

# REAL HOLDING



INTERIM REPORT  
January - September 2016



REAL HOLDING  
INTERIM REPORT  
JANUARY - SEPTEMBER

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# Q3 IN BRIEF



# 5,4

Rental Income(MSEK)

# 3,0

Net Profit (MSEK)

# 90,2

Equity (MSEK)

## The Third Quarter in Brief

- Rental income in Q3 2016 increased to 5,4 MSEK, compared to 0,1 MSEK in Q3 2015.
- Net Operating Income before taxes, depreciation, interest costs and unrealised value changes amounted to 1,5 MSEK, compared to -0,6 MSEK in Q3 2015. Hence the Interest Coverage Ratio is now positive at 0,40.
- Net income amounted to 3,0 MSEK in Q3 2016, compared to -0,8 MSEK in Q3 2015. The result can primarily be attributed to unrealized value gains of 8,0 MSEK and reversal of priorly activated prepaid costs of 4,9 MSEK.
- Earnings per share as well as earnings per average number of shares of 0,33 SEK on a fully diluted basis in Q3 2016, compared to -0,23 SEK in Q3 2015
- Equity capital amounted to 90,2 MSEK at the end of Q3 2016, compared to 4,7 MSEK at the end of Q3 2015.
- Equity per share at the end of Q3 2016, as well as equity per average number of shares during the quarter both amounted to 7,67 SEK, compared to 1,33 SEK at the end of Q3 2015.
- The size of the Company's property portfolio, including the acquired property in Örnsköldsvik, which had yet to be taken possession of at the end of Q3, has in the past six months almost doubled to 441,6 MSEK at the end of Q3 2016. At the end of Q3 2015 the Company's property portfolio amounted to 5,0 MSEK.



### Key Developments in the Quarter

- Strategically important acquisition of the real estate management services firm Efficax Sydfastgruppen AB, bringing on board the organisation to manage and grow Real Holding's portfolio. The acquisition ensures that the organization is capable of growth at the rate management wants to achieve
- Acquisition of Hägglundsfastigheterna AB - 53 000 of industrial, storage and office spaces in Örnköldsvik, for 180 MSEK, representing the Company's largest acquisition so far.

### Developments After the End of the Quarter

- The Company took possession of Hägglundsfastigheterna AB on October 21, which means that all acquired properties have been taken possession of.
- A rental contract, corresponding to an annual income of approximately 4,5 MSEK was signed in October, for the acquired property in Örnköldsvik. The lease was established at approximately the same terms as the previous lease agreement but was extended to a seven-year contract, with rental discounts for the first two years.
- Kennet Lundberg has been recruited as Real Holding's Chief Financial Officer, coming from the position as CFO of Hasselblad

500

New Apartments  
On Pottholmen

442

Property Portfolio  
(MSEK)

# Comment from the CEO



Dear Stakeholders

Real Holding has now been listed on the Nordic Growth Market MTF for about six months. During this period the Company has roughly doubled the value of its property portfolio, while both revenue and net operating income have more than doubled. What is new for the third quarter is that the interest coverage ratio now is positive, which means that the Company has a positive operating profit before unrealized fair value changes, depreciation, interest and any eventual appropriations. The income statement does not include the acquired property Norrlungånger 2:144 in Örnsköldsvik, as the Company took possession of the property after the end of the third quarter, on October 21. The impact of this acquisition will first be seen during the fourth quarter, with full effect in the first quarter of 2017.

## Acquisition of a Professional Real Estate Management Services Firm

In the third quarter Real Holding acquired a majority (67%) of the shares in Sydfastgruppen through participation in a new share issue in the company. Real Holding has previously communicated the purchase of two shareholdings, equivalent to 22.75% of the shares in Sydfastgruppen. The terms of this acquisition agreement have not been met and Real Holdings has not taken possession of these shares, as a consequence of another shareholder claiming preemptive rights to the shares. However, whether Real Holding's ownership stake is 67 or 89 percent is not expected to affect the value of the asset for Real Holding as an in-house property management organization.

