Cibus

Converting food into yield

Annual Report

1 July 2018 – 31 December 2018

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Cibus Nordic Real Estate

816

PROPERTY VALUE, MEUR

472 000

SQUARE METRES OF LETTABLE AREA, SQ.M.

132

PROPERTIES

96

OCCUPANCY RATE, %

Cibus is a real estate company with the business idea to acquire, develop and manage high-quality properties in the Nordics with reputable grocery and daily-goods store chains as their anchor tenants.

As of 31 December 2018, the company owned a portfolio of 132 properties in Finland, with 472,000 square metres of lettable area. The main tenants are Kesko (anchored in 55% of the properties), Tokmanni (anchored in 28%) and S-Group (anchored in 8%). An additional 5% of the properties are leased to other daily-goods operations, including Lidl.

The property portfolio is spread out in strategic locations, mainly in southern and southwestern Finland, and the portfolio is to a large extent located in regions with healthy population growth.

The company specialises in grocery and daily-goods anchored properties, which in general have two main characteristics that distinguish them from most if not all other types of retail properties. These characteristics are the non-cyclical nature of the business and the resilience towards e-commerce. The portfolio forms a strategic distribution network ideal for post and other services, which provides an advantage with respect to e-commerce. These characteristics provide a higher level of stability and lower risk in comparison to other retail properties.

The company aims to deliver a high and non-cyclical dividend level to its shareholders, achieved through stable profitability in the underlying property portfolio. Grocery and daily-goods anchored properties are generally owned by institutions, grocery or daily-goods chains or a joint venture of both. Cibus offers investors an opportunity to achieve a high yield from the stable cash flows of this segment.

Cibus is listed on Nasdaq First North under the ticker CIBUS.

2/3 of total NOI (southern and southwestern Finland)

Summary of the period

TEUR
Jul-Dec 2018

Rental income (incl. supplements)	28,903
Property expenses	-5,496
Net rental income	**23,407**
Central administration	-2,354
Other operating income	1,815
Net financial costs	-8,194
Operating income	**14,674**
Unrealised change in value of investment properties	1,995
Unrealised change in value of interest-rate derivatives	-79
Change in value of investment properties, realised	-173
Profit before tax	**16,417**
Tax	-3,051
Profit for the period	**13,366**

No. of properties	132
Lettable area, sq.m.	472,000
Market value properties, MEUR	816
NOI, current earnings capacity (Dec 31), MEUR	47.8
Equity ratio, %	38.8
LTV, senior debt, %	43.4
LTV, total net debt, %	58.4
Interest coverage ratio, multiple	3.4
Adjusted EPRA NAV/share, EUR	11.1
Proposed dividend per share p.a., EUR	0.84

Timeline

9 MARCH 2018

Cibus's first day of trading on Nasdaq First North.

3 MAY 2018

First day of trading in Cibus's MEUR 135 bond on Nasdaq First North.

27 JUNE 2018

Cibus extended seven leases with Tokmanni by approximately 5.5 years. The average lease length for all Tokmanni assets owned by Cibus was thereby approximately 7 years.

2 JULY 2018

Cibus added three assets to its portfolio in Finland. The Acquisition increased the company's cash flow.

27 AUGUST 2018

Chairman of the Board, Rickard Backlund resigned and Patrick Gylling was appointed acting chairman.

18 SEPTMEBER 2018

Cibus released its year-end report (sw: bokslutskommuniké).

20 SEPTEMBER 2018

The Annual Report for the period 23 November 2017 to 30 June 2018 was published.

18 OCTOBER 2018

The first Annual General Meeting of Cibus was held.

Jonas Ahlblad and Johanna Skogestig were elected as new Board members. Patrick Gylling and Elisabeth Norman were re-elected until the next Annual General Meeting.

It was also decided to change the financial year from a split to the calendar year.

29 OCTOBER 2018

The CEO of Cibus, Lisa Dominquez Flodin, resigned.

The company will start a recruitment process with the aim of finding a new CEO. In the meantime, Board member Jonas Ahlblad serves as interim CEO.

9 NOVEMBER 2018

Cibus added six assets to its portfolio in Finland. The acquisition increased the compay's cash flow.

11 FEBRUARY 2019

Cibus' Board of directors appoints Sverker Källgården as the company's new CEO. Sverker Källgården assumes the position in March 2019.
Took place after the end of the financial year.

15 FEBRUARY 2019

Further refinancing announced.
Took place after the end of the financial year.

Financing and dividend

During the year, the Board established a number of policies that form important tools for ensuring sufficient internal control in the company. Among these are the finance policy and the dividend policy presented below.

FINANCE POLICY

The purpose of the finance policy is to ensure that financial risks are managed in a suitable manner. Cibus is financed through equity and debt financing. The loan portfolio is divided into three senior credit facilities (with a total of five different lenders) and a junior bond. The objective is to have a loan-to-value (LTV) ratio of 55% to 65% over the long term.

The company has established the following long-term financing objectives:

- The tenor is to be at least two years for the loan portfolio
- A maximum of 50% of the loan portfolio is to mature within one year
- Borrowings must come from at least two lenders
- An individual lender may account for a maximum of 60% of the loan portfolio

To manage interest-rate risk, at least 50% of the interest rates in the loan portfolio are to be hedged with option instruments, at present primarily through interest-rate caps.

DIVIDEND POLICY

The company pays out quarterly dividends, with an increasing dividend each quarter. Given the company's current portfolio, business plan and growth, a 5% annual increase is considered a reasonable target for the foreseeable future. The dividend target has been set to reflect the company's strong cash flow and to provide its shareholders with a high and predictable return.

Cibus establishes dividend policy with quarterly increases

Chairman's comments

“

After having previously issued a dividend in line with what was promised at the time of the IPO (8% per year on the IPO price), the company has now clarified its dividend policy. Cibus has delivered on its strategy of growth through acquisitions. Since we see continued opportunities for growth, we have decided that the company will pay increasing dividends on a quarterly basis. Given our current portfolio, business plan and growth, a 5% annual increase is considered a reasonable target for the foreseeable future.

Since the autumn, the Board has been working to find a new CEO for the company, and we are extremely pleased to welcome Sverker Källgården to Cibus. Sverker comes most recently from ByggPartner, a company he helped prepare for listing. After its listing on Nasdaq First North, the company became known for its broad investor base. Sverker will take office in March 2019.

Since March 2018, when Cibus was listed on Nasdaq First North, a total of ten properties have been acquired and one sold. The pipeline of potential transactions we are seeing remains very interesting, and we believe it is highly likely we will make further acquisitions worth MEUR 50 in 2019. Moreover, we have renegotiated two of our three senior credit facilities, one in October 2018 and one in February 2019. As planned, our add-on acquisitions and credit renegotiations have led to increased cash flow for the company, up 10% since the IPO in March 2018. At present, all our properties are located in Finland, but over the longer term it is probable that Cibus will enter the other Nordic markets as well. As of 31 December 2018, our portfolio had a market value of MEUR 816.

The structural transformation that e-commerce has brought about in the retail sector remains a hot topic in the market. We see grocery and daily-goods properties as a prime distribution network, and we hope to be able to support our tenants in developing their stores as service points for their customers. E-commerce is continually changing the retail sector, but we believe it will also benefit grocery and daily-goods properties in good locations.

Cibus is now issuing its second annual report, after its first split financial period ended on 30 June 2018. The company has a strong cash flow and is showing stability. A dividend of EUR 0.84 for 2019 — an increase of 5% — will be proposed at the Annual General Meeting.

In 2019, Cibus will continue probing the market for interesting acquisition opportunities. The company now has a CEO who will work in accordance with the business plan and continue to make a name for the company among a broad range of investors. We expect to deliver a positive performance going forward and are entering the new financial year with tremendous enthusiasm.

Patrick Gylling
Chairman of the Board
February 2019

Investing in Cibus

Cibus Nordic Real Estate is a real estate company focusing on supermarkets and daily-goods properties in the Nordics. The company's long-term goal is to provide a stable, high return for its shareholders.

The segment in which Cibus operates is generally stable and high yielding. Grocery and daily-goods anchored property portfolios have been targeted by institutional investors over the past few years. Examples in the Nordics include Trophi Fastighets AB (owned by AP3), Mercada Oy (co-owned by AMF, Ilmarinen and Kesko), Ancore Fastigheter AB (co-owned by Alecta and ICA), and Secore Fastigheter AB (co-owned by AP1 and ICA).

As the only major listed company niched in the segment of grocery and daily-good anchored properties, Cibus provides an opportunity for any investor, from institutions to small private investors, to obtain part of the long-term stable and high return that this segment provides.

The investment highlights in terms of the general conditions of the segment as well as the specific characteristics of Cibus's property portfolio can be summarised as follows:

- Strong macro fundamentals in the Nordic region
- The grocery and daily-goods industry is stable and predictable
- The grocery and daily-goods industry is resilient to the negative effects of e-commerce
- The network of stores in Finland forms a strategic distribution network that is ideal for post and other services, which provides an advantage with respect to e-commerce.
- A high and increasing quarterly dividend, with a moderate LTV ratio of approximately 58% including the company's bond
- Weighted average unexpired lease term (WAULT) of 5.0 years
- Market-leading, high-performance tenants, such as Kesko, S-Group and Tokmanni, anchoring more than 90% of the portfolio
- The length of the leases varies, and the expiration of the leases is thus evenly spread
- A large number of same-sized properties provide limited single-asset risk
- Two-thirds of net operating income originates from properties located in growth regions in southern and southwestern Finland
- Strict cost control given the high cost coverage from tenants
- Value-add potential for through active management and acquisitions

Market Overview

A growing sense of caution and concern can be seen both in the Nordic region and internationally with respect to a potential downturn in the economy.

Growth forecasts were lowered at the end of the year, impacted by the numerous political uncertainties — especially Brexit. Economic activity has also declined in Finland, but remains at a higher level than the average in the eurozone. As in 2017, there was a high level of activity in the property market throughout the Nordics.

