

Svensk FastighetsFinansiering

Sweden | Construction and Real Estate

Secured across the Swedish market

SFF is an established secured-financing collaboration between five large Swedish real estate companies – Catena, Diös, Fabege, Platzer and Wihlborgs – all demonstrating a strong property management track record, high occupancy rates and solid geographical diversification. An adequate business risk profile is complemented by stable security position, with a LTV of 52% as of Q4 2018. In our view, the main risk to bondholders comes from external factors, primarily an economic downturn in Sweden spilling over to the property market. We initiate coverage with an Outperform recommendation on the three longest dated bonds available.

Diversified external funding

SFF is a funding vehicle, issuing bonds with a strong security package, linked to properties belonging to its five owners. SFF was the first Swedish company to use real estate as a security for an MTN programme. During 2018, the company issued bonds totalling SEK 3.6bn, creating total portfolio of SEK 9.4bn. The issued volume makes SFF one of the biggest actors on the Swedish bond market, excluding government-linked entities. As of 2019, the combined market capitalisation of SFF's shareholders is SEK 95bn, with a property value of SEK 164bn as of Q4 2018.

Stable outlook given portfolio quality and secured position

SFF's credit profile constitutes a blend of the credit profiles of Catena, Diös, Fabege, Platzer and Wihlborgs. We consider the business risk profile to be adequate based on the composition of the property security pool; this includes the tenant profile, geography and property type. In addition, the robustness of the security package reflects strong asset protection. As the properties in the security pool are exchangeable, restrictions have been put in place to safeguard the asset quality over time. Restrictions include limitations on property type, geography, vacancy and lease duration. Finally, we note that a significant cash reserve provides a liquidity buffer in the unlikely event that SFF should need to monetise its properties.

Outperform recommendations on the longest dated bonds

We estimate fair spreads on SFF's SEK 2021 and SEK 2022 bonds that are significantly above market indications (ca 20%). We initiate coverage with Outperform recommendations on the three bonds.

Nordea Markets - Analysts

Johan Malmberg
+46 720 849 057
johan.malmberg@nordea.com

Andreas Zsiga
+46 101 565 985
andreas.zsiga@nordea.com

KEY INFO

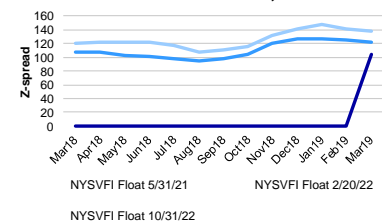
Country	Sweden
Bloomberg debt	NYSVFI
Bloomberg equity	1237682D SS
Moody's	n.a./n.a.
S&P	n.a./n.a.
MSCI ESG rating	NR
Market cap. (bn)	n.a.
Company website	n.a.
Next report date	

BOND RECOMMENDATIONS

Security Name	Rec.	Price	YTW	Z	Fair
SEK: NYSVFI Float 5/31/21	OP	99.6	1.1%	104	82
SEK: NYSVFI Float 2/20/22	OP	100.4	1.2%	120	99
SEK: NYSVFI Float 10/31/22	OP	99.3	1.4%	136	112

Source: Bloomberg and Nordea estimates;
UP=Underperform, MP=Market Perform,
OP=Outperform, NR = No Recommendation

SPREAD DEVELOPMENTS, BP



Source: Bloomberg and Nordea

KEY CREDIT METRICS AND RATIOS SEKm

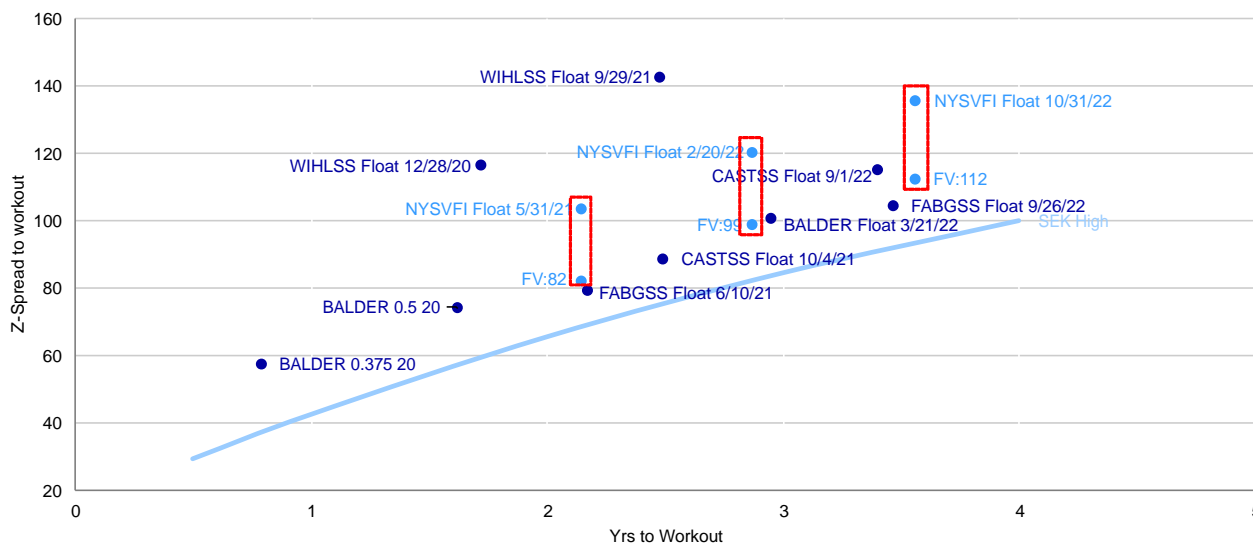
Reported	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Total revenues	0	0	0	0	0	0	0	0	0	0
EBITDA	0	0	0	-4	-6	-7	-7	-8	-8	-8
- margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Net debt	0	0	0	-387	-632	2,498	1,939	1,942	1,942	1,942
Net debt/EBITDA	n.m.	n.m.	n.m.	87.5	104.8	-373.5	-265.4	-258.9	-242.8	-242.8
Credit adjusted										
EBITDA	0	0	0	-4	-6	-7	-7	-8	-8	-8
Debt	0	0	0	3,528	5,134	9,191	9,446	9,446	9,446	9,446
Debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
FFO/Debt	n.m.	n.m.	n.m.	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FOCF/Debt	n.m.	n.m.	n.m.	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%
DCF/Debt	n.m.	n.m.	n.m.	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%
EBITDA interest coverage	n.m.	n.m.	n.m.	-0.3	-0.2	-0.2	-0.1	-0.1	-0.2	-0.2

Source: Company data and Nordea estimates

Bond recommendations

Our fair value model indicates tightening potential, even though we adjust for the general demand saturation for the real estate industry. We initiate coverage with Outperform recommendations on NYSVFI FRN 5/21, 2/22 and 10/22.