- With the acquisition of Sydfastgruppen we get access to advanced expertise and competencies that will strengthen our organization and lead to increased value creation for our shareholders. It is my firm conviction that Sydfastgruppen will increase the value of both the Company's existing and future property portfolio.

Sydfastgruppen's revenue in 2016 is estimated to land around 10,5 million Swedish kronor, including group internal revenue of 0,8 million Swedish kronor. Sydfastgruppen's earnings for the current fiscal year is expected to be approximately 0,5 million Swedish kronor. Sydfastgruppen currently has eight employees, each with important key skills. The organization is prepared for further growth and further hiring.

- The strategic fit between Real Holding and Sydfastgruppen is very good. A professional approach in all core functions is the key to Real Holding's success and continued growth. Sydfastgruppen's expertise in property management and project management will contribute to unlock value in Real Holding's property portfolio.

- In addition to the added expertise brought on-board by the acquisition of Sydfastgruppen, we are very pleased that Michael Derk and Fredrik Högbom have become major shareholders in Real Holding as a result of the Örnsköldsvik transaction. Their expertise and professional networks will bring many opportunities for the Company and happily both Michael and Fredrik will be active in the organization.

## Forging Ahead

In less than a year Real Holding's property portfolio has increased from 5 million Swedish kronor to 441,6 million Swedish kronor. Annual rental income has increased to about 58 million kronor, with an expected net operating income of 34-35 million kronor. Real Holding is a young company with high ambitions and we hope to demonstrate to the market that our growth strategy is achievable. The Company has passed several critical milestones in its infancy and we are now ready to focus on growth, combined with optimization of the Group's capital structure. The Group's new CFO, Kennet Lundberg, has many years of experience with financing solutions, both with banks, financial institutions and private equity.

Daniel Andersson  
Real Holding  
CEO

Norrlungånger 2:144, Örnsköldsvik



# ABOUT REAL HOLDING



"Sweden faces an acute housing shortage. Real want to help close this gap. If a society cannot provide its inhabitants with shelter it has failed one of its most basic tasks"

DANIEL ANDERSSON  
CEO

Real Holding was founded in 2011, although no operations commenced before June 2014 when the company acquired its first property. In December 2015 the company took possession of eight properties and acquired a further two.

Real Holding is marked by a highly qualified management team, a professional and independent board and strong long-term owners. The Company's founders have more than 100 years of real estate experiencing between them, spanning acquisitions, financing, ownership and management of commercial and residential properties.

The management team has built a unique industry network, including decision makers in the Scandinavian construction and real estate sectors, top-level political contacts as well as banks and other financial markets actors. The board is composed of recognized professionals with top-level experience from companies such as Volvo, IKEA, ABB, Fujitsu and EQT.

In addition to significant management ownership Real Holding's initial owners include Tuve Holding – owner of West Sweden's largest privately owned construction company Tuve Bygg and Kvalitena, one of Sweden's most successful real estate investment firms and the architect behind the property companies D. Carnegie & Co and Stendörren Fastigheter, which own property portfolios worth a combined 25 billion kronor.

# STRATEGY



Real Holding is primarily seeking properties with previously neglected and unrealised development potential, and to develop such properties in order to obtain higher long-term returns. Real may also acquire properties without need for development if the yield on offer is sufficiently attractive. Real Holding's strategy is centered on three pillars:

1. Development of affordable rental apartments
2. Renovate rental apartments where people can afford to live
3. Acquire, own and manage high-yielding commercial properties, which shall generate resources to build new rental apartments.