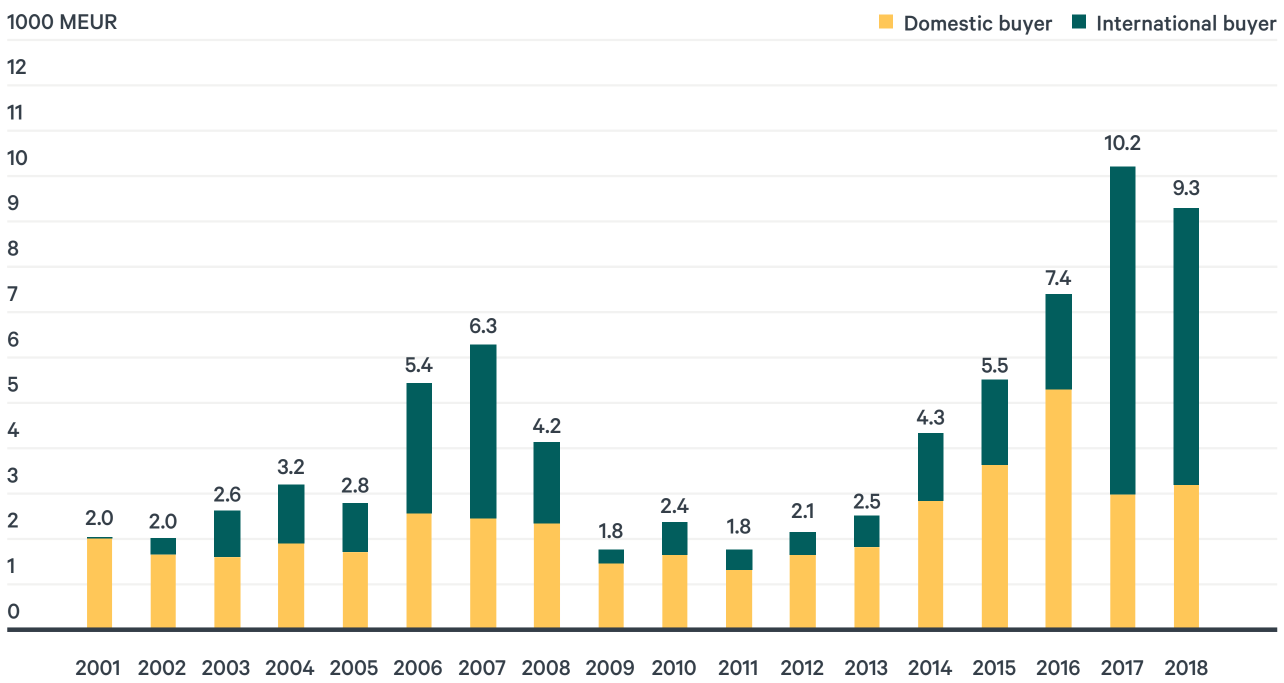
According to KTI, the transaction volume in the Finnish property market for 2018 totalled EUR 9.3 billion, which is the second highest level ever. The transaction volume in the Nordics reached over EUR 40 billion, which is on par with 2017.

The distribution among the Nordic countries was largely similar to the preceding year. Yields continued to decrease over the year while rent levels increased, which made the property market highly attractive to investors. In Finland, both domestic and foreign investors were actively looking for new acquisition opportunities.

Many Swedish players made their first acquisitions in the Finnish market, indicating that the market continues to be attractive thanks to its higher yield level relative to the Swedish market. Of the ten largest property transactions in the Nordics, seven were cross-border transactions.

Source: KTI, Pangea Research, SEB

TRANSACTION VOLUME IN THE FINNISH MARKET

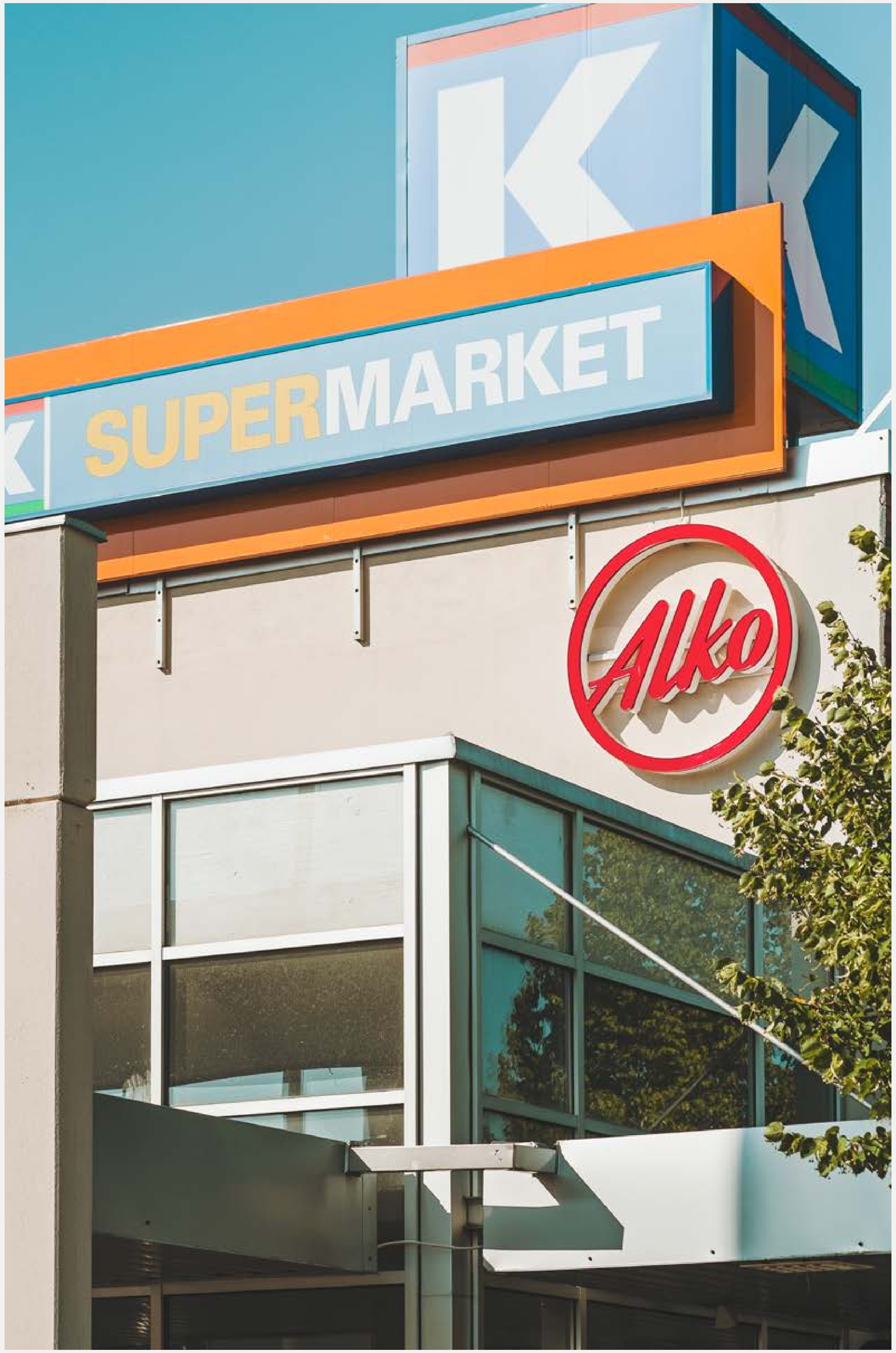


Source: KTI, January 2019

NORDICS, GDP GROWTH

Year-on-year percentage change	2017	2018	2019E	2020E
Finland	**2.8**	**2.3**	**1.9**	**2.0**
Sweden	2.1	2.2	1.6	1.9
Norway	2.0	0.9	2.8	2.5
Denmark	2.3	1.1	2.0	1.7

Source: SEB, January 2019



Operations

Earnings capacity

The current earnings capacity for the coming 12 months is based on the property portfolio owned by Cibus as of 31 December 2018.

Current earnings capacity is not a forecast but rather should be considered a theoretical snapshot for the purpose of presenting income and expenses on an annual basis given the property holding, financing costs, capital structure and organisation at a given point in time. Earnings capacity does not include estimations for the forthcoming period regarding the development of rent, occupancy rate, property expenses, interest rates, changes in value or other items affecting earnings.

CURRENT EARNINGS CAPACITY, TEUR

	27 Feb 2019	31 Dec 2018*	30 Sep 2018	30 Jun 2018	7 Mar 2018	Change (Feb'19 / Mar'18)"
Rental income	51,100	51,100	49,150	49,050	47,900	
Property expenses	-3,300	-3,300	-3,250	-3,250	-3,200	
Net rental income	**47,800**	**47,800**	**45,900**	**45,800**	**44,700**	**7%**
Central administration	-3,620	-3,620	-3,545	-3,541	-3,500	
Net financial costs	-13,194	-13,550	-13,500	-13,500	-13,113	
Operating income	**30,986**	**30,630**	**28,855**	**28,759**	**28,087**	**10%**
Operating income, EUR/share	**1.00**	**0.98**	**0.93**	**0.92**	**0.90**	**10%**

*One small property was sold just before year end, another one of similar size bought after year end. This reflects the situation after both transactions.

The following information forms the basis for the estimated earnings capacity:

Rental income based on signed leases on an annual basis (including service charges and potential rental discounts) as well as other property-related income as of 31 December 2018 according to current lease agreements.

Property expenses based on a normal operating year with maintenance. Operating costs include property-related administration. Property tax is calculated based on the current tax values of the properties. Property tax included in the item “Property expenses”.

Central administration costs are calculated based on the current organisation and the current size of the property portfolio.

COMMENTS REGARDING THE CURRENT EARNINGS CAPACITY

For the coming 12 months, the earnings capacity has improved 10 % compared with the 12-month forecast on the date of the IPO. As a result of the acquisitions carried out by the company since its listing and rent increases due to indexation, the company’s rental income has improved.

Business concept and goals

Cibus is a real estate company that was listed on Nasdaq First North in March 2018. The company's business concept is to acquire, develop and manage high-quality properties in the Nordics with reputable grocery and daily-goods chains as their anchor tenants.

The company's property portfolio, which amounts to MEUR 816 and comprises 132 strategically located grocery and daily-goods stores, is managed under a pure-play Nordic grocery-anchored real estate strategy. The company leverages its expertise and status as a trusted partner to leading grocers wherever it identifies opportunities across the sector.