FAIR VALUE ASSESSMENT, BP



Source: Bloomberg and Nordea estimates

Fair value assessment reflects the following adjustments

- We make a 10% addition to the reference curve spread to reflect the unrated status of SFF.
- We make a 15% addition to the reference curve spread to reflect the general spread premium for real estate issuers in the SEK market.
- We make a 5% deduction from the reference curve to reflect the secured position of the bonds.

We see no reason to adjust for credit quality, issuer performance trend or bond liquidity.

WALK-THROUGH OF OUR FAIR SPREAD ASSESSMENT, bp

Bloomberg ticker	AS705771 Corp	AM415443 Corp	AP657667 Corp
Currency	SEK	SEK	SEK
Outstanding (LCL)	220,000,000	500,000,000	274,000,000
Coupon type	FLOATING	FLOATING	FLOATING
Payment Rank	Secured	Secured	Secured
Recommendation	Outperform	Outperform	Outperform
Curve spread	68.6	82.3	93.6
Credit quality vs reference	0.0	0.0	0.0
Issuer score vs reference	0.0	0.0	0.0
Rated/Unrated	6.9	8.2	9.4
Bond liquidity	0.0	0.0	0.0
Demand saturation	10.3	12.3	14.0
Ownership etc	-3.4	-4.1	-4.7
Fair Value	82.3	98.8	112.4
Market Spread	103.8	120.4	135.7
Spread from fair value	21.4	21.6	23.3
Spread from fair value (%)	26.0%	21.9%	20.7%

Source: Bloomberg and Nordea estimates

Company overview

SFF is an established financing collaboration between the five large Swedish property companies Catena, Diös, Fabege, Platzer and Wihlborgs. The key function of SFF is to raise funding through the issuance of senior bonds with a security package consisting of first-priority mortgages in pledged properties. The security pool's composition ultimately depends on the sponsors and their respective contributed properties in terms of region, asset quality and collateral. We find SFF's portfolio restrictions governing property types and location moderately supportive, as they allow some variation in the pool's credit quality over time.

Broad and stable shareholder base

Faberge, Wihlborgs, Catena, Diös and Platzer (together, the 'sponsors') each own 20% of SFF Holding AB. All five current sponsors are listed on Nasdaq OMX Stockholm. The combined market capitalisation of SFF's shareholders is about SEK 91bn as of April 2019, with a property market value of about SEK 164bn as of Q4 2018.

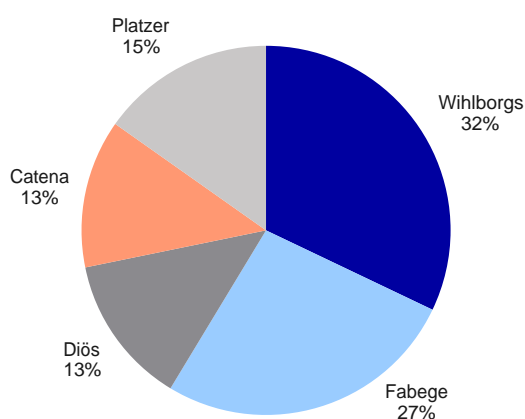
SFF enjoys a strong shareholder base with five high quality property companies active in different markets and segments across a stable Swedish property market.

The sponsors' property segments are focused on offices, but also contain logistics and retail. Geographical coverage includes Stockholm, Gothenburg and Öresund, as well as a number of regional city areas in the middle and northern parts of Sweden. We are positive towards the broad ownership base and portfolio diversity within different markets and segments across the Swedish property market.

The sponsors' financial profiles are slightly different. Faberge is the only rated company, and enjoys an investment grade rating (Baa3). The other companies carry slightly weaker credit profiles, but we still view them as stable and sustainable property companies.

We assume a fairly strong default correlation between the sponsors, given their similar industry risk and underlying drivers for operating performance. These risks are partly mitigated by the domestic geographical diversification among the companies. Ultimately, if the Swedish economy were to weaken considerably, so would most Swedish property companies.

SPONSORS' SHARE OF ISSUED BONDS, 2018



Bond issuance varies over time; currently Wihlborgs and Faberge make up almost two thirds off all issues

Source: Company data and Nordea

Legal structure

The sponsors have direct ownership in SFF Holding AB, the 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 linked to lending performed within a group. The transaction and securitisation setup has been up and running since 2011 without any flaws, which provides comfort to us that the financing and securitisation method is working satisfactorily for all involved parties.

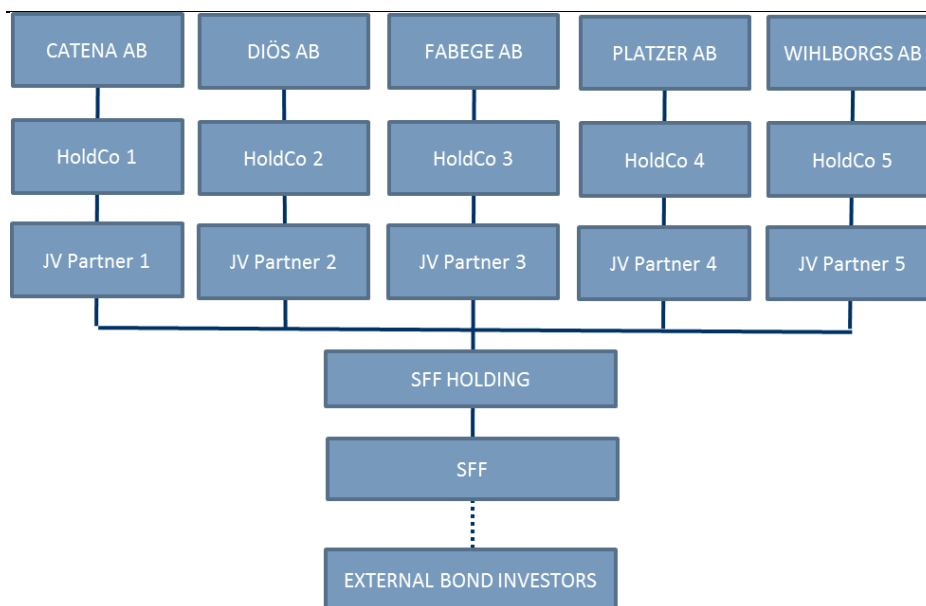
Issuance mechanism and internal flows

The issuance of senior secured bonds by SFF is carried out in accordance with the following steps:

1. SFF issues a senior secured bond to external investors.
2. The proceeds are on-lent as a secured loan to the relevant HoldCo.
3. The HoldCo in turn extends a secured loan to the relevant PropCo.
4. The sponsor issues a guarantee in favour of the HoldCo (for the PropCo loan).
5. The sponsor pledges 100% of the shares in the PropCo to the HoldCo.
6. The sponsor issues a guarantee in favour of SFF (for the HoldCo loan).
7. The PropCo pledges mortgage certificates covering a minimum of 50% of the PropCo loan to the HoldCo.
8. The PropCo applies for further mortgage certificates (in Swedish 'pantbrevsansökningar') covering the entire PropCo loan and submits them (unsigned) to the security agent.
9. The HoldCo pledges the promissory notes (the PropCo loan), the mortgage certificates and the shares in the PropCo to SFF.
10. SFF pledges the HoldCo loan, the PropCo loan, the HoldCo loan guarantee, the mortgage certificates, the shares in the PropCo and the promissory notes to the security agent to form the security pool.
11. The corporate law firm Glimstedt issues a legal opinion, stating that all documents are legally binding, covenants are in compliance, the securities have been transferred to the security agent, and that the issuing bank directs the issued amount to SFF's account.

The mechanism to provide bond funding is a legally and technically complicated process; but the set-up has worked flawlessly since inception, providing comfort for all involved parties

SFF – LEGAL STRUCTURE



Source: Company data and Nordea

Please note that the guarantee issued by one sponsor is made only in favour of its own subsidiary. Hence, no cross guarantees are in place from the sponsors. I.e. Platzer AB only guarantees transactions made by its subsidiaries and is not entitled to support subsidiaries of eg Wihlborgs. Also, the guarantees provided are directed at SFF AB and not to the external bondholders. This means that SFF AB ultimately is exposed to the credit risk of the sponsors and not only on individual property holding subsidiaries.

The mortgage certificates from each transaction are bundled in the security pool and together comprise a joint security package. This security package is directed at the external investors (the bondholders). This means that in the event that SFF fails to service its obligations, the bondholders are in a position to demand security from any part of the security pool. Please note, the sponsor guarantee is not directed at external bondholders but is limited to the SFF group framework.

Portfolio restrictions

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

Sponsor limitations

- No sponsor may account for more than 50% of total outstanding secured loans.
- Diös may represent a maximum 35% of total outstanding secured loans, which is an indirect covenant as 65% of the security pool must be located in Stockholm, Gothenburg or Öresund.
- Catena may represent a maximum 20% of total outstanding secured loans, which is an indirect covenant as maximum 20% of the security pool may be exposed to industry, storage or logistics.

General limitations

- Restrictions on the total collateral provided in the pool with respect to property type and geographical region.
- No cross-collateralisation of properties is allowed, ie the properties cannot be pledged for any other obligations.
- No more than 20% of rental income originating from one specific property within the pool should stem from one of SFF's shareholders (the sponsors).

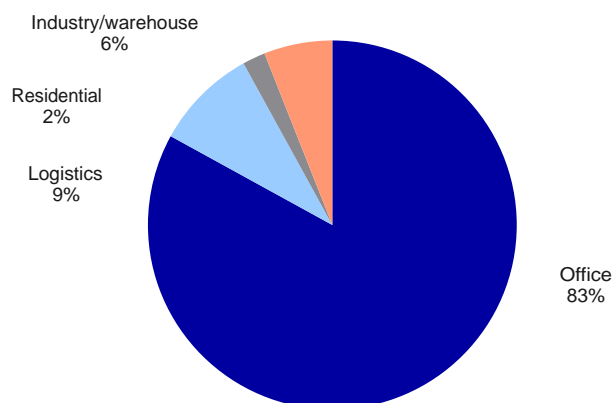
Asset type limitations

- A minimum 75% of outstanding loans to be secured by office properties.
- A 20% maximum allowed share of logistics, warehousing and industrial properties
- Maximum 5% hotels.
- Economic vacancy of maximum 5% or 10% depending on property type.
- Restrictions on minimum average lease duration (WALD) depending on property type. (If one tenant represents more than 85% of rental income, or the property is a hotel, a minimum of 30 months lease duration is required. In other cases, the minimum WALD is 24 months.)
- Strict maximum allowed loan-to-value (LTV) for respective property/property type (ranging from 60% to 72% and measured on a quarterly basis).

Portfolio restrictions and limitations aim at upholding transparency for bond investors when it comes to security quality.

SFF - SECURITY POOL DISTRIBUTION, 2018

The overall security pool is clearly tilted towards offices, well above the minimum amount required (75%).



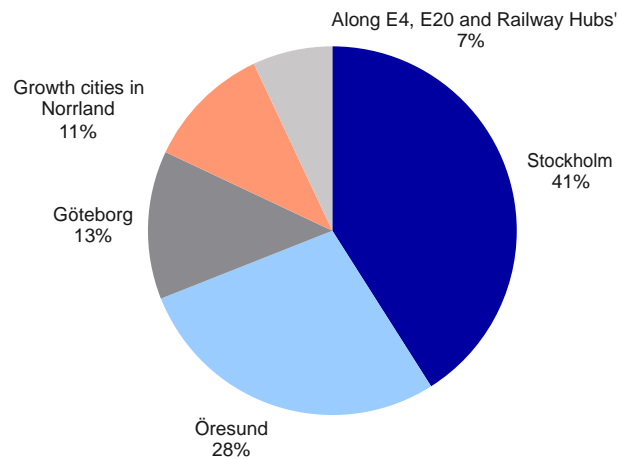
Source: Company data and Nordea

Geographical limitations

- A minimum 65% of office properties to be located in Stockholm and/or Gothenburg and/or Öresund.
- As a consequence of the above limitation, only 35% of the market value of the pool may be directed towards Diös prioritised cities (Borlänge, Falun, Gävle, Luleå, Skellefteå, Sundsvall, Umeå or Östersund).
- SFF is only allowed to finance properties in the prioritised core area of each sponsor.