## FINANCIAL STRATEGY

Real Holding's aim is to build a leading Pan-Scandinavian property company that will deliver good risk-adjusted returns to the group's investors. To that end Real will constantly seek to reduce financing costs, in order to increase returns and enable growth. To lower financing costs Real is focused on continuously expanding the company's property portfolio. With prudent management Real will aim to achieve a mutually reinforcing relationship between higher growth and lower financing costs. To avoid the risk of jeopardizing liquidity, management will work to ensure that new acquisitions contributes positively to cash flow, net of financing costs,

# Board of Directors



**Bengt Engström - Chairman (born 1953)**

Bengt Engström graduated in mechanical engineering from the KTH Royal Institute of Technology in 1977. Since 2004 Bengt has been running his own senior management consultancy, counting large multinationals such as EQT, IKEA, Duni, BearingPoint, Dometic, VLT, Aller-gruppen and Accent Equity as clients. Mr Engström has long experience from leading positions in several multinational companies. He has been CEO for Fujitsu Nordic and Duni AB, deputy CEO for Whirlpool and CEO for Whirlpool Europe. Mr Engström currently serves as a board member in the following publicly listed companies: Bure Equity, Prevas Aktiebolag, Partnertech AB and Scandinova Systems AB.



**Bengt Linden - Board Member (born 1956)**

Bengt Linden graduated with a Master of Business Administration (Civilekonom) from Stockholm University and since 1984 he has been self-employed as a commercial real estate broker. Beginning in 1995 Mr Linden started to build his own significant private real estate portfolio, currently amounting to circa 75 000 square meters. Apart from Real Holding Mr Linden is Chairman of the Board in the following companies: Stockholm Yacht Center AB, Yacht Center Stockholm, and Real Fastigheter AB (publ).



**Peter Karlsten - Board Member (born 1957)**

Peter Karlsten currently runs his own strategic advisory. He has previously served as deputy CEO in AB Volvo. Prior to that he was CEO for a number of Volvo subsidiaries, including Volvo Powertrain, Volvo USA and Volvo Brazil. In addition to his long experience from Volvo Mr Karlsten has held several leading positions in ABB and Munters. Mr Karlsten holds two Master's degrees, one in engineering physics and electronics from the University of Linköping as well as a Master of Business Administration from the University of Uppsala.



**Lennart Molvin - Board Member (born 1947)**

Lennart Molvin has long experience from several public companies within the industrial, pharmaceutical and real estate sectors. Mr Molvin has been CFO in the IKEA Group, where he established the loyalty programme IKEA Family, which today has 60 million members. Mr Molvin played a key role in taking the real estate company Wihlborgs public on Nasdaq Stockholm. Apart from his service for Real Holding Mr Molvin is Chairman of the Board in Trifilon AB, Universal Learning Games ULG AB and Minnits Games AB. He also serves as a board member in the following companies: Böltörn AB, Drive Concept No 1 AB, Kvalitena Danmark AB, and KRAFTÖ AB.

# Management



Daniel Andersson - CEO (born 1978)

Daniel Andersson has been active as a business developer, deputy CEO and board member in Amasten Holding AB, listed on Nasdaq First North. Prior to that Mr Andersson worked as a financial advisor.



Kennet Lundberg - CFO (born 1957)

Kennet Lundberg recently left his position as CFO of Hasselblad, where he was involved in the refinancing of the company, as well as in the development and launch of Hasselblad's new camera series. Kennet's prior experience includes positions as CFO of Stena Rederi and the SKF Group and CFO of FlexLink and Xellia Pharmaceuticals



Claes Örtegen - Director of Properties (born 1968)

Claes Örtegen has worked as Head of Real Estate Management for Sydfastgruppen since 2012. Previously he served Head of Real Estate Management and deputy CEO in Omnigruppen Asset Management from 2007 until 2012. Prior to that Mr Örtegen was Head of purchasing and facility for Sophiahemmet AB and Operative Chief for Allied Service Partners AB. Mr Örtegen even has experience as Regional Chief for Burger King.