Supermarkets, which are characterised by a broad product range of groceries and daily goods and are smaller in size and more easily accessible for consumers than hypermarkets, account for the majority of grocery sales in Finland and represent the dominant store type in the portfolio.

The company aims to deliver a high and non-cyclical dividend level to its shareholders, achieved through stable profitability in the underlying property portfolio. Dividends are paid on a quarterly basis, and the ambition is to increase the dividend by 5% yearly.

In general, grocery and daily-goods properties have two main characteristics that distinguish them from most, if not all, other types of retail properties. These characteristics are:

- Non-cyclical nature of the business
- Properties that benefit from e-commerce

The daily-goods market is resilient towards e-commerce and even benefits from e-commerce thanks to the distribution network that the stores provide.

In an analysis by PostNord, 68% of consumers in Finland who had shopped online in the first half of 2018 stated that they preferred delivery of goods to a parcel machine. This strengthens our conviction that the store network can benefit e-commerce, and vice versa. At the same time, the negative effects of e-commerce for this type of property are very small. In Finland, for example, e-commerce represents only 0.3% of the total volume of the grocery and daily-goods market.

There are only a few operators in the world who have found a profitable way of selling groceries online. This makes daily goods one of the areas within retail that is most resilient towards the effects of e-commerce on physical stores. Kesko, the largest tenant in the company's portfolio, believes for example that the recipe for success lies in a strong combination of physical stores and e-commerce, which Cibus gladly supports.

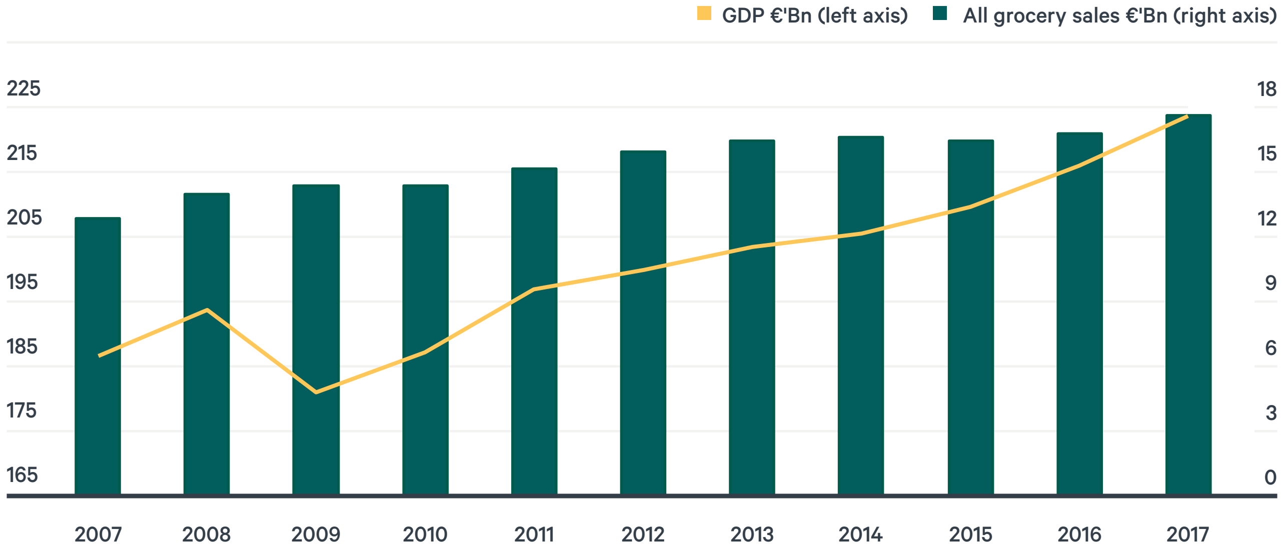
At the same time, the network of daily-goods stores has been designed to form an efficient distribution network to reach as many people as possible. Customers also tend to visit the stores several times a week. This makes supermarkets natural distribution sites for other goods ordered online. Instead of ordering books, clothes or other items to be delivered to their homes and having to wait there for an unspecified amount of time to receive the goods, customers can choose to have the goods delivered to their nearest daily-goods store, which they already visit on a regular basis. In the same way, many similar services, such as post offices and pharmacies, have been relocated to daily-goods stores. This allows daily-goods stores to actually benefit from the overall trend of increasing e-commerce.

Source: PostNord, Finnish Grocery Trade Association (grocery sales)

Finland

The Finnish grocery industry is a predictable, resilient and stable industry, dominated by a handful of high-quality tenants.

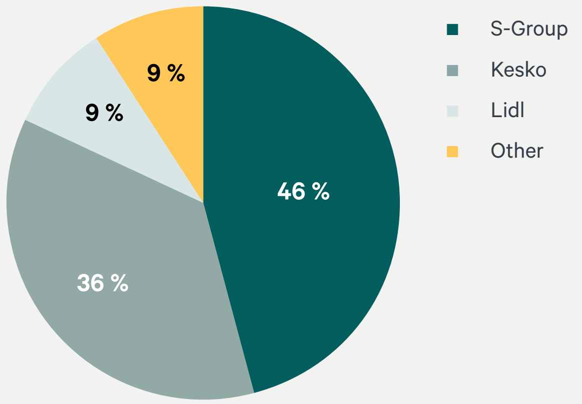
Regardless of domestic economic changes and macroeconomic uncertainty, people will continue to demand certain household items on a recurring basis. Food, toothpaste, soap, laundry detergent, toilet paper and paper towels are examples of items that are often in demand and considered consumer staples. These consumer staples must be purchased somewhere, and many of those purchases occur at grocery stores or large retail chains. Average annual grocery sales growth in Finland between 1996 and 2017 totalled 3.5%. The general grocery market has proven to be resilient to economic downturns and is therefore a predictable market. Although the Finnish economy has experienced downturns, especially during the latest global financial crisis in 2008–2009, Finnish grocery sales have continued to grow, as illustrated in the graph below.



Sources: Statistics Finland (GDP), Finnish Grocery Trade Association (grocery sales)

GROCERY SALES BY OPERATOR IN FINLAND, 2017

The Finnish grocery market is dominated by two chains: S-Group and Kesko, who jointly account for about 82% of the Finnish grocery market, measured in sales of grocery goods. To the right is a summary of Finnish grocery sales by operator in 2017.

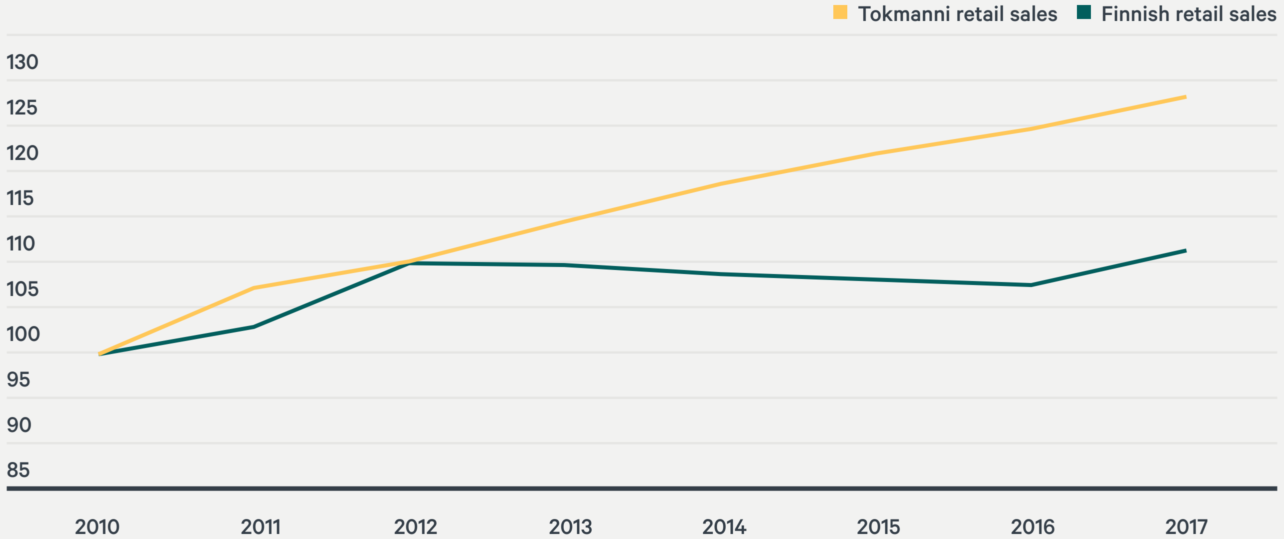


Sources: Statistics Finland (GDP), Finnish Grocery Trade Association (grocery sales)

FINNISH RETAIL SALES AND TOKMANNI SALES

The discount market is healthy and is generally growing faster than the total retail market, which is also the case for Cibus's second largest tenant, Tokmanni (see graph below).

SALES INDEX (2010=100)

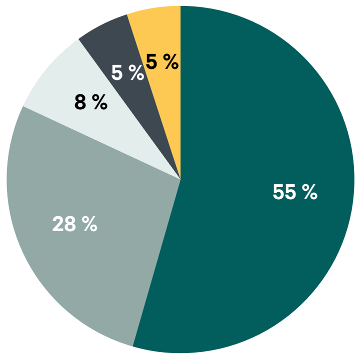


Sources: Nordea Research, Tokmanni

Tenants and lease structure

TENANTS

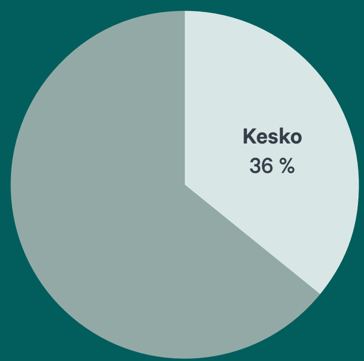
More than 90% of Cibus's net operating income comes from properties anchored by Kesko, Tokmanni or S-Group. Other grocery and daily-goods tenants include Lidl and independent grocers. The graph below shows how net operating income is distributed among properties anchored by the various grocery and daily-goods chains.



Kesko

The share of total net operating income from properties rented by Kesko is 55%. Kesko's market share is approximately 36% of grocery sales in Finland.