SFF – SECURITY POOL GEOGRAPHIC DISTRIBUTION, 2018

SFF's security pool as per 2018 evidences a strong geographic diversification in accordance with the limitations set up for the company.

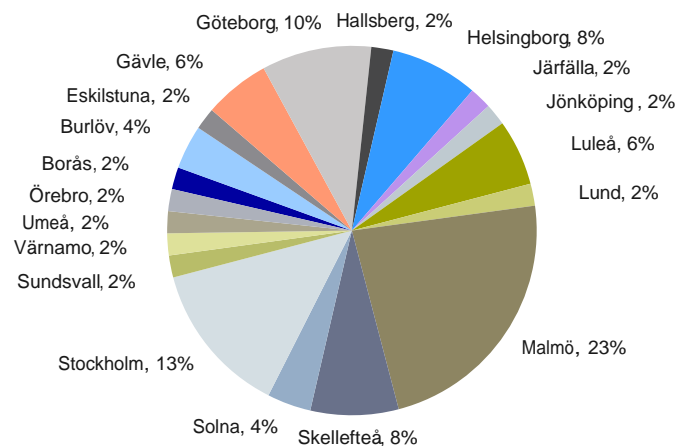


Source: Company data and Nordea

We view the portfolio restrictions in SFF as moderately supportive. Please note that exchanging assets in the property security pool is an advanced legal process. In practice, this means that property alterations are only conducted if the assets in question are sold by the original sponsor. The content of SFF's security pool is presented on a quarterly basis on the company website, or when there are any asset changes to the security pool.

SFF – SECURITY POOL CITY DISTRIBUTION, 2018

Malmö stands out as the single largest micro market, with property securities provided by Wihlborgs.



Source: Company data and Nordea estimates

Security and covenants

We consider SFF's collateral protection to be moderately supportive, reflected by the minimum requirement of 50% pledged mortgages backing the bond issuance. At specified LTV triggers, additional collateral may be taken out as a "springing lien" mortgage. The sponsors may, in addition to mortgage security, provide property companies' (PropCo) shares as collateral, which requires less liquidity buffer than mortgages.

The security pool is always secured up to 100% in either mortgages, shares or a combination of the two

Share of mortgages likely to exceed minimum requirement

The sponsors deliver at least 50% of mortgages as collateral for each property in the security pool. In addition, the sponsors may need to add an additional "springing lien" mortgage at specified trigger LTV levels (for individual properties). The LTV triggers range between 70% and 75%, depending on the property type. As far as we understand, the springing lien concept has not been activated during SFF's operation. Please note, if the mortgage cover is only 50% the sponsor must provide additional security in shares in the property holding company, thus reaching up to 100% security coverage.

In practice, one could expect SFF to operate with a fairly high share of mortgage collateral in the pool. We base this on the MTN programme specifying that "all existing mortgages" for a property in the security pool must be provided as collateral. As per 2018 FY, the mortgage coverage was 86% in SFF's security pool.

We note that shareholders are able to post security in the form of PropCo shares, which allows them to comply with the lower 4.75% liquidity requirement. Should only mortgages be provided as security, this requires a 5.75% minimum cash reserve. Shares are easier to dispose of than real properties and this is the reason for the lower security requirement when providing shares as collateral.

SFF: PORTFOLIO RESTRICTIONS BY CATEGORY

Property restrictions

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

Source: Company data and Nordea

We believe that SFF and its shareholders have a strong incentive to avoid breaching the trigger-LTV levels and taking out the remaining mortgage gap under a springing lien. The process is costly and there is no remedy period offered in connection with such a trigger event.

We also note that mortgages taken out under a springing lien shortly before default by a sponsor could be contested in court by its creditors. If this occurs, it would erode the value of the springing lien.

The MTN programme includes a negative pledge that acts as a reinforcement for the springing lien structure.

Financial covenants and liquidity provisions

In the unlikely event that SFF is unable to serve its obligations to bondholders, the pledged assets may be required to be realised. Until the assets in the security pool are monetised, the cash reserve can be utilised to service payment to bond investors.

The minimum cash reserve is in place to provide a buffer for serving coupon payments to bond investors.

The purpose of the cash reserve is to bridge any liquidity gap that may arise, from the point of default of one or several sponsors up to the monetisation of the pledged property related to the defaulted sponsor(s). In a situation of distress, one cannot rule out that trying to get a fair market price when disposing of properties could be a time-consuming process.

According to stipulated covenants, SFF must maintain a minimum cash reserve of 4.75% of total outstanding bonds. We note that the minimum reserve depends on the type of collateral. A share pledge in a PropCo carries a lower cash requirement, as it would likely require less time and effort to monetise such assets in an enforcement scenario. Alternatively, if a PropCo chooses to provide 100% mortgages, no shares would be pledged and the cash reserve would instead increase to 5.75%. In practice, the minimum cash reserve requirement is likely to hover between 4.75 and 5.75% as sponsors provide different mixes of mortgage certificates and PropCo shares.

The cash from the liquidity buffer 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 opinion, this implies that the investment options are low risk.

The default LTV varies between 72% and 77% depending on provided securities; SFF operates with a 52% LTV on the secured portfolio, entailing a substantial buffer

We believe that the cash buffer requirement is adequate considering the low-interest rate environment. At the end of 2018, SFF had SEK 492m in cash. If the sponsors of the entire portfolio are unable to provide coupon payments to SFF, a 2.5% interest rate would correspond to around SEK 250m a year. This means that the buffer could serve as coupon payments to bondholders for about two years, which we believe should be enough time to unwind the security portfolio.

We note that the relevant sponsors provide guarantees for their obligations to SFF. This means that the sponsors themselves might end up in a liquidity squeeze, but this seems unlikely to be the case at present.

The size of the buffer is tied to STIBOR levels (5.75% at STIBOR >300 bp, +6.75% at STIBOR >600 bp and +7.75% at STIBOR >900 bp). This means that in a high interest environment, SSF will enjoy stronger buffers than what is required.

The default LTV is set at 77% per property, except for hotel and industrial/storage properties, which have a default LTV of 72%.

SFF's credit profile

SFF's credit profile is a blend of the credit profiles of its five sponsors. Hence, we consider that the business and financial risk profile is adequate, even in an unsecured bond funding scenario. Adding the secured bond structure, it strengthens the recovery position for potential bond investors further.