# Consolidated Income Statement

MSEK	Jul-Sept 2016	Jul-Sept 2015	Jan-Sept 2016	Jan-Sept 2015	Jan-Dec 2015
Rental Income	5,4	0,1	15,2	0,3	2,4
Other Income	1,1	0,3	1,3	0,3	0,1
<b>Total Income</b>	<b>6,5</b>	<b>0,4</b>	<b>16,5</b>	<b>0,6</b>	<b>2,5</b>
Property Costs	-1,7	0,0	-6,0	0,0	-0,4
<b>Gross Profit</b>	<b>4,8</b>	<b>0,4</b>	<b>10,5</b>	<b>0,6</b>	<b>2,1</b>
<b>Net Operating Income</b>	<b>(3,9)</b>	<b>(0,1)</b>	<b>(9,4)</b>	<b>(0,5)</b>	<b>(2,0)</b>
Other External Costs	-2,2	-1,0	-9,2	-9,8	-14,7
Sales, General & Adm. Costs	-1,2	-0,0	-3,1	-0,5	-1,2
Depreciation	0,1	0,0	-0,2	0,0	-0,1
Unrealised Value Changes	8,0	3,5	16,9	16,5	9,2
Other Operating Expenses	0,0	0,0	-1,2	0,0	-8,1
<b>Operating Profit</b>	<b>9,5</b>	<b>2,9</b>	<b>13,7</b>	<b>6,8</b>	<b>-12,9</b>
<b>Net Financial Items</b>					
Reversal of Priorly Activated					
Prepaid Expenses	-4,9	0,0	-9,3	0,0	0,0
Currency Adjustments	0,0	0,0	0,0	-0,7	7,8
Interest & Other Financial Costs	-3,8	-4,9	-18,1	-11,9	-28,1
<b>Net Financial Items</b>	<b>-8,7</b>	<b>-4,9</b>	<b>-27,4</b>	<b>-12,5</b>	<b>-20,3</b>
<b>Pretax Profit</b>	<b>0,8</b>	<b>-2,0</b>	<b>-13,7</b>	<b>-5,7</b>	<b>-33,1</b>
Deferred Tax	2,1	1,3	9,0	2,6	6,7
Current Tax	0,1	0,0	-0,0	0,0	-0,5
<b>Net Income</b>	<b>3,0</b>	<b>-0,8</b>	<b>-4,7</b>	<b>-3,1</b>	<b>-27,0</b>
<b>Attributable to:</b>					
Shareholders of the Parent	3,0	-0,8	-4,7	-3,1	-25,5
Minority Interests	0,0		0,0		-1,5

# Consolidated Cash Flow Statement

MSEK	Jan-Sept 2016	Jan-Sept 2015	Jan-Dec 2015
Pretax Profit	-13,7	-5,7	-43,3
Adjustments for Non-Cash Items	-35,0	-13,9	-2,5
Paid Tax	0,0	0,0	0,0
<b>Cash Flow from Operations before Change in Working Capital</b>	<b>-48,7</b>	<b>-19,6</b>	<b>-45,8</b>
Change in Accounts Receivable	-0,7	2,8	2,5
Change in Other Current Assets	5,7	-34,6	-36,7
Change in Accounts Payable	0,0	8,0	4,5
Change in Other Current Liabilities	-13,2	470,1	196,7
<b>Change in Working Capital</b>	<b>-8,2</b>	<b>446,3</b>	<b>167,0</b>
<b>Cash Flow from Investing Activities</b>			
Investments in Immaterial Fixed Assets	0,0	0,0	-0,5
Investments in Material Fixed Assets	-3,7	0,0	0,0
Investments in Financial Assets	-142,7	-257,5	-77,0
<b>Cash Flow from Investing Activities</b>	<b>-146,4</b>	<b>-257,5</b>	<b>-77,5</b>
<b>Cash Flow from Financing Activities</b>			
New Share Issues	37,0	5,0	5,0
New Loans	80,8	0,0	30,8
Currency Adjustments	0,0	0,0	7,8
<b>Cash Flow from Financing Activities</b>	<b>117,8</b>	<b>5,0</b>	<b>43,6</b>
<b>Total Cash Flow</b>	<b>-85,5</b>	<b>174,2</b>	<b>87,3</b>
Opening Cash & Cash Equivalents	87,3	0,0	0,0
Closing Cash & Cash Equivalents	1,8	174,2	87,3