- Kesko operates within three segments: grocery trade (58%), building and technical trade (32%) and care trade (10%)
- Around 80% of total net sales derive from Finland
- In the Finnish market, independent K-retailers run retail stores in Kesko's chains
- All leases with Cibus are signed with Kesko's parent company and Kesko Abp.



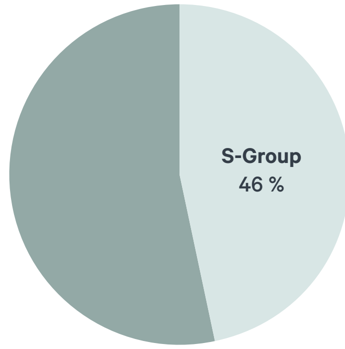
Core business	Grocery	**Market share (FI)**	36% (of grocery)
No. of FTEs	42,000	**No. of stores**	~1,800
Sales/EBITDA (2017)	MEUR 10,675/478 (4.5%)	**Owners**	Nasdaq OMX Helsinki
Core market	Finland (FI)	**Market cap**	EUR 4.6 billion

Källor: Keskos årsredovisning 2017, Finlands Dagligvaruhandel rf.

S-Group

The share of total net operating income from properties rented by S-Group is 8%. S-Group's market share is approximately 46% of grocery sales in Finland.

- S-Group is a Finnish network of companies operating in the retail and service sectors, consisting of 20 independent, regional cooperatives owned by their co-op members
- S-Group's key business areas are supermarkets, department stores and specialist stores
- S-Group paid MEUR 334 in bonus payments to its co-op members in 2017



Core business	Grocery	Market share (FI)	46% (of grocery)
No. of FTEs	37,000	No. of stores	~1,600
Sales/EBITDA (2017)	MEUR 11,273/500 (4.5%)*	Owners	20 independent regional cooperatives
Core market	Finland (FI)	Market cap	Privately owned company

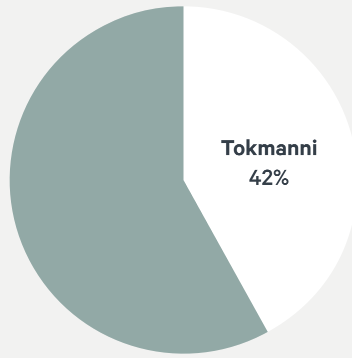
*S-Group does not present its EBITDA. MEUR 500 is Cibus's estimate. S-Group's EBIT amounts to MEUR 296, equivalent to an EBIT margin of 2.6% in 2017.

Sources: S-Group's 2017 Annual Report, Finnish Grocery Trade Association.

Tokmanni

The share of total net operating income from properties rented by Tokmanni is 28%. Tokmanni's market share of discount retail is approximately 42%, while its market share of grocery sales is approximately 2%.

- Tokmanni is the largest general discount retailer in Finland, measured by the number of stores and revenue
- Tokmanni is also the largest discount retailer in the Nordics in terms of net sales, followed by the Swedish retailer Jula and the Norwegian retailer Europris
- Discount retail is generally growing faster than the overall retail market, which is also the case for Tokmanni
- Its business concept is to offer quality products at affordable prices

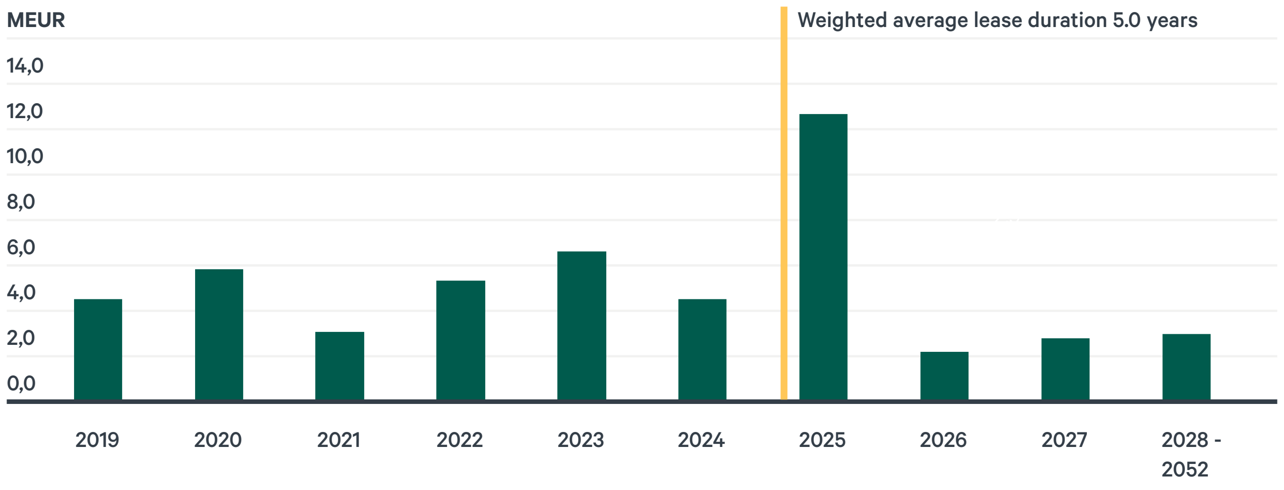


Core business	Discount retail	Market share (FI)	42% (of discount retail in 2015)
No. of FTEs	3,200	No. of stores	~175
Sales/EBITDA (2017)	MEUR 797/55 (6.91%)	Owners	Nasdaq OMX Helsinki
Core market	Finland (FI)	Market cap	MEUR 435

Sources: Tokmanni's 2017 Annual Report, Finnish Grocery Trade Association.

SUMMARY OF LEASES

The information below shows that the maturity structure of the leases is well distributed over the coming years. The typical lease contains a renewal option clause allowing the tenant to renew the lease, typically for three or five years, under the same terms as the current lease. The table below presents the maturity of the leases if no such options are exercised by the tenant. Since the options are typically exercised, and approximately the same number of leases are renewed every year, the maturity structure of the leases will likely remain relatively stable over time. This is why the average duration of the portfolio at 31 December 2018 was broadly the same as it was at the end of June and September 2018.



Approximately 54% of the leases are defined as net leases, approximately 35% as triple-net leases and approximately 11% as gross leases. This means that the risk associated with operating costs is very low for the property owner.

TRIPLE-NET LEASES:

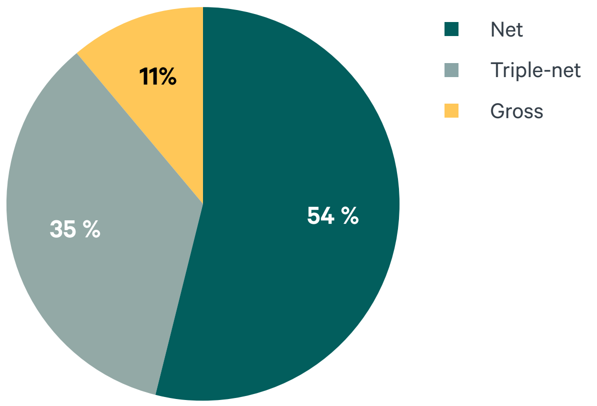
The tenant is responsible for all property-related costs.

NET LEASES:

The tenant is responsible for all costs excluding costs such as property tax, property insurance and capex.

GROSS LEASES:

The property owner is responsible for all property-related costs.



The property portfolio

GENERAL OVERVIEW

At 31 December 2018, Cibus's property portfolio comprised 132 relatively modern store properties, located in various growth regions across Finland. Half of the properties in the portfolio are located in southern and southwestern Finland.

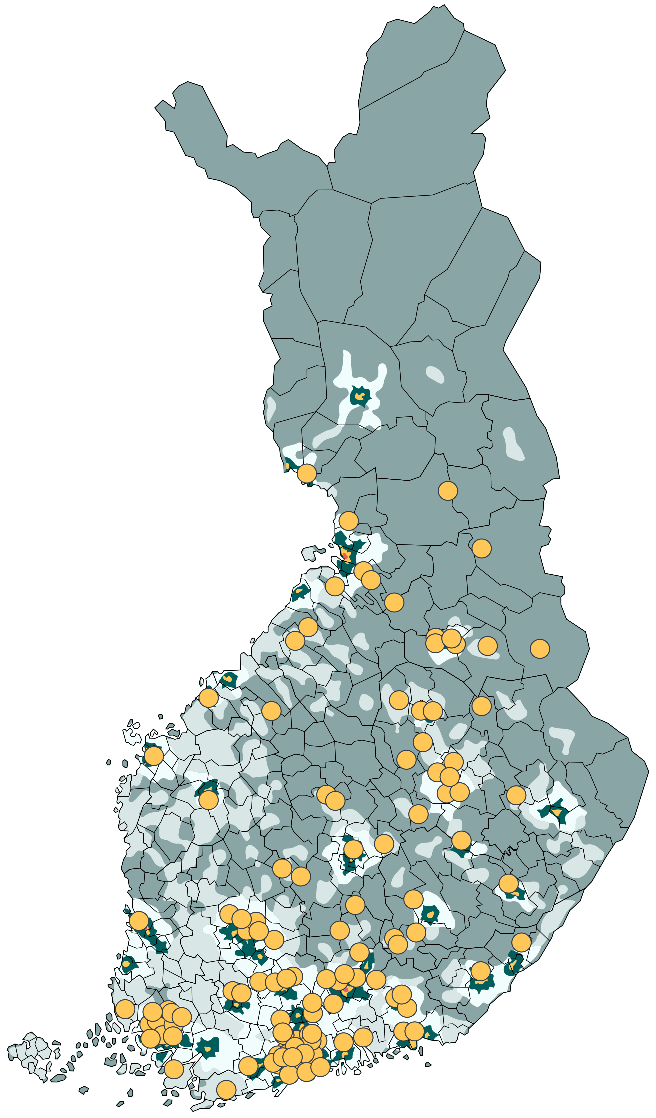
More than 90% of the total rental income is derived from properties anchored by three market-leading tenants: Kesko, Tokmanni and S-Group. All of the major tenants perceive the properties as well suited for their purpose.