Credit enhancement through restrictions and covenants

SFF's credit profile reflects the weighted credit profile of its five sponsors, the established property companies Catena, Diös, Fabege, Platzer and Wihlborgs. We see a strong link between SFF and its sponsors. Given their shared underlying exposure to macroeconomic and industry risks, we expect a relatively high correlation in the development of their credit qualities.

The provided properties are secured by mortgages to a minimum of 50%; any residual unsecured part must be secured by shares in the property holding company

The credit risk profile is enhanced by portfolio restrictions as well as liquidity and covenant provisions. However, the properties in the pool are exchangeable over time. Consequently, to maintain a stable quality of the security pool, restrictions such as limitations on property type, geographical market, vacancies and lease maturity have been put in place. We believe the restrictions and limitations put up are solid and bond investors should be reassured knowing that a quality property portfolio serves as security. The mortgage level could go as low as 50% of the outstanding loan, the residual part is secured by shares in the property holding company. In addition, a negative pledge is in force, providing further comfort for bondholders. Given the well-respected position of the sponsors in the Swedish property market, we are still comforted by the fairly low amount of mortgages.

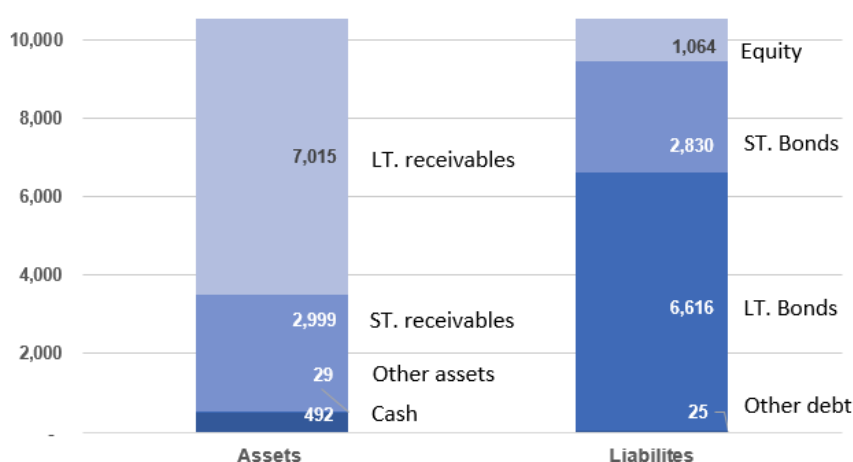
SFF's credit profile is supported by covenant restrictions on the equity ratio (at least 10%) as well as loan-to-value (LTV) levels, which vary according to the property type. Moreover, a 4.75% minimum cash reserve requirement in SFF – with a gradual step-up linked to Stibor – provides a liquidity bridge in the event that SFF needs to monetise properties in the security pool.

Capital structure

SFF's capitalisation is limited at 10%. We assign less importance to SFF's capitalisation, however, as all borrowing is ultimately on-lent back-to-back with SFF's shareholders.

The capital structure of SFF is thin, considering an equity ratio of 10%; the security position (off-balance) is significantly stronger and better reflects the credit risk when investing in SFF bonds

SFF: BALANCE SHEET, 2018, SEKm



Source: Company data and Nordea

Diversified security portfolio ensures long-term sustainability

The outlook for SFF's general credit profile remains stable, in our view. However, the credit quality is obviously tightly linked to the composition of the security pool. We recognise the relatively stronger credit profile on the senior secured notes issued by SFF as they are secured by properties from five separate companies.

Well recognised property companies provide core assets to SFF's security pool, providing significant comfort for the credit risk sustainability linked to the issued bonds

The sponsors are highly regarded in the Swedish market, which bodes well for the fair treatment of its bond investors. We believe that the credit risk profile is adequate, supported by the strong geographical and asset class diversification. The balance sheet of SFF is thin, considering the 10% equity ratio. However, the security position is substantially stronger given the provided security portfolio. The security portfolio is not recognised on SFF's balance sheet, but amounts to SEK 18bn as per end-2018. This corresponds to an adequate LTV level of 52%, in line with the Swedish property market average.

Moderate security pool LTV implies adequate recovery

In the event that the Swedish property market would be exposed to a severe downturn, we believe that SFF has significant buffers to handle such a scenario. Given the current 52% LTV, SFF enjoys substantial headroom up to the MTN default level – ranging between 72% and 77% depending on asset mix.

The stable Swedish property market speaks in favour of SFF in a medium-term perspective; a major drop in market values would be needed to shake the company

Assuming a maintained loan volume (SEK 9.5bn), the property portfolio value would need to fall by 27% before reaching the first default level (72%). Given the stable outlook for the Swedish property market, combined with the quality requirement for the provided securities, we consider a default risk as very remote in a medium-term perspective.

Should one or several sponsors default on their obligations to SFF, the company would first seek to divest pledged properties related to the defaulted sponsor(s). However, if the collected amount is not enough to cover SFF's obligations toward bond holders, other properties from the pool can also be divested. In this sense, the security pool, provided by a mix of sponsors, will be available for all of SFF's obligations. We highlight that this will not automatically constitute a default by SFF as long as the maximum LTV is not breached.

SFF: Summary of key credit factors

Credit supportive factors

Credit supportive ownership. The company structure creates a stable and long-term company structure and we consider the stock-listing of the five owners positive, as it adds a potential source of liquidity.

Diversified geographical base within Sweden. Solid diversification, within Sweden, with focus in larger growth cities.

Stable and growing underlying markets. The underlying structural drivers remain in place, even in a slowing macro economy. The secured position adds further comfort.

Credit constraining factors

Cyclicality. Property markets are generally cyclical, and SFF has a large exposure to office properties, which tend to correlate with GDP growth.

Concentration risk. Large concentration risk to Sweden from an international perspective.

Legal risks. The SPV structure poses some legal and structural risks compared to ordinary unsecured corporate financing.

Source: Nordea estimates

Appendix: Sponsors' credit profiles

SFF's sponsors consist of well-recognised property companies, with current or previous ties to Erik Paulsson and family. The aggregated property market value of its sponsors amounted to SEK 164bn as of the end of 2018. Taken altogether with the sponsors' established market positions, their geographic diversification and financial risk profiles, we expect SFF's strong performance and sustainability to continue ahead. Please note that the following chapter only serves as brief descriptive orientation of each sponsor.

