
Financial fixed assets	0	36	0	0	0	0
Other non-current assets	16	2	46	46	46	46
<b>Non current assets</b>	<b>13 401</b>	<b>13 724</b>	<b>19 503</b>	<b>20 366</b>	<b>20 884</b>	<b>21 384</b>
ST Financial assets	0	0	0	0	0	0
Cash & cash equivalents	0	0	32	104	238	398
Other current assets	104	196	173	173	173	173
<b>Current assets</b>	<b>104</b>	<b>196</b>	<b>205</b>	<b>277</b>	<b>411</b>	<b>571</b>
<b>Total assets</b>	<b>13 505</b>	<b>13 920</b>	<b>19 708</b>	<b>20 644</b>	<b>21 295</b>	<b>21 955</b>
<b>Equity</b>	<b>3 694</b>	<b>4 313</b>	<b>6 887</b>	<b>7 604</b>	<b>8 000</b>	<b>8 404</b>
Deferred tax liability	875	1 009	1 197	1 416	1 571	1 727
Interest bearing liabilities	8 121	8 022	11 104	11 104	11 204	11 304
Non-interest bearing liabilities	0	0	9	9	9	9
<b>Non-current liabilities</b>	<b>8 996</b>	<b>9 031</b>	<b>12 310</b>	<b>12 529</b>	<b>12 784</b>	<b>13 040</b>
Accounts payable	0	0	0	0	0	0
Interest bearing liabilities	0	0	0	0	0	0
Non-interest bearing liabilities	815	576	511	511	511	511
<b>Current liabilities</b>	<b>815</b>	<b>576</b>	<b>511</b>	<b>511</b>	<b>511</b>	<b>511</b>
<b>EQUITY AND LIABILITIES</b>	<b>13 505</b>	<b>13 920</b>	<b>19 708</b>	<b>20 644</b>	<b>21 295</b>	<b>21 955</b>

### Cash flow

Cash Flow, SEKm	2015	2016	2017	2018e	2019e	2020e
Income from property management	508	538	1 080	1 102	1 141	1 157
Adjustment for non-cash	7	11	-71	-81	-81	-83
Financial income	0	0	0	0	0	0
Financial cost	0	0	0	0	-199	-206
Taxes	-126	-26	-43	-12	-9	-9
Other	0	0	0	0	0	0
<b>C.F. operations (FFO)</b>	<b>389</b>	<b>523</b>	<b>966</b>	<b>1 009</b>	<b>851</b>	<b>860</b>
Change in Working Capital	-42	-41	-60	0	0	0
<b>C.F. operating activities (CFO)</b>	<b>347</b>	<b>482</b>	<b>906</b>	<b>1 009</b>	<b>851</b>	<b>860</b>
Acquisitions of properties	-1 059	-588	-2 581	-71	0	0
Investments in existing properties	0	0	-500	-457	-518	-501
Sale of properties	177	637	240	49	0	0
Acquisition of shares in ass. comp.	0	0	0	0	0	0
Sales of shares in ass. companies	0	0	0	0	0	0
Other investing activities	-6	-22	-2	0	0	0
<b>Cash flow after invest. act.</b>	<b>-541</b>	<b>509</b>	<b>-1 937</b>	<b>530</b>	<b>334</b>	<b>360</b>
Share issue	0	0	1 802	0	0	0
Dividends paid/share repurchase	-213	-213	-269	-269	-300	-300
Change of loans	675	-296	651	0	100	100
Other financing activities	0	0	0	0	0	0
<b>Net change in Cash</b>	<b>-79</b>	<b>0</b>	<b>247</b>	<b>261</b>	<b>134</b>	<b>160</b>