# Consolidated Balance Sheet

MSEK	2016-09-30	2015-09-30	2015-12-31
<b>Assets</b>			
Immaterial Assets	1,5	0,6	0,5
<b>Sum Immaterial Assets</b>	<b>1,5</b>	<b>0,6</b>	<b>0,5</b>
Buildings & Land	246,6	5,0	165,4
Inventories, Equipment & Installations	0,4	0,0	0,7
<b>Sum Material Fixed Assets</b>	<b>247,0</b>	<b>5,0</b>	<b>166,1</b>
Pending Subsidiaries	152,8	271,8	55,5
Tax-Loss Carryforward	15,6	2,6	6,6
<b>Sum Financial Fixed Assets</b>	<b>168,4</b>	<b>274,4</b>	<b>62,1</b>
Accounts Receivable	5,0	0,1	4,3
Deferred Tax Assets	0,0	0,0	0,1
Other Receivables	1,5	7,0	3,8
Prepaid Costs & Accrued Revenue	31,1	29,0	34,5
Cash & Cash Equivalents	1,8	174,2	87,3
<b>Sum Current Assets</b>	<b>39,4</b>	<b>210,3</b>	<b>130,0</b>
<b>Sum Assets</b>	<b>456,3</b>	<b>490,3</b>	<b>358,7</b>

# Consolidated Balance Sheet

MSEK	2016-09-30	2015-09-30	2015-12-31
<b>Equity and Liabilities</b>			
Share Capital	23,5	7,1	9,9
Capital Reserve / Pending Share Capital	0,0	0,0	4,4
Bound Equity	0,6	0,0	
Capital Surplus	101,0	0,0	71,0
Retained Earnings	-30,2	1,0	1,9
Earnings in the Period	-4,7	-3,4	-25,5
<b>Equity Capital Shareholder of the Parent</b>	<b>90,2</b>	<b>4,7</b>	<b>61,6</b>
Minority Interests	-0,1		-1,4
<b>Sum Equity Capital</b>	<b>90,1</b>	<b>4,7</b>	<b>60,2</b>
Deferres Tax Liabilities	0,2	0,0	0,2
<b>Long Term Liabilities</b>			
Debt to Financial Institutions	58,8	3,0	43,0
Bond	65,0	0,0	
<b>Sum Long Term Liabilities</b>	<b>124,0</b>	<b>3,0</b>	<b>43,2</b>
<b>Current Liabilities</b>			
Deferred Dividends PREF1	3,2	0,0	
Liabilities to Financial Institutions	2,2	0,0	4,0
Bridge Loan	0,0	0,0	193,4
Accounts Payable	5,2	8,4	5,1
Tax Liabilities	0,8	0,0	0,2
Other Current Liabilities	216,3	462,8	45,8
Accrued Costs & Prepaid Revenue	14,5	11,4	6,8
<b>Sum Current Liabilities</b>	<b>242,2</b>	<b>482,6</b>	<b>255,3</b>
<b>Sum Liabilities</b>	<b>366,2</b>	<b>485,6</b>	<b>298,5</b>
<b>Sum Equity &amp; Liabilities</b>	<b>456,3</b>	<b>490,3</b>	<b>358,7</b>

# Consolidated Change in Equity

Equity Capital (MSEK)	Share Capital	Pending Share Issue	Retained Earnings	Earnings in the Period	Minority Interests	Sum
Opening 2016-01-01	9,9	4,4	72,9	-25,6	-1,4	60,2
Change			-26,6	25,6	1,3	0,3
Share Issue	13,6	-4,4	28,3			37,5
Deferred Dividends PREF1			-3,2			-3,2
Earnings in the Period				-4,7		-4,7
Closing 2016-09-30	23,5	0,0	71,4	-4,7	-0,1	90,1