Catena AB

Catena is in a strong market position as one of Sweden's leading owners and developers of modern logistics properties

Catena focuses on management and project development of logistics properties in strategic locations, including the greater 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 to SEK 10bn, gaining a firm foothold in the retail food sector, with tenants including ICA and Netto. The largest tenants in 2018 were DHL, ICA Fastigheter and PostNord. Catena's total property value was SEK 14.7bn as of the end of Q4 2018.

Catena reported LTV of 58%, as of the end of Q4 2018; its equity ratio stood at 33% (above the company's 30% minimum target) and the interest coverage ratio was 3.4x (exceeding the minimum 1.75x target).

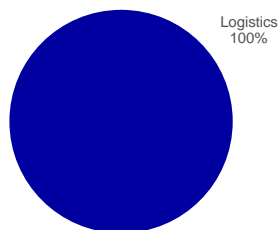
Catena is listed on the Nasdaq OMX Mid Cap Stockholm, with a market value of around SEK 9.8bn. The largest shareholder is Backahill AB (30%), a holding company associated with Erik Paulsson and family.

CATENA: KEY FINANCIAL METRICS

	2014	2015	2016	2017	2018
Property Value, MSEK	5,751	5,340	10,786	13,131	14,721
Econ. Occupancy rate	96%	96%	93%	95%	96%
Capital duration, years	2.9	2.5	1.5	1.9	1.4
Interest duration, years	3.5	3.1	3.5	4.10	3.00
Average interest rate, %	2.8%	2.6%	3.6%	3.2%	2.7%
ICR, x	3.1x	4.8x	2.3x	3.5x	3.4x
LTV (reported), %	61%	70%	60%	58%	58%
Yield, %	6.1%	7.1%	7.4%	7.4%	7.2%

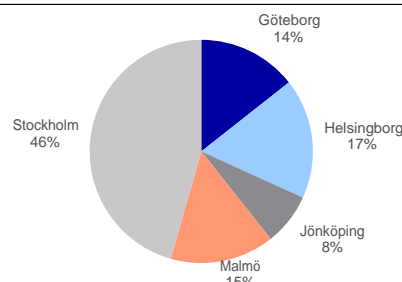
Source: Company data and Nordea

CATENA: PORTFOLIO MIX, 2018



Source: Company data and Nordea

CATENA: GEOGRAPHIC PRESENCE, 2018



Note: Breakdown is based on value
Source: Company data and Nordea

Source:

Catena's properties are located outside the urban areas

Its focus is to be close to strategic infrastructure hubs along highways, train stations and harbours

Diös specialises in commercial properties in the northern parts of Sweden

It benefits from deep local market knowledge, which partly balances the lower liquidity in Norrland

Diös Fastigheter AB

Diös is a medium-sized commercial property company, with approximately SEK 21bn market value in properties as of end-2018. In terms of geography, its property portfolio is focused on the northern part of Sweden, with an emphasis on the larger metropolitan areas, from Gävle in the south to Luleå in the north.

Diös' property portfolio is well diversified in terms of property types but is tilted towards offices (52%) and retail (21%). We favourably view Diös' 26% share of rent that is derived from public tenants. We argue that these factors partly offset the company's focus on the less liquid property market in northern Sweden.

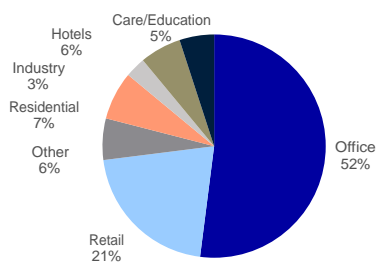
Diös was listed in 2006 on the Nasdaq OMX Mid Cap Stockholm and has a current market value of SEK 10bn. Backahill Inter AB, a company associated with the Paulsson family, is the second-largest shareholder with 10.5% of capital as of end-2018. The company's LTV has declined substantially in recent years, reaching 53% as of end-2018.

DIÖS: KEY FINANCIAL METRICS

Diös, Key financial metrics					
	2014	2015	2016	2017	2018
Property Value, MSEK	12,200	13,381	13,683	19,457	20,802
Econ. Occupancy rate	89%	88%	90%	91%	91%
Capital duration, years	2.0	2.4	1.8	2.4	2.0
Interest duration, years	1.4	0.8	0.9	2.5	1.4
Average interest rate, %	3.4%	2.6%	2.4%	1.9%	1.6%
ICR, x	2.5x	3.4x	3.6x	5.3x	5.9x
LTV (reported), %	63%	61%	59%	57%	53%

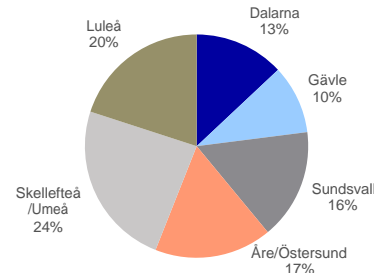
Source: Company data and Nordea

DIÖS: PORTFOLIO MIX, 2018



Source: Company data and Nordea

DIÖS: GEOGRAPHIC PRESENCE, 2018



Note: Breakdown is based on value.
Source: Company data and Nordea

Source:

Fabege enjoys a strong market position in Stockholm and holds a first-class property portfolio in the best office locations in the CBD and in Arenastaden

Fabege AB

Fabege ranks as one of the larger listed Swedish property companies. With SEK 68bn in portfolio market value, its focus is on commercial properties (mainly offices) in four areas of the greater Stockholm region: Stockholm's inner city, Arenastaden, Solna Business Park and Hammarby Sjöstad. In addition, the company has significant project development activities, north and south of Stockholm.

In February 2018, Fabege received an Investment Grade rating from Moody's of Baa3, with a stable outlook. This confirms Fabege's position as the strongest sponsor of SFF.

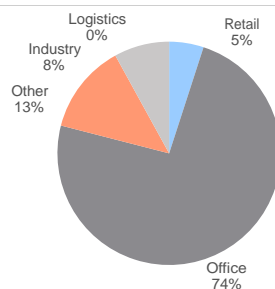
The company's LTV has continued to drop sharply, reaching 39% at end-2018. Fabege is listed on the Nasdaq OMX Stockholm, and Erik Paulsson and his family are the largest shareholders, holding 15.4% of the capital as of end-2018. The current market value of the shares is around SEK 45bn.