## Financials

# Balance Sheet & Cash Flow Statement- Fabege

### Balance sheet

Balance sheet, SEKm	2015	2016	2017	2018e	2019e	2020e
MV properties	40 279	47 842	57 889	61 803	63 880	65 993
Other tangible fixed assets	1	2	4	4	4	4
Holdings in associates	0	0	0	0	0	0
Financial fixed assets	923	516	342	342	342	342
Other non-current assets	446	0	0	0	0	0
<b>Non current assets</b>	<b>41 649</b>	<b>48 360</b>	<b>58 235</b>	<b>62 149</b>	<b>64 226</b>	<b>66 339</b>
ST Financial assets	70	114	153	153	153	153
Cash & cash equivalents	32	62	349	403	458	490
Other current assets	0	1 687	647	647	647	647
<b>Current assets</b>	<b>102</b>	<b>1 863</b>	<b>1 149</b>	<b>1 203</b>	<b>1 258</b>	<b>1 290</b>
<b>Total assets</b>	<b>41 751</b>	<b>50 223</b>	<b>59 384</b>	<b>63 352</b>	<b>65 485</b>	<b>67 629</b>
<b>Equity</b>	<b>16 479</b>	<b>23 002</b>	<b>28 012</b>	<b>30 526</b>	<b>31 047</b>	<b>31 497</b>
Deferred tax liability	1 936	3 271	4 988	5 705	5 991	6 286
Interest bearing liabilities	14 010	21 978	17 024	17 854	19 179	20 579
Non-interest bearing liabilities	658	774	524	431	431	431
<b>Non-current liabilities</b>	<b>16 604</b>	<b>26 023</b>	<b>22 536</b>	<b>23 990</b>	<b>25 601</b>	<b>27 296</b>
Accounts payable	0	0	0	0	0	0
Interest bearing liabilities	7 058	0	7 817	7 817	7 817	7 817
Non-interest bearing liabilities	1 610	1 198	1 019	1 019	1 019	1 019
<b>Current liabilities</b>	<b>8 668</b>	<b>1 198</b>	<b>8 836</b>	<b>8 836</b>	<b>8 836</b>	<b>8 836</b>
<b>EQUITY AND LIABILITIES</b>	<b>41 751</b>	<b>50 223</b>	<b>59 384</b>	<b>63 352</b>	<b>65 485</b>	<b>67 629</b>

### Cash flow

Cash Flow, SEKm	2015	2016	2017e	2018e	2019e	2020e
Income from property management	1 429	1 507	1 680	1 942	2 259	2 378
Adjustment for non-cash	-65	-70	-73	-93	-109	-115
Financial income	25	11	9	0	0	0
Financial cost	-689	-647	-624	-515	-561	-626
Taxes	0	4	0	-40	-16	-16
Other	0	0	0	0	0	0
<b>C.F. operations (FFO)</b>	<b>700</b>	<b>805</b>	<b>992</b>	<b>1 294</b>	<b>1 574</b>	<b>1 621</b>
Change in Working Capital	1 042	-28	-209	0	0	0
<b>C.F. operating activities (CFO)</b>	<b>1 742</b>	<b>777</b>	<b>783</b>	<b>1 294</b>	<b>1 574</b>	<b>1 621</b>
Acquisitions of properties	-985	-460	-1 314	0	0	0
Investments in existing properties	-2 770	-2 600	-2 676	-2 557	-2 077	-2 113
Sale of properties	604	2 315	1 439	1 200	0	0
Acquisition of shares in ass. comp.	0	0	0	0	0	0
Sales of shares in ass. companies	0	0	0	0	0	0
Other investing activities	440	-332	-146	0	0	0
<b>Cash flow after invest. act.</b>	<b>-969</b>	<b>-300</b>	<b>-1 914</b>	<b>-63</b>	<b>-503</b>	<b>-492</b>
Share issue	0	0	0	0	0	0
Dividends paid/share repurchase	-538	-579	-662	-712	-767	-877
Change of loans	1 516	908	2 863	830	1 325	1 400
Other financing activities	0	0	0	0	0	0
<b>Net change in Cash</b>	<b>9</b>	<b>29</b>	<b>287</b>	<b>54</b>	<b>55</b>	<b>32</b>