Equity Capital (MSEK)	Share Capital	Pending Share Issue	Retained Earnings	Earnings in the Period	Minority Interests	Sum
Opening 2015-01-01	2,1	0,0	-0,4	0,5	0,0	2,2
Change			0,5	-0,5		0,0
Share Issue	5,0					5,0
Fusion Gain			0,9			0,9
Earnings in the Period				-3,4	0,0	-3,4
Closing 2015-09-30	7,1	0,0	1,0	-3,4	0,0	4,7

Equity Capital (MSEK)	Share Capital	Pending Share Issue	Retained Earnings	Earnings in the Period	Minority Interests	Sum
Opening 2015-01-01	2,1	0,0	-0,4	0,5	0,0	2,2
Change			0,5	-0,5		0,0
Share Issue	7,8	4,4	71,0			83,2
Fusion Gain			1,7			1,7
Earnings in the Period				-25,5	-1,4	-27,0
Closing 2015-12-31	9,9	4,4	72,9	-25,5	-1,4	60,2

# Key Figures

Jul-Sept 2016 Jul-Sept 2015 Jan-Sept 2016 Jan-Sept 2015 Jan-Dec 2015

## Per Share Figures

Shares Outstanding End of Period	11 756 224	3 525 000	11 756 224	3 525 000	4 936 109
Weighted Average Number of Shares in Period	11 756 224	3 525 000	9 926 496	2 493 864	2 980 555
Earnings Per Share, SEK	0,26	-0,23	-0,65	-0,65	-5,46
Earnings Per Average Number of Shares, SEK	0,26	-0,23	-0,77	-0,92	-9,04
Equity Per Share, SEK	7,67	1,33	7,67	1,33	12,12
Equity Per Average Number of Shares, SEK	7,67	1,33	9,09	1,88	20,07

## Property-Related Metrics

Rental Value, SEK/sqm	486	1 576	486	1 576	486
Rental Income, SEK/sqm	466	1 576	466	1 576	460
Economic occupancy rate, %	96	100	96	100	95
Market Value of Properties, KSEK	246 600	5 000	246 600	5 000	165 400
- whereof value of pending building permits, KSEK	47 000	0	47 000	0	36 000
Gross Leasable Area, sqm	49 749	255	49 749	255	45 090
Minimum Pending Building Permits, sqm	47 000	0	47 000	0	47 000
Market Value per Square Meter, excl. Value of Building Permits, SEK	4 012	19 608	4 012	19 608	3 668
Market Value per sqm Building Permits, SEK	1 000	0	1 000	0	766
Annualized Direct Yield, excl. Value of Building Permits, %	7,52	6,12	7,52	6,12	7,26
Number of Properties (taken possession of)	11	1	11	1	9

## Financial Metrics

Solidity, %	* 19,77	1,19	* 19,77	1,19	16,78
Solidity after the effects of taking possession of Hägglundsfastigheterna AB, %	* 26,30	N/A	* 26,30	N/A	N/A
Interest Coverage Ratio	0,40	neg.	neg.	neg.	neg.
Leverage Ratio	2,21	44,81	2,21	44,81	3,99

\* The balance sheet includes the acquired, but not yet taken possession of, real estate company Hägglundsfastigheterna AB, which impairs the reported equity ratio, as the equity created when the property is taken possession of is not included in the calculation. Taking into account the equity created as a result of the purchase of Hägglundsfastigheterna AB being partly paid for by shares in Real Holding, the equity ratio would instead end up at 26.30%, which will be the case effective as of October 21, 2016, all things being equal.

# Definitions of Key Figures

## Per Share Figures

Shares Outstanding End of Period	Number of shares outstanding at end of period
Weighted Average Number of Shares in Period	Number of shares outstanding at the beginning of the year, adjusted for number of shares issued during the period and number of days the shares have been outstanding in relation to total days in the period
Earnings Per Share, SEK	Earnings divided by shares outstanding at end of period
Earnings Per Average Number of Shares, SEK	Earnings divided by average number of shares outstanding throughout the period
Equity Per Share, SEK	Equity capital divided by shares outstanding end of period
Equity Per Average Number of Shares, SEK	Equity capital divided by average number of shares outstanding throughout the period