FABEGE: KEY FINANCIAL METRICS

	2014	2015	2016	2017	2018
Property Value, MSEK	32,559	40,279	47,842	57,889	67,634
Econ. Occupancy rate	94%	93%	94%	94%	94%
Capital duration, years	3.7	4.1	3.8	4.0	5.0
Interest duration, years	1.9	2.5	2.2	2.5	3.6
Average interest rate, %	3.1%	2.6%	2.6%	2.2%	1.6%
ICR, x	2.4x	2.1x	2.7x	3.2x	3.7x
LTV (reported), %	60%	52%	46%	43%	39%
Yield, %	4.6%	3.5%	3.1%	3.9%	2.8%

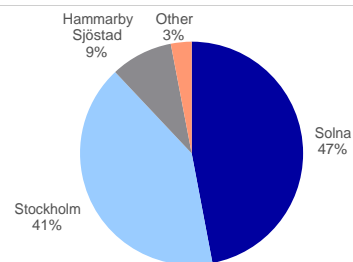
Source: Company data and Nordea

FABEGE: PORTFOLIO MIX, 2018



Source: Company data and Nordea

FABEGE: GEOGRAPHIC PRESENCE, 2018



Note: Breakdown is based on value
Source: Company data and Nordea

Source:

Platzer focuses on properties in Gothenburg

Platzer Fastigheter AB

Platzer is a mid-sized real estate company with a portfolio valued at SEK 18bn at end-2018. The company's geographical focus is on the greater Gothenburg area. Office properties account for the bulk of the portfolio (54%), with the remainder consisting of industrial/logistics properties.

Platzer's loan-to-value ratio was 53% as of end-2018, with a maximum target of 60% (recently lowered from 65%); the interest coverage stood at 3.6x.

Its geographic focus entails concentration risk, which partly is offset by strong market knowledge and portfolio diversification

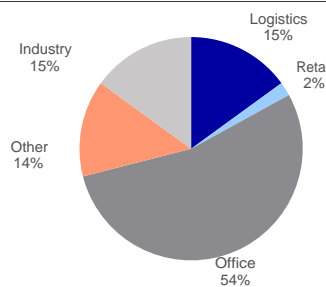
Following a new share issue and a subsequent public listing in 2013 on the Nasdaq OMX Mid Cap, Platzer broadened its shareholder base. Backahill, associated with Erik Paulsson, was at that time the third-largest shareholder. In 2017, Backahill sold its stake in Platzer. Ernströmgruppen and Länsförsäkringar are the dominant owners. Platzer's listed market value is around SEK 9.4bn.

PLATZER: KEY FINANCIAL METRICS

	2014	2015	2016	2017	2018
Property Value, MSEK	8,343	9,784	13,615	15,559	18,388
Econ. Occupancy rate	94%	91%	94%	94%	95%
Capital duration, years	1.8	1.9	2.0	1.6	2.2
Interest duration, years	4.7	4.0	3.7	3.2	4.1
Average interest rate, %	2.8%	2.4%	2.3%	1.7%	2.1%
ICR, x	2.4x	3.0x	3.2x	3.5x	3.6x
LTV (reported), %	58%	58%	59%	54%	53%
Yield, %	5.2%	4.8%	4.9%	4.7%	4.8%

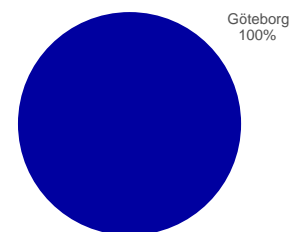
Source: Company data and Nordea

PLATZER: PORTFOLIO MIX, 2018



Source: Company data and Nordea

PLATZER: GEOGRAPHIC PRESENCE, 2018



Source: Company data and Nordea

Wihlborgs is probably the most established commercial property owner in the Öresund region

Wihlborgs Fastigheter AB

With a property holding of SEK 42bn, Wihlborgs Fastigheter AB (Wihlborgs) ranks as one of the larger listed 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 commercial properties (80%), consisting of mainly offices and a small share of retail. Industry/warehousing makes up the residual holdings.

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 to a few areas in each city. Its properties in Copenhagen are concentrated to the western part of the greater city area.

Wihlborgs' geographic focus is not limited to one city but to four markets, creating some diversification

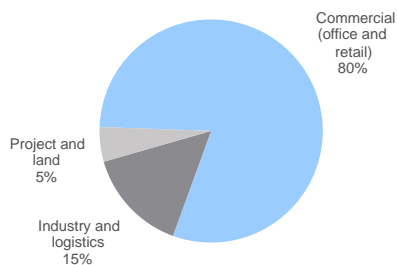
As of end-2018, Wihlborgs had LTV of 54%, with a maximum LTV target of 60%. Other financial targets include an equity ratio of at least 30% and an interest coverage ratio of at least 2.0x. Wihlborgs' listed market value is SEK 19.6bn.

WIHLBORGS: KEY FINANCIAL METRICS

	2014	2015	2016	2017	2018
Property Value, MSEK	24,299	28,623	32,755	38,612	42,146
Econ. Occupancy rate	91%	91%	91%	93%	93%
Capital duration, years	4.1	4.1	5.9	6.2	6.0
Interest duration, years	6.0	4.8	4.8	4.0	3.5
Average interest rate, %	3.1%	2.7%	2.8%	2.5%	1.4%
ICR, x	2.8x	3.2x	3.3x	3.4x	3.9x
LTV (reported), %	58%	57%	54%	54%	54%
Yield, %	5.6%	5.1%	4.9%	4.9%	4.9%

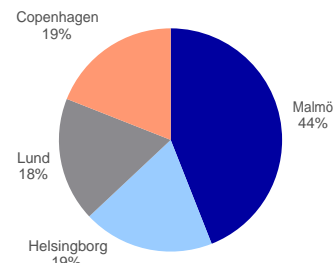
Source: Company data and Nordea

WIHLBORGS: PORTFOLIO MIX, 2018



Source: Company data and Nordea

WIHLBORGS: GEOGRAPHIC PRESENCE, 2018



Note: Breakdown is based on value
Source: Company data and Nordea

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Total revenue	0	0	0	0	0	0	0	0	0	0
- growth	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	100.0%	50.0%	33.3%
Gross profit	0	0	0	0	0	0	0	0	0	0
- margin	n.m.	n.m.	n.m.	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%
EBITDA	0	0	0	-4	-6	-7	-7	-8	-8	-8
- 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	-4	-6	-7	-7	-8	-8	-8
- 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	-4	-6	-7	-7	-8	-8	-8
- 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	3	4	7	8	8	8	8
Pre-tax profit	0	0	0	-2	-2	0	0	0	0	0
Taxes	0	0	0	0	0	0	0	0	0	0
Net profit, continuing operations	0	0	0	-2	-2	0	0	0	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Net profit to equity	0	0	0	-2	-2	0	0	0	0	0
EBITDA (credit adj)	0	0	0	-4	-6	-7	-7	-8	-8	-8
EBIT (credit adj)	0	0	0	-4	-6	-7	-7	-8	-8	-8
Interest expense (credit adj)	0	0	0	-15	-24	-43	-52	-52	-52	-52