## Financials

# Balance Sheet & Cash Flow Statement- Platzer

### Balance sheet

Balance sheet, SEKm	2015	2016	2017e	2018e	2019e	2020e
MV properties	9 784	13 615	15 559	16 516	17 104	17 715
Other tangible fixed assets	5	6	10	10	10	10
Holdings in associates	0	0	0	0	0	0
Financial fixed assets	60	45	117	117	117	117
Other non-current assets	0	0	0	0	0	0
<b>Non current assets</b>	<b>9 849</b>	<b>13 665</b>	<b>15 686</b>	<b>16 643</b>	<b>17 231</b>	<b>17 842</b>
ST Financial assets	0	2	0	0	0	0
Cash & cash equivalents	227	132	141	185	253	109
Other current assets	63	66	109	109	109	109
<b>Current assets</b>	<b>290</b>	<b>200</b>	<b>250</b>	<b>294</b>	<b>362</b>	<b>218</b>
<b>Total assets</b>	<b>10 139</b>	<b>13 865</b>	<b>15 936</b>	<b>16 937</b>	<b>17 592</b>	<b>18 060</b>
<b>Equity</b>	<b>3 592</b>	<b>4 703</b>	<b>5 962</b>	<b>6 575</b>	<b>6 849</b>	<b>7 134</b>
Deferred tax liability	399	493	815	953	1 034	1 117
Interest bearing liabilities	5 690	5 744	4 520	4 770	5 070	5 170
Non-interest bearing liabilities	0	378	354	354	354	354
<b>Non-current liabilities</b>	<b>6 089</b>	<b>6 615</b>	<b>5 689</b>	<b>6 077</b>	<b>6 458</b>	<b>6 641</b>
Accounts payable	0	39	0	0	0	0
Interest bearing liabilities	234	2 225	3 871	3 871	3 871	3 871
Non-interest bearing liabilities	224	283	414	414	414	414
<b>Current liabilities</b>	<b>458</b>	<b>2 547</b>	<b>4 285</b>	<b>4 285</b>	<b>4 285</b>	<b>4 285</b>
<b>EQUITY AND LIABILITIES</b>	<b>10 139</b>	<b>13 865</b>	<b>15 936</b>	<b>16 937</b>	<b>17 592</b>	<b>18 060</b>

### Cash flow

Cash Flow, SEKm	2015	2016	2017e	2018e	2019e	2020e
Income from property management	437	507	727	775	810	843
Adjustment for non-cash	-32	-35	-42	-51	-54	-56
Financial income	0	0	0	0	0	0
Financial cost	-136	-145	-195	-198	-215	-233
Taxes	-14	-20	-26	-9	-5	-6
Other	0	0	0	0	0	0
<b>C.F. operations (FFO)</b>	<b>255</b>	<b>307</b>	<b>464</b>	<b>517</b>	<b>536</b>	<b>548</b>
Change in Working Capital	38	60	-36	0	0	0
<b>C.F. operating activities (CFO)</b>	<b>293</b>	<b>367</b>	<b>428</b>	<b>517</b>	<b>536</b>	<b>548</b>
Acquisitions of properties	-745	-3 112	-412	0	0	0
Investments in existing properties	-359	-502	-526	-563	-588	-612
Sale of properties	259	252	305	0	0	0
Acquisition of shares in ass. comp.	-86	0	0	0	0	0
Sales of shares in ass. companies	0	0	0	0	0	0
Other investing activities	0	-2	0	0	0	0
<b>Cash flow after investing activ</b>	<b>-638</b>	<b>-2 997</b>	<b>-205</b>	<b>-46</b>	<b>-52</b>	<b>-64</b>
Share issue	0	705	0	0	0	0
Dividends paid/share repurchase	-72	-96	-132	-160	-180	-180
Change of loans	836	2 299	402	250	300	100
Other financing activities	5	-6	0	0	0	0
<b>Net change in Cash</b>	<b>131</b>	<b>-94</b>	<b>65</b>	<b>44</b>	<b>68</b>	<b>-144</b>