## Property-Related Metrics

Rental Value, SEK/sqm	Annualized contracted rental income + estimated market rent for vacant spaces
Rental Income, SEK/sqm	Annualized contracted rental income
Economic occupancy rate, %	Rental income divided by rental value
Market Value of Properties, KSEK	Market value of acquired (and taken possession of) properties based on external valuation from accredited valuation institutes. Market value of land with pending building permits is included, as well as separately reported
Gross Leasable Area (GLA), sqm	Summation of total leasable spaces in possessed portfolio
Minimum Scenario Pending Building Permits, sqm	One property includes land which according to the municipality's zoning programme will be detailed with at least 47 000 sqm of building permits (GFA)
Market Value per Square Meter, SEK	Total market value divided by GLA
Market Value per sqm Building Permits, SEK	Market value of land with pending building permits, divided by minimum amount of sqm building permits
Annualized Direct Yield, excl. Value of Building Permits, %	Annualized net operating income in relation to the market value of the portfolio, adjusted for value of pending building permits

## Financial Metrics

Solidity, %	Equity capital divided by total assets
Solidity, after issuance of new shares used as partial payment for the takeover of Häggglundsfastigheterna AB, %	Equity, including equity created from new shares issued to part finance the acquisition of Häggglundsfastigheterna AB, divided by total assets, including new equity.
Interest Coverage Ratio	Operating profit, adjusted for unrealised value changes and depreciation, divided by interest costs
Leverage Ratio	Interest-bearing liabilities divided by equity capital

# Comments on the Financial Statements

## Operations

Real Holding owns, manages and develops residential and commercial properties in Sweden, primarily outside the three main metro areas of Stockholm, Gothenburg and Malmö. As per 2016-09-30 the Company's property portfolio consists of in total 11 properties, as well as one property the Company had acquired but not yet taken possession of as per the end of the reporting period.

## Income Statement

### Rental Income

Rental income in Q3 2016 increased to 5,4 MSEK, compared to 0,1 MSEK in Q3 2015. The increase primarily relates to the facts that the Company's operations commenced in their current form in December 2015 and that the Company has continued to grow its property portfolio through the first three quarters of 2016. Prior to December 2015 the Company in principle had not any operations. Other operating income amounted to 1,1 MSEK, of which 1 MSEK relates to income from the property management firm Sydfastgruppen in the period since it was acquired by Real Holding and up until 2016-09-30.

### Operating Costs

Operating costs adjusted for unrealized value changes amounted to 2,2 MSEK in Q3 2016, compared to 1,0 MSEK in Q3 2015. Personnel expenses amounted to 1,2 MSEK in the third quarter of 2016, compared with SEK 0 in the same period of 2015. Property costs increased from 0 to 1,7 MSEK, as a result of the Company having increased its property portfolio throughout the year.

### Net Financial Income

The company's net financial income was -8,8 MSEK in Q3 2016, compared to -4,9 MSEK in Q3 2015 and -20,3 MSEK in fiscal year 2015.

Interest expenses during the third quarter of 2016 amounted to -3,8 MSEK, compared to -4,9 million in the third quarter of 2015 and -28,1 million for the full fiscal year 2015. Reduced funding costs is a result of streamlining of the company's financing and access to cheaper financing sources.

The item "Reversal of capitalized prepaid expenses" amounted to -4,9 million in the third quarter compared with SEK 0 in the same period of 2015. Of this amount, 1.6 million concerns reversal as a result of adjustments added in the third quarter instead of the first two quarters of the year and have thus burdened the third quarter with 1,6 million more than what would have been the case if the adjustment of the assessment had not occurred.

### Unrealized Value Changes

Unrealized value changes in the Company's property portfolio amounted to 8,0 MSEK in the third quarter of 2016.

### Net Income

Earnings per share amounted to 0,26 SEK in Q3 2016, just as earnings per average number of shares in the period also amounted to 0,26 SEK, compared to earnings per share and earnings per average number of shares of -0,23 SEK in Q3 2015. Net income amounted to 3,0 MSEK in Q3 2016, compared to -0,8 MSEK in Q3 2015.