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
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	3,738	5,446	6,233	7,015	7,015	7,015	7,015
Deferred tax assets	0	0	0	0	0	1	0	0	0	0
Other non-interest bearing non-current	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	3,738	5,446	6,234	7,015	7,015	7,015	7,015
Inventory	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	3,496	2,999	3,000	3,000	3,000
Other current assets	0	0	0	16	1,218	24	29	30	30	30
Cash and cash equivalents	0	0	0	176	320	460	492	489	489	489
Current assets	0	0	0	192	1,538	3,980	3,520	3,519	3,519	3,519
Assets held for sale	0	0	0	0	0	0	0	0	0	0
Total assets	0	0	0	3,931	6,985	10,214	10,535	10,534	10,534	10,534
Shareholders equity	0	0	0	392	699	1,022	1,063	1,063	1,063	1,063
Minority interest	0	0	0	0	0	0	0	0	0	0
Deferred tax	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	0	0	0	3,528	5,134	5,875	6,616	6,616	6,616	6,616
Non-current liabilities	0	0	0	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0
Non-current liabilities	0	0	0	3,528	5,134	5,875	6,616	6,616	6,616	6,616
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	10	1,151	0	26	25	25	25
Short term interest bearing debt	0	0	0	0	0	3,316	2,830	2,830	2,830	2,830
Current liabilities	0	0	0	10	1,151	3,316	2,856	2,855	2,855	2,855
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	0	0	0	3,931	6,985	10,214	10,535	10,534	10,534	10,534
Cash and cash eq (credit adj)	0	0	0	176	320	460	492	489	489	489
Total assets (credit adj)	0	0	0	3,931	6,985	10,214	10,535	10,534	10,534	10,534
Shareholders equity (credit adj)	0	0	0	392	699	1,022	1,063	1,063	1,063	1,063
Debt (credit adj)	0	0	0	3,528	5,134	9,191	9,446	9,446	9,446	9,446

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

SEKm	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
EBITDA	0	0	0	-4	-6	-7	-7	-8	-8	-8
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	8	8	8
Dividends received	0	0	0	0	0	0	0	0	0	0
Paid taxes	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Operating cash flow before NWC	0	0	0	-4	-6	-7	-7	0	0	0
Change in NWC	0	0	0	0	0	0	0	-3	0	0
Operating cash flow	0	0	0	-4	-6	-7	-7	-3	0	0
CAPEX	0	0	0	0	0	0	0	0	0	0
Free Operating cash flow	0	0	0	-4	-6	-7	-7	-3	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	0
Share issues / buybacks	0	0	0	389	309	323	0	0	0	0
Discretionary cash flow	0	0	0	385	303	316	-7	-3	0	0
Other investments / divestments	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	-3,738	-1,708	-3,095	0	0	0	0
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
Net change to group borrowing/repaym	0	0	0	3,528	1,606	2,912	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Change in cash	0	0	0	174	201	133	-7	-3	0	0
Adjusted metrics										
Funds from operations (FFO) (adj)	0	0	0	-2	-2	0	0	0	0	0
Operating cash flow (OCF) (adj)	0	0	0	-4	-6	-7	-7	-3	0	0
Free operating cash flow (FOCF) (adj)	0	0	0	-4	-6	-7	-7	-3	0	0
Discretionary cash flow (DCF) (adj)	0	0	0	-4	-6	-7	-7	-3	0	0

Source: Company data and Nordea estimates

KEY RATIOS

	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Profitability										
ROC	n.m.	n.m.	n.m.	-0.2%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
ROIC after tax	n.m.	n.m.	n.m.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ROE after tax	n.m.	n.m.	n.m.	-1.0%	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt & Interest coverage										
FFO/Debt	n.m.	n.m.	n.m.	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FOCF/Debt	n.m.	n.m.	n.m.	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%
DCF/Debt	n.m.	n.m.	n.m.	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%
EBITDA interest coverage	n.m.	n.m.	n.m.	-0.3	-0.2	-0.2	-0.1	-0.1	-0.2	-0.2
FFO cash interest coverage	n.m.	n.m.	n.m.	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Leverage										
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.	10.0%	10.0%	10.0%	10.1%	10.1%	10.1%	10.1%
Debt/(Debt+Equity)	n.m.	n.m.	n.m.	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Capital expenditure										
CAPEX/Depreciation and amor	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.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Working capital ratios										
Inventory turnover (days)	n.m.	n.m.	n.m.	0	0	0	0	0	0	0
Receivables turnover (days)	n.m.	n.m.	n.m.	0	0	27,604,000	109,459,850	54,750,000	36,500,000	27,375,000
Days sales outstanding (days)	n.m.	n.m.	n.m.	3,723	1,971	0	0	0	0	0
Per share data										
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										
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.

Source: Company data and Nordea estimates

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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

The relevant benchmark is set at the individual bond level, and determined by factors such as the currency, time to maturity and the credit quality of the bond. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

Distribution of recommendations

Recommendation	Count	% Distribution
Outperform	157	30%
Market perform	227	44%
Underperform	138	26%
Total	522	100%

As of 2 Jan 2019

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Distribution of recommendations (transactions)*

Recommendation	Count	Distribution
Outperform	59	30%
Market perform	77	39%
Underperform	60	31%
Total	196	100%

As of 2 Jan 2019

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

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Issuer Review

This report has not been reviewed by the Issuer prior to publication.

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea Markets Division, Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland Tel: +358 9 1651 Fax: +358 9 165 59710 Reg.no. 2858394-9 Satamaradankatu 5 Helsinki	Nordea Markets Division, Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Nordea Markets Division, Research Visiting address: Grønjordsvej 10 DK-2300 Copenhagen S Denmark Tel: +45 3333 3333 Fax: +45 3333 1520	Nordea Markets Division, Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway Tel: +47 2248 5000 Fax: +47 2256 8650