Anchor tenant	No. of properties	Lettable area, sq. m.	Duration	Anchor tenant's duration	Anchor tenant's share of rent
Kesko	73	217,974	4.6	5.0	84%
Tokmanni	32	161,293	6.1	5.3	82%
S-Group	15	33,792	4.7	7.6	70%
Other daily goods	6	24,489	5.6	5.5	63%
Other retail	6	34,201	4.2	n/a	n/a
Portfolio total	**132**	**471,748**	**5.0**	**5.6**	**81%**

GEOGRAPHIC LOCATIONS

The properties are located in more than 70 different cities across Finland, of which approximately two-thirds are located in the southern and southwestern part of the country. The portfolio includes properties located in all of Finland's ten largest cities, which creates a healthy platform. As is the case for many other developed countries, Finland is undergoing national urbanisation, with its rural areas becoming depopulated in favour of the larger cities. The map below shows the geographic locations of the properties. As the map indicates, almost all the properties are located in regions with historical population growth as well as regions with forecast population growth.

Regions	Population ('000) Jan 2017	CAGR (%) 2015-2025
Total Finland	**5,551**	**0.3**
EU	511,805	0.2
HMA	119	1.0
Tampere	228	0.7
Oulu	201	1.0
Turku	188	0.5
Jyväskylä	139	0.6
Lahti	119	0.6
Kuopio	118	0.4
Pori	85	0.1
Joensuu	76	0.4
Lappeenranta	73	0.2
Hämeenlinna	68	0.3
Vaasa	68	0.7
Rovaniemi	62	0.4
Seinäjoki	62	0.9



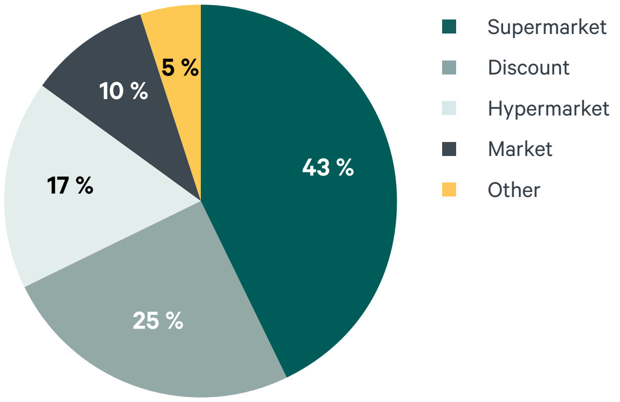
Region type	Growth history 1990-2015
City centre	+21.0%
Rest of inner city	+22.9%
Adjacent suburbs	+27.5%
Suburbs	+6.9%
Countryside	-14.7%
Rural areas	-29.6%

2/3 of total NOI (southern and southwestern Finland)

PORTFOLIO DIVERSIFICATION

No single property in the portfolio accounts for a larger share than 3.0% of the portfolio's total net operating income, which eliminates property dependency. Only 11 of the properties account for more than 2.0% of the portfolio's total rental income.

Supermarkets account for the majority of the grocery sales in Finland, and represent the store type that dominates the portfolio.



KEY FIGURES

Annual net operating income is estimated at about MEUR 47.8, based on the portfolio Cibus owned as of 31 December 2018.

Number of properties	132
Total lettable area, sq. m.	472,000
Lettable area/property, sq. m.	3,576
Net operating income, MEUR	47.8
Net operating income, EUR/sq. m.	101
WAULT, years	5.0

Financing

Cibus is financed through ordinary shares from shareholders, secured loans from three reputable major Nordic banks and a junior unsecured bond.

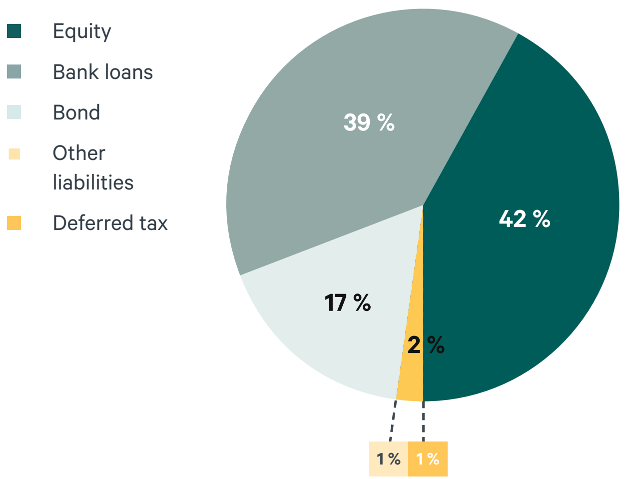
As of 31 December 2018, the Group has bank loans of around TEUR 354,000 with a weighted average floating interest margin of 1.9% + 3m EURIBOR and a weighted average tenor of 2.9 years. The loans are free of amortisation payments. Cibus has lodged the properties' mortgage deeds as collateral for the interest-bearing liabilities subject to what the company considers to comprise market terms.

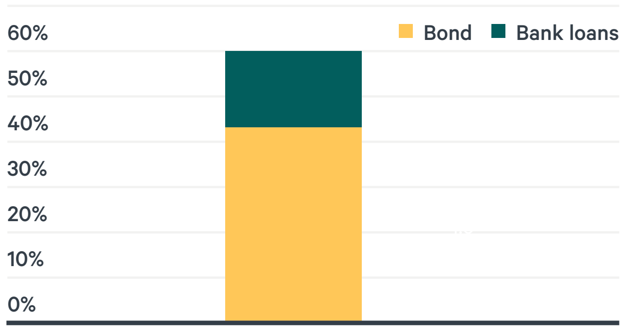
In addition to the bank loans, Cibus has issued an unsecured bond amounting to TEUR 135,000. The bond matures on 26 May 2021 and carries a floating coupon rate of 4.5% + 3m EURIBOR. The bond is listed on the Nasdaq First North Bond Market, and the first day of trading was 3 May 2018. The Group's total tenor amounted to 3.0 years.

Of the Group's bank loans, around 68.3% are hedged using interest-rate derivatives in the form of interest-rate caps. After taking interest-rate caps into consideration, the Group's average fixed-interest tenor is 2.1 years.

The LTV ratio including the bond is 58.4%. the secured bank loan has an LTV of 43.3%.

One of the three bank loans was renegotiated in conjunction with the acquisitions made during the year. The net effect of the reduced margin is only a moderate increase in total interest expenses.





The share and shareholders

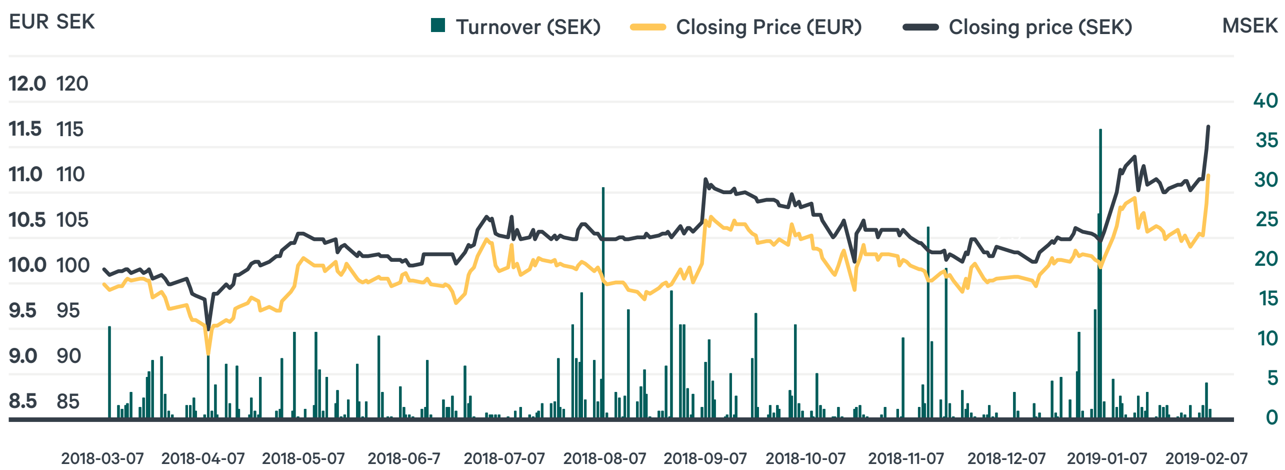
CAPITALISATION: SEK 3.2 billion (MEUR 317, EXCHANGE RATE SEK 10.1613)	**MARKETPLACE:** Nasdaq First North Stockholm
NUMBER OF SHAREHOLDERS: 1,001	**NUMBER OF ORDINARY SHARES:** 31,100,000
CLOSING RATE: 103.5 SEK	**ISIN:** SE0010832204

CIBUS'S SHARES HAVE BEEN LISTED ON NASDAQ FIRST NORTH SINCE 9 MARCH 2018.

The company had 1,001 registered shareholders as of 31 December 2018. The 20 largest shareholders hold 71% of the votes. One of these shareholders has a holding that amounted to 10% or more of the votes in Cibus as of 31 December 2018. On the same date, the number of shares outstanding amounted to 31,100,000.

SHARE PRICE PERFORMANCE

The share value has been stable since the IPO on 9 March 2018, although the turnover of shares has been relatively high, with a weighted average of MSEK 3.0-3.5 per day until 28 February 2019.



SHAREHOLDERS AS OF 31 DECEMBER 2018

	Percentage	No. of shares
SFC Holding S.à r.l.	41.3%	12,844,443
Amiral Gestion	5.2%	1,610,804
Carnegie Fonder	4.1%	1,288,993
Nuveen Asset Management	2.6%	800,000
Fjärde AP-fonden	2.4%	742,704
PGIM Investments	1.8%	550,865
Marjan Dragicevic	1.7%	520,000
Oy Sirius Capital Partners Ab	1.6%	500,000
Göran Gustafssons Stiftelser	1.5%	460,000
Nordnet Pensionsförsäkring	1.5%	458,079
Håkan Roos	1.1%	350,000
ICA-handlarnas Förbund	1.1%	345,082
GADD & Cie S.A.	1.0%	300,000
Avanza Pension	0.9%	287,646
Erik Lindholm	0.7%	205,400
Aktiebolaget Malfors Promotor	0.6%	200,000
Björn & Margareta Jakobson	0.5%	154,000
LähiTapiola Varainhoito Oy	0.5%	150,000
Familjen Kamprads stiftelse	0.5%	150,000
Gålöstiftelsen	0.5%	150,000
Subtotal	**71.0%**	**22,068,016**
Other	30.9 %	9,031,984
Total	**100.0 %**	**31,100,000**

Financial statements

Administration report

ADMINISTRATION REPORT

The Board of Directors and the CEO of Cibus Nordic Real Estate AB (publ) (hereinafter "Cibus"), registered in Stockholm, Sweden with company registration number 559135-0599, hereby present the consolidated financial statements and the Parent Company's annual accounts for the financial year from 1 July 2018 through 31 December 2018. The company's reporting currency is euro and unless otherwise stated all amounts are in thousand euro (TEUR).