## Balance Sheet

### Fixed Assets

The Company's property portfolio, including properties acquired but not yet taken possession of, amounted to 441,5 MSEK at the end of Q3 2016, of which 246,6 million relates to real estate the Company has taken possession of. This compares with 5 million kronor at the end of the third quarter of 2015. Since the acquired property in Örnköldsvik had not been taken possession of as per September 30, the stock value of the acquired company is recorded under "pending subsidiaries" and will be transferred to the item "buildings and land" effective from the closing date on October 21, 2016.

### Equity Capital

Equity capital for shareholders in the Parent Company, including the quarter's net income and unrealized value changes on properties, amounted to 90,2 MSEK at the end of Q3 2016, compared to 4,7 MSEK at the end of Q3 2015. The increase is primarily

attributable to several share issues the Company has completed during the past year. As the Company does not own 100 percent of the shares in Real Syd-fastgruppen AB, minority interests have been reported separately.

### Liabilities

The Company's total debt at the end of Q3 2016 amounted to 366,2 million kronor, of which 200 million relates to interest-bearing liabilities (the remainder relates mainly to acquisition debt in regard to the Company's takeover Hägglundsfastigheterna AB, amounting to 1421 MSEK). The company's total debt at the end of the third quarter of 2015 amounted to 482,6 million, of which 222 million related to interest-bearing liabilities.

### Ongoing and Planned Investments

The company assumed the acquired Hägglundsfastigheterna AB on October 21, which means that all acquired properties are taken possession of at the time of release of this quarterly report.

### Key Developments in the Quarter

In addition to developments described above, the following developments of note have taken place in Q3 2016:

- Strategically important acquisition of the real estate management services firm Efficax Sydfastgruppen AB, bringing on board the organisation to manage and grow Real Holding's portfolio.
- Acquisition of Hägglundsfastigheterna AB - 53 000 of industrial, storage and office spaces in Örnsköldsvik, for 180 MSEK, representing the Company's largest acquisition so far.

### Environment and Sustainability

Real Holding has high ambitions regarding the quality of residential and commercial properties. In close cooperation with the Group's stakeholders Real Holding is focused on real estate development which meets the criteria for a long term sustainable society. Real Holding complies with laws, rules and industry best practices, minimizes the reliance on fossil fuels for heating, phases out unnatural materials, and promotes far-reaching energy efficiency.

### Transactions with Related Parties

Bengt Linden (Board Member) has lent the Company 39 MSEK as per September 30 in a short term loan to be redeemed in connection with further bank or bond financing in the Group.

### Legal Information

In the third quarter Real Holding acquired a majority, 67 percent, of the shares in Sydfastgruppen through a rights issue Real Holding subscribed for. The Company has previously announced Real Holding's purchase of two shareholdings, equivalent to 22.75 percent of the shares in Sydfastgruppen. The terms of the acquisition agreement have not been fulfilled and Real Holding has not taken possession of the shares concerned, in consequence of another shareholder claiming right of first refusal under a pre-emption clause. The parties have not yet resolved the dispute. Whether Real Holding owns 67 percent or 89 percent is not expected to affect the value for Real Holding of having access to its own property management organization.

### Accounting Principles

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standard Board (IASB) as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted within the EU. In addition to IFRS the Company's accounting applies the Swedish Council for Financial Reporting's (RFR) Recommendation RFR 1; Complementing reporting principles for group companies, as well as RFR 2: Reporting for legal entities. The Group reporting has been prepared in accordance with the cost method, with exception for financial assets which are reported at fair market value. Preparing the financial statements in accordance with IFRS requires that management makes a set of estimates, assumptions and judgments.

### Audit

This quarterly report has not been subjected to audit by the Company's auditors.

### Next Report

The Company's next financial report is the Annual Report for fiscal year 2016, which is estimated to be announced on 2017-02-15.

# Addresses

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