## Financials

# Balance Sheet & Cash Flow Statement- Wihlborgs

### Balance sheet

Balance sheet, SEKm	2015	2016	2017	2018e	2019e	2020e
MV properties	28 623	32 755	38 612	41 635	43 218	44 839
Other tangible fixed assets	247	290	312	312	312	312
Holdings in associates	0	0	0	0	0	0
Financial fixed assets	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0
<b>Non current assets</b>	<b>28 870</b>	<b>33 045</b>	<b>38 924</b>	<b>41 947</b>	<b>43 530</b>	<b>45 151</b>
ST Financial assets	88	0	0	0	0	0
Cash & cash equivalents	75	252	179	78	-99	-855
Other current assets	0	117	114	114	114	114
<b>Current assets</b>	<b>163</b>	<b>369</b>	<b>293</b>	<b>192</b>	<b>15</b>	<b>-741</b>
<b>Total assets</b>	<b>29 033</b>	<b>33 414</b>	<b>39 217</b>	<b>42 139</b>	<b>43 545</b>	<b>44 410</b>
<b>Equity</b>	<b>8 876</b>	<b>11 463</b>	<b>13 592</b>	<b>15 386</b>	<b>15 989</b>	<b>16 601</b>
Deferred tax liability	2 199	2 362	2 989	3 495	3 748	4 002
Interest bearing liabilities	16 265	17 553	20 653	21 275	21 825	21 825
Non-interest bearing liabilities	879	1 197	998	998	998	998
<b>Non-current liabilities</b>	<b>19 343</b>	<b>21 112</b>	<b>24 640</b>	<b>25 768</b>	<b>26 571</b>	<b>26 825</b>
Accounts payable	0	0	0	0	0	0
Interest bearing liabilities	0	0	0	0	0	0
Non-interest bearing liabilities	814	839	985	985	985	985
<b>Current liabilities</b>	<b>814</b>	<b>839</b>	<b>985</b>	<b>985</b>	<b>985</b>	<b>985</b>
<b>EQUITY AND LIABILITIES</b>	<b>29 033</b>	<b>33 414</b>	<b>39 217</b>	<b>42 139</b>	<b>43 545</b>	<b>44 410</b>

### Cash flow

Cash Flow, SEKm	2015	2016	2017	2018e	2019e	2020e
Income from property management	1 445	1 518	1 717	1 914	2 050	2 092
Adjustment for non-cash	-42	-47	-53	-61	-66	-67
Financial income	0	0	0	0	0	0
Financial cost	-421	-442	-477	-551	-583	-614
Taxes	-5	-5	-34	-28	-14	-14
Other	0	0	0	0	0	0
<b>C.F. operations (FFO)</b>	<b>977</b>	<b>1 024</b>	<b>1 153</b>	<b>1 274</b>	<b>1 387</b>	<b>1 397</b>
Change in Working Capital	47	40	146	0	0	0
<b>C.F. operating activities (CFO)</b>	<b>1 024</b>	<b>1 064</b>	<b>1 299</b>	<b>1 274</b>	<b>1 387</b>	<b>1 397</b>
Acquisitions of properties	-2 155	-1 074	-2 780	0	0	0
Investments in existing properties	-1 047	-989	-1 061	-1 512	-1 583	-1 621
Sale of properties	411	581	11	0	0	0
Acquisition of shares in ass. compan	0	0	0	0	0	0
Sales of shares in ass. companies	0	0	0	0	0	0
Other investing activities	-52	-31	-24	0	0	0
<b>Cash flow after investing activ</b>	<b>-1 819</b>	<b>-449</b>	<b>-2 555</b>	<b>-238</b>	<b>-196</b>	<b>-224</b>
Share issue	0	0	0	0	0	0
Dividends paid/share repurchase	-365	-403	-442	-485	-532	-532
Change of loans	2 188	1 154	2 924	622	550	0
Other financing activities	0	-125	0	0	0	0
<b>Net change in Cash</b>	<b>4</b>	<b>177</b>	<b>-73</b>	<b>-101</b>	<b>-178</b>	<b>-756</b>

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Market weight: the return by having exposure to this sector is expected to be in line with the return of the credit market in general.

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