OPERATIONS

Cibus is a real estate company with the business idea to acquire, develop and manage high-quality properties in the Nordics with reputable grocery and daily-goods store chains as their anchor tenants. The company's first acquisition was completed on 7 March 2018 and comprised a property portfolio with 123 properties totalling 437,860 square metres with tenants from the grocery and daily-goods sector.

The company's administration and consolidated financial reporting is conducted from its head office in Stockholm, Sweden by Pareto Business Management. The company's Interim CEO is Jonas Ahlblad. Property management is handled locally by Sirius Capital Partners and Colliers International handles the financial accounting and facility management. The Group had two employees during the period, one of whom was the company's CEO, who stepped down on 31 October 2018. As of 31 December 2018, the company had no employees. The company was founded on 23 November 2017 and lay dormant until 7 March 2018 when possession was taken of the properties. The is the Group's second financial year, following a decision by the Annual General Meeting (AGM) to change the company's financial year from a split year to the calendar year. Cibus's shares have been traded on Nasdaq First North since 9 March 2018.

BUSINESS CONCEPT, GOALS AND STRATEGY

Cibus's business concept is to create long-term growth and value gains through the acquisition, development and management of high-quality properties in the Nordic region with a clear focus on properties anchored by grocery and daily-goods chains. The main goal of the company's business concept is to secure and maintain the portfolio's solid cash flow to thereby allow a high dividend to its shareholders irrespective of economic conditions.

The strategy applied by the company to reach this goal encompasses active and close tenant relationship management in combination with endeavouring to secure financially strong tenants in market-leading positions. Moreover, the company endeavours to enter into long-term leases and to retain the diversified lease duration for the company's existing leases. Alongside the management of the existing property portfolio, the company has formulated a clear investment strategy for its expansion into the other Nordic countries, with Sweden initially earmarked as a prioritised market. The company will be highly selective when assessing new potential investments to thereby ensure it can continue to offer competitive dividends in parallel with active investment activities.

PROPERTY PORTFOLIO AND TENANTS

At 31 December 2018, the property portfolio comprised 132 properties with a total lettable area of approximately 472,000 square metres. The market value was TEUR 816,478. The holdings consisted solely of retail premises that are mainly used for the grocery and daily-goods sector. The properties are primarily located in growth regions of Finland, with around two thirds in the south and the south-west of the country. The overwhelming majority of the tenants comprise companies in the grocery and discount retail sector. The market leaders in the grocery sector, Kesko and S-Group, jointly lease two thirds of the company's properties. Finland's largest discount retailer, Tokmanni, leases a quarter of the company's properties. The portfolio's occupancy rate is 96.0% and the weighted average unexpired lease term (WAULT) is 5.0 years.

Cibus performs external valuations on all properties four times per year, at the end of each quarter. The properties are valued by an independent valuation institute at fair value, which is based on a market valuation. Newsec has performed the valuations for this reporting period.

KEY FINANCIAL RATIOS, GROUP (SEE NOTE 23 FOR DEFINITIONS)

Unless otherwise stated all amounts are in thousand euro (TEUR).	1 Jul 2018–31 Dec 2018	23 Nov 2017–30 Jun 2018*
Rental income	24,977	14,756
Net operating income	23,407	14,114
Profit from property management	14,674	8,197
Net profit after tax**	13,366	32,901
Earnings per share, EUR	0.4	1.1
Total assets	847,685	791,885
Cash and cash equivalents	25,542	17,408
Market value of properties	816,478	767,879
Adjusted EPRA NAV	344,454	340,658
Adjusted EPRA NAV per share	11.1	11.0
No. of shares outstanding	31,100,000	31,100,000
Return on equity, %	7.7	9.9
Senior debt LTV ratio, %	43.4	39.0
Net debt LTV ratio, %	58.4	57.7
Interest coverage ratio, multiple	3.4	2.7
Equity/assets ratio, %	38.8	42.2
Debt/equity ratio, multiple	1.6	1.4
Surplus ratio, %	93.7	95.6
Economic occupancy rate, %	96,0	95.0

*Preceding financial year. The result is attributable to the period from 7 March 2018, since the company was dormant until that date.
**Unrealised changes in value for the period totalled TEUR 1,995 (30,883)

EARNINGS

Profit for the year after tax amounted to TEUR 13,366 (32,901), corresponding to EUR 0.4 (1.1) per share. Unrealised changes in property values totalled TEUR 1,995 (30,275).

Income

The consolidated rental income for the reporting period amounted to TEUR 24,977 (14,756). Service income totalled TEUR 3,926 (2,748) and consisted largely of re-invoiced costs. The economic occupancy rate was 96.0% (95.0). At 31 December 2018, the total annual rental value amounted to approximately TEUR 52,000 (47,000).

Net operating income

The operating costs for the reporting period totalled TEUR 4,492 (2,772) and net operating income amounted to TEUR 23,408 (14,114), which resulted in a surplus ratio of 93.7% (95.6). As the majority of leases are triple-net leases, whereby the tenants cover the majority of the costs, net operating income is one of the most important comparative figures. Depending on the lease terms and conditions, the costs can be debited to tenants directly or via Cibus, which means that gross rents and service income can vary over time.

Profit from property management

For the reporting period, profit from property management amounted to TEUR 14,674 (8,197), corresponding to EUR 0.26 (0.26) per share. The outcome was in line with expectations.

Net financial items

Net financial items totalled an expense of TEUR 8,194 (expense: 4,466) and mainly encompassed interest expenses for the period of TEUR 6,267 (expense: 4,043). At year end, the loan portfolio's average interest rate, including margins, was 2.6% (2.8).

Changes in property values

Property value changes amounted to TEUR 48,599 (30,883) from the opening balance of TEUR 767,879 to the closing balance of TEUR 816,478, of which TEUR 1,995 (30,275) was unrealised. The change in value was primarily attributable to the nine add-on acquisitions completed during the period.

Tax

The nominal rate of corporation tax in Finland is 20%. Through fiscal depreciation and amortisation, and the use of loss carryforwards, a low tax expense arose for the reporting period.

The nominal rate of corporation tax in Sweden is 22%. The loss carryforwards are estimated to amount to about TEUR 7,286 (8,824). Tax assets attributable to these loss carryforwards have been recognised in the consolidated balance sheet in an amount of TEUR 1,602 (1,922) and in the Parent Company's balance sheet in an amount of TEUR 1,555 (1,888). Cibus recognised total tax fo r the reporting period of negative TEUR 3,051 (neg: 5,372), of which current tax and deferred tax amounted to negative TEUR 789 (neg: 70) and negative TEUR 2,262 (neg: 5,302), respectively. A tax expense of TEUR 152 (0) was charged to operating activities. Moreover, deferred tax on temporary differences attributable to value changes in properties amounted to negative TEUR 1,929 (neg: 7,190).

CASH FLOW AND FINANCIAL POSITION

Consolidated cash flow from operating activities amounted to TEUR 16,312 (5,072), corresponding to EUR 0.52 (0.16) per share. The cash outflow from investing activities amounted to TEUR 25,250 (214,950) during the reporting period and the cash inflow from financing activities was TEUR 17,072 (227,286).

Closing cash and cash equivalents amounted to TEUR 25,542 (17,408), corresponding to EUR 0.82 (0.56) per share. At 31 December 2018, Cibus had net interest-bearing liabilities, after deduction of cash and cash equivalents, of TEUR 463,370 (425,621). Capitalised borrowing costs amounted to TEUR 2,780 (3,022).

FINANCING

The Group has bank loans of around TEUR 354,000 (308,000) with a weighted average floating interest margin of 1.9% (2.1) + 3m EURIBOR and a weighted average tenor of 2.9 years (2.3). The loans are free of amortisation payments. Cibus has lodged the properties' mortgage deeds as collateral for the interest-bearing liabilities subject to what the company considers to comprise market terms.

In addition to the bank loans, Cibus has issued an unsecured bond amounting to TEUR 135,000. The bond matures on 26 May 2021 and carries a floating coupon rate of 4.5% + 3m EURIBOR. The bond is listed on the Nasdaq First North Bond Market, and the first day of trading was 3 May 2018. The Group's total tenor amounted to 3.0 years (2.5). The interest coverage ratio was a multiple of 3.4 (2.7)

Of the Group's bank loans, around 68.3% (69.0) are hedged using interest-rate derivatives. After taking interest-rate derivatives into consideration, the Group's average fixed-interest tenor is 2.1 years. The Group's interest-rate derivatives comprise an interest-rate cap with corresponding tenors to the bank loans. The total premium for the interest-rate cap was set when the cap derivative was procured and is paid each quarter for the entirety of its tenor. Accordingly, the value of the interest-rate cap comprises a negative item, corresponding with the remaining part-payments of the premium, and a neutral or positive item arising from the interest-rate cap's relation to the floating interest rate linked to the cap. The latter part of the value can never be negative.

The change in value of interest-rate derivatives is of an accounting nature and has no impact on the Group's future cash flows. At the expiry date, the interest-rate cap's market value will always be EUR 0. At 31 December 2018, the market value of interest-rate derivatives was TEUR 1,938 (1,354). The value change, which had no impact on cash flow, amounted to negative TEUR 79 (neg: 199) at the same date. For further information, see Note 4.

LEGAL STRUCTURE

At 31 December 2018, the Group comprised 131 limited companies with Cibus Nordic Real Estate AB (publ) as the Parent Company. All properties are owned by subsidiaries and 20 of the subsidiaries are mutual real estate companies (MRECs). This is a common partnership arrangement in Finland that allows direct ownership of a specified part of a property.

OWNERSHIP STRUCTURE

Cibus's shares are listed on Nasdaq First North. The company had 1,001 (921) registered shareholders as of 31 December 2018. The 10 largest shareholders hold 63.7% (64.9%) of the votes. One of these shareholders has a holding that amounted to 10% or more of the votes in the company at 31 December 2018. At the same date, the number of shares outstanding amounted to 31,100,000.

As of 31 December 2018, the largest shareholders were:

	Percentage	No. of shares
SFC Holding S.à r.l.	41.3%	12,844,443
Amiral Gestion	5.2%	1,610,804
Carnegie Fonder	4.1%	1,288,993
Nuveen Asset Management	2.6%	800,000
Fjärde AP-fonden	2.4%	742,704
PGIM Investments	1.8%	550,865
Marjan Dragicevic	1.7%	520,000
Oy Sirius Capital Partners Ab	1.6%	500,000
Göran Gustafssons Stiftelser	1.5%	460,000
Nordnet Pensionsförsäkring	1.5%	458,079
Håkan Roos	1.1%	350,000
ICA-handlarnas Förbund	1.1%	345,082
GADD & Cie S.A.	1.0%	300,000
Avanza Pension	0.9%	287,646
Erik Lindholm	0.7%	205,400
Aktiebolaget Malfors Promotor	0.6%	200,000
Björn & Margareta Jakobson	0.5%	154,000
LähiTapiola Varainhoito Oy	0.5%	150,000
Familjen Kamprads stiftelse	0.5%	150,000
Gålöstiftelsen	0.5%	150,000
Subtotal	**71.0%**	**22,068,016**
Other	29.0%	9,031,984
Total	**100.0%**	**31,100,000**

PARENT COMPANY

Cibus Nordic Real Estate AB (publ) is the Parent Company of the Group and owns no properties directly. Its operations comprise owning shares, managing stock-market-related issues and Group-wide business functions such as administration, transactions, management, legal issues, project development and finance. Profit for the period in the Parent Company amounted to TEUR 1,223 (2,991).

AUDITOR

Since its inception, the company has engaged the audit firm Deloitte AB with Authorised Public Accountant Malin Lüning as Auditor-in-Charge for the company. Malin Lüning has replaced Jan Palmqvist during the period as Auditor-in-charge.

SIGNIFICANT EVENTS DURING THE PERIOD

Cibus acquired two separate portfolios with a total of nine properties during the period. These acquisitions strengthened the company's cash flow and are well aligned with its business plan.

On 2 July, Cibus completed two separate acquisitions of a total of three properties at a total acquisition cost of TEUR 16,500. The properties have been let to Tokmanni in Kemi (3,500 square metres), and to Lidl (2,200 square metres) and Halpa-Halli (5,300 square metres), the latter two being located in Saarijärvi outside Jyväskylä. The transactions were exclusively financed through one of the existing lending banks.

The company's CEO, Lisa Dominguez Flodin, resigned on 29 October 2018. Board member Jonas Ahlblad will serve as interim CEO until the company's new CEO takes over in March.

On 5 November, Cibus completed an acquisition of six properties at a total acquisition cost of approximately TEUR 30,000. The properties have been let to Tokmanni and Kesko. One of Cibus's three external loans was renegotiated in connection with the acquisitions. This renegotiation meant that all acquisitions could be financed with bank loans at the same time as a reduction in the margin for the entire loan led to only a minor increase in interest expenses of about TEUR 50, while net operating income is expected to increase by approximately TEUR 2,000.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

On 11 February 2019, the company announced that Sverker Källgården had been employed as CEO. He will take office in March 2019. Sverker has a great deal of experience in the property industry, most recently as CEO of ByggPartner. Under his leadership, ByggPartner was listed on Nasdaq First North. Prior to ByggPartner, Sverker held executive positions at NCC and Hufvudstaden, including serving as CEO of AB Nordiska Kompaniet (NK) for seven years.

The first of Cibus's three senior credit facilities was refinanced in the autumn and the second in February 2019. This refinancing will have a positive effect on the company's future cash flow. The new credit facility has a lower margin and a shorter maturity than previously.

The loan also has a facility that makes additional acquisitions possible, which will likely be completed in the spring.

Cibus sold a small property in December and acquired a property of a similar size in February, which has been leased to Kesko. Neither of these events had a material impact on the company or its cash flow.

OUTLOOK

The income trend for the existing portfolio is expected to track inflation. Cibus's strategy is to continuously improve the company's return through active management, high cost awareness, renegotiation of existing loans and add-on acquisitions.

RISKS AND UNCERTAINTIES

Properties

Changes in property values

The property portfolio is measured at fair value. Fair value is based on a market valuation performed by an independent valuation institute, which was Newsec for this reporting period.

The value of the properties was largely influenced by the cash flows generated in the properties in terms of rental income, operating and maintenance expenses, administration costs and investments in the properties. Therefore, a risk exists in terms of changes in property values due to changes in cash flows as well as changes in yield requirements and the condition of the properties. Risk to the company includes the risk of vacancies in the portfolio as a consequence of tenants terminating existing leases and the financial position of the tenants.

In turn, the underlying factors influencing cash flows stem from current economic conditions as well as local external factors in terms of competition from other property owners and the geographic location that may affect supply and demand equilibrium.

Cibus's focus on offering active, tenant-centric management with the aim of creating good, long-term relationships with tenants creates favourable preconditions for sustaining a stable value trend for the property portfolio. The company's property development expertise enables the proactive management of risks pertaining to the properties' values by securing the quality of the holdings.

Rental income

Cibus's results are affected by the portfolio's vacancy rate, customer losses and possibly by the loss of rental income. The occupancy rate at the end of the financial year was around 96.0% (95.0) and the WAULT was 5.0 years (5.1). About 91.0% (92.0) of the company's income stems from three tenants in the grocery and daily-goods sector. The risk of vacancies, lost customers and a loss of rental income is impacted by tenants' inclination to continue renting the property and by tenants' financial positions as well as other external market factors.

To manage the risks, Cibus is creating a more diversified contract base but is also continuing to retain and improve existing relationships with the Group's three largest tenants, which are leaders in Finland's grocery and daily-goods sector.

Operating and maintenance expenses

The Group runs a risk of cost increases that are not compensated by regulation in the lease. This risk is limited, however, as 90% of all leases are triple-net agreements or net leases, which means that the tenant, in addition to the rent, pays most of the costs incurred on the property. Even unforeseen maintenance needs pose a risk to operations.

Active and ongoing maintenance is conducted to retain and improve the properties' standard and to minimise the risk of needs for repair.

Financing

The Group is exposed to risks associated with financial activities in the form of currency and interest-rate risks. Currency risk arises when agreements are signed in currencies other than the euro. Interest-rate risk pertains to the impact on consolidated earnings and cash flow from changes in interest rates.

To reduce the risk of interest-rate increases, the Group has interest-rate derivatives in the form of interest-rate caps.

Taxes and legislative amendments

The Swedish Ministry of Finance has chosen to proceed with one of the two proposals for new interest-rate restrictions, which were presented in June 2017. The proposal is partially adjusted and entails a right to deduction of 30% of taxable EBITDA and a reduction of corporate income tax from 22% to 20.6%. The reduction in corporation taxation is being implemented in two stages, with a decrease in the first two years, 2019 and 2020, to 21.4%. In the new proposal, the maximum amount of interest expense that can always be deducted at Group level has been raised to TEUR 500 (TSEK 5,000) from TEUR 10 (TSEK 100). The Swedish Parliament passed the amended proposal in June 2018 and it entered into force on 1 January 2019.

Similar rules concerning interest-rate restrictions will be introduced in Finland, although with certain differences. The right to deduction will be limited to 25% of taxable EBITDA and the maximum amount of net interest expense that can always be deducted will be TEUR 500 per company.

Cibus's assessment is that the new rules concerning interest-rate restrictions will not have a material impact on the Group.

DIVIDEND AND APPROPRIATION OF PROFITS

The Board of Directors has proposed that the AGM approve a dividend of EUR 0.84 per share. The proposed dividend corresponds to a yield of 8.25% on the share price at 31 December 2018.

Proposed appropriation of profit

Ahead of the Annual General Meeting on 11 April 2019, the Board proposes a dividend of EUR 0.84 (0.80) per share, corresponding to a total of TEUR 26,124 (24,880). The Board also proposes that dividend payments be made on four occasions during the year, with an increasing dividend each quarter.

This means that the first partial payment is proposed to be EUR 0.2062 per share, the second EUR 0.2087 per share, the third EUR 0.2113 per share and the fourth EUR 0.2138 per share. Accordingly, there will be four payments of TEUR 6,344, TEUR 6,469, TEUR 6,593 and TEUR 6,718, respectively. The proposed record dates for payment of the dividends are 20 June 2019, 23 September 2019, 18 December 2019 and 24 March 2020, with the following planned payment dates: 28 June 2019, 30 September 2019, 30 December 2019 and 31 March 2020.

The following earnings (EUR) are at the disposal of the AGM:

Unrestricted equity	285,092,969
Profit for the year	1,222,869
	286,315,838

The Board proposes that the earnings be appropriated as follows:

to be distributed to shareholders	26,124,000
to be carried forward	260,191,838
	286,315,838

THE BOARD OF DIRECTORS' STATEMENT ABOUT THE PROPOSED APPROPRIATION OF PROFITS

After taking into account the need for liquidity, the submitted budget and investment plans, it is the Board's assessment that no indications exist that the proposed dividend would result in the company's and the Group's equity becoming insufficient in relation to the nature, extent and risks of the business. The Board thus finds the proposed dividend justifiable pursuant to Chapter 17, Section 3 of the Swedish Companies Act.

Please refer to the following financial statements for other information about the company's performance and financial position.

CONSOLIDATED INCOME STATEMENT

Amounts in thousand euro (TEUR)	Note	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Rental income	5	24,977	14,756
Service income	5	3,926	2,748
Operating costs	6	-4,492	-2,772
Property tax		-1,004	-618
Net operating income		**23,407**	**14,114**
Administration costs	7, 8	-2,354	-1,451
Other operating income		1,815	–
Financial income		370	229
Financial costs	9	-8,564	-4,695
Profit from property management		**14,674**	**8,197**
Unrealised change in value of investment properties	12	1,995	30,275
Unrealised change in value of interest-rate derivatives	10	-79	-199
Change in value of investment properties, realised		-173	–
Profit before tax		**16,417**	**38,273**
Current tax	11	-789	-70
Deferred tax	11	-2,262	-5,302
Profit for the year		**13,366**	**32,901***
Earnings per share before and after dilution, EUR	**16**	**0.4**	**1.1**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousand euro (TEUR)	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Profit for the year	13,366	32,901
Other comprehensive income	–	–
Total comprehensive income**	**13,366**	**32,901**

*The company lay dormant until 7 March 2018 when possession was taken of the properties, and accordingly, the result is attributable to the period following possession.
**Profit for the year and comprehensive income are entirely attributable to Parent Company shareholders.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousand euro (TEUR)	Note	31 Dec 2018	30 Jun 2018
ASSETS			
Non-current assets			
Investment properties	12	816,478	767,879
Deferred tax assets	11	1,602	1,922
Other non-current receivables		709	136
Total non-current assets		**818,789**	**769,937**
Current assets			
Rental receivables		422	–
Other current receivables	13	2,052	3,088
Prepaid expenses and accrued income	14	880	1,452
Cash and cash equivalents	15	25,542	17,408
Total current assets		**28,896**	**21,948**
TOTAL ASSETS		**847,685**	**791,885**
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	16		
Share capital		311	311
Other contributed capital		300,762	300,762
Retained earnings including profit for the year		27,607	32,901
Total equity		**328,680**	**333,974**
Non-current liabilities			
Borrowings	17	486,132	440,007
Deferred tax liabilities	11	9,218	7,252
Financial derivatives		1,938	1,354
Other non-current liabilities		232	183
Total non-current liabilities		**497,520**	**448,796**
Current liabilities			
Accounts payable		190	815
Current tax liabilities	11	863	419
Other current liabilities	18	15,913	3,718
Accrued expenses and deferred income	19	4,519	4,163
Total current liabilities		**21,485**	**9,115**
Total liabilities		**519,005**	**457,911**
TOTAL EQUITY AND LIABILITIES		**847,685**	**791,885**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in thousand euro (TEUR)	Share capital	Other contributed capital	Retained earnings including profit for the year	Total equity
Company formed on 23 Nov 2017	–	–	–	–
Comprehensive income				
Profit for the year	–	–	32,901	32,901
Total comprehensive income, 23 Nov 2017–30 Jun 2018			**32,901**	**32,901**
Transactions with shareholders				
Formation of the company	60	–	–	60
Impairment of share capital	-60	–	–	-60
New issue*	311	310,689	–	311,000
Issue costs	–	-12,629	–	-12,629
Tax effect of issue costs	–	2,702	–	2,702
Total transactions with shareholders	**311**	**300,762**	**–**	**301,073**
Closing equity, 30 Jun 2018	**311**	**300,762**	**32,901**	**333,974**
Opening equity, 1 Jul 2018	**311**	**300,762**	**32,901**	**333,974**
Comprehensive income				
Profit for the year	–	–	13,366	13,366
Total comprehensive income, 1 Jul 2018–31 Dec 2018	**–**	**–**	**13,366**	**13,366**
Transactions with shareholders				
Dividend	–	–	-18,660	-18,660
Total transactions with shareholders			**-18,660**	**-18,660**
Closing equity, 31 Dec 2018**	**311**	**300,762**	**27,607**	**328,680**

*The new issue amounted to TEUR 311,000, of which TEUR 300,762 was attributable to the share premium reserve. Issue costs of TEUR 9,927 were deducted from the share premium reserve.

**Equity is entirely attributable to Parent Company shareholders.

CONSOLIDATED CASH-FLOW STATEMENT

Amounts in thousand euro (TEUR)	**1 Jul 2018 31 Dec 2018**	**23 Nov 2017 30 Jun 2018**
Operating activities		
Profit before tax	16,417	38,273
Adjustments for:		
Financial items	1,796	-1,819
Unrealised changes in value, investment properties	-1,995	-30,275
Unrealised changes in value, interest-rate derivatives	79	199
Tax paid	-152	-
Cash flow from operating activities before changes in working capital	**16,145**	**6,378**
Cash flow from changes in working capital		
Increase/decrease in operating receivables	1,118	-1,885
Increase/decrease in accounts payable	-543	–
Increase/decrease in other current liabilities	-408	579
Cash flow from operating activities	**16,312**	**5,072**
Investing activities		
Property acquisitions	-22,212	-214,205
Investments in new builds, extensions and redevelopments	-3,038	-609
Acquisition of financial fixed assets	–	-136
Cash flow from investing activities	**-25,250**	**-214,950**
Financing activities		
Formation of the company	–	60
Impairment of share capital	–	-60
New issue	–	311,000
Issue costs	–	-9,927
Borrowings	163,400	135,000
Loan arrangement fees	-711	-2,041
Repayment of debt	-139,397	-206,746
Dividend	-6,220	–
Cash flow from financing activities	**17,072**	**227,286**
Cash flow for the year	**8,134**	**17,408**
Cash and cash equivalents at the start of the financial year	**17,408**	**–**
Cash and cash equivalents at the close of the financial year	**25,542**	**17,408**

PARENT COMPANY INCOME STATEMENT

Amounts in thousand euro (TEUR)	**Note**	**1 Jul 2018 31 Dec 2018**	**23 Nov 2017 30 Jun 2018**
Net sales		–	–
Administration costs	7, 8	-695	-512
Operating loss		**-695**	**-512**
Profit/loss from financial items			
Interest income from Group companies		2,956	1,877
Interest expenses	9	-3,255	-1,891
Loss after financial items		**-994**	**-526**
Appropriations			
Group contributions		2,550	1,629
Profit before tax		**1,556**	**1,103**
Tax	11	-333	1,888
Profit for the year		**1,223**	**2,991**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousand euro (TEUR)	**1 Jul 2018 31 Dec 2018**	**23 Nov 2017 30 Jun 2018**
Profit for the year	1,223	2,991
Other comprehensive income	–	–
Total comprehensive income	**1,223**	**2,991**

*The company lay dormant until 7 March 2018 when possession was taken of the properties, and accordingly, the result is attributable to the period following possession.

PARENT COMPANY BALANCE SHEET

Amounts in thousand euro (TEUR)	Note	31 Dec 2018	30 Jun 2018
ASSETS			
Non-current assets			
Financial fixed assets			
Shares in subsidiaries	20	128,450	128,450
Deferred tax assets	11	1,555	1,888
Non-current receivables from Group companies		294,853	302,853
Total financial fixed assets		**424,858**	**433,191**
Current assets			
Receivables from Group companies		853	3,630
Other current receivables	13	28	420
Prepaid expenses and accrued income	14	607	281
Cash and cash equivalents	15	6,795	757
Total current assets		**8,283**	**5,088**
TOTAL ASSETS		**433,141**	**438,279**
EQUITY AND LIABILITIES			
Equity	**16**		
Restricted equity			
Share capital		311	311
Total restricted equity		**311**	**311**
Unrestricted equity			
Share premium reserve		300,762	300,762
Retained earnings incl. profit for the year		-14,446	2,991
Total unrestricted equity		**286,316**	**303,753**
Total equity		**286,627**	**304,064**
Non-current liabilities			
Borrowings	17	133,356	133,001
Total non-current liabilities		**133,356**	**133,001**
Current liabilities			
Accounts payable	7, 8	–	542
Other current liabilities	18	12,444	27
Accrued expenses and deferred income	19	714	645
Total current liabilities		**13,158**	**1,214**
TOTAL LIABILITIES		**146,514**	**134,215**
TOTAL EQUITY AND LIABILITIES		**433,141**	**438,279**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amounts in thousand euro (TEUR)	Share capital	Share premium reserve	Retained earnings including profit for the year	Total equity
Company formed on 23 Nov 2017	**-**	**-**	**-**	**-**
Comprehensive income				
Profit for the year	-	–	2,991	2,991
Total comprehensive income, 23 Nov 2017–30 Jun 2018	**-**	**–**	**2,991**	**2,991**
Transactions with shareholders				
Formation of the company	60	–	–	60
Impairment of share capital	-60	–	–	-60
New issue*	311	310,689	–	311,000
Issue costs	-	-12,629	–	-12,629
Tax effect of issue costs	-	2,702	–	2,702
Total transactions with shareholders	**311**	**300,762**	**–**	**301,073**
Closing equity, 30 Jun 2018	**311**	**300,762**	**2,991**	**304,064**
Opening equity, 1 Jul 2018	**311**	**300,762**	**2,991**	**304,064**
Comprehensive income				
Profit for the year	-	–	1,223	1,223
Total comprehensive income, 1 Jul 2018–31 Dec 2018	**-**	**–**	**1,223**	**1,223**
Transactions with shareholders				
Dividend	-	–	-18,660	-18,660
Total transactions with shareholders	**-**	**–**	**-18,660**	**-18,660**
Closing equity, 31 Dec 2018	**311**	**300,762**	**-14,446**	**286,627**

*The new issue amounted to TEUR 311,000, of which TEUR 300,762 was attributable to the share premium reserve. Issue costs of TEUR 9,927 were deducted from the share premium reserve.

PARENT COMPANY CASH-FLOW STATEMENT

Amounts in thousand euro (TEUR)	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Operating activities		
Profit/loss before tax	1,556	-526
Adjustments for non-cash items		
Financial items	1,351	-1,361
Arrangement fees	354	43
Cash flow from operating activities before changes in working capital	**3,261**	**-1,844**
Cash flow from changes in working capital		
Increase/decrease in other current receivables	1,525	-825
Increase/decrease in accounts payable	-542	–
Increase/decrease in other current liabilities	14	697
Cash flow from operating activities	**4,258**	**-1,972**
Investing activities		
Acquisition of subsidiaries	–	-6
Shareholder contributions paid	–	-128,444
Loans made to Group companies	–	-302,853
Repaid portion of loans to Group companies	8,000	–
Kassaflöde från investeringsverksamheten	**8,000**	**-431,303**
Financing activities		
Formation of the company	–	60
Impairment of share capital	–	-60
New issue	–	311,000
Issue costs	–	-9,927
Borrowings	–	135,000
Loan arrangement fees	–	-2,041
Dividend	-6,220	–
Cash flow from financing activities	**-6,220**	**434,032**
Cash flow for the year	**6,038**	**757**
Cash and bank balances at the start of the financial year	**757**	**–**
Cash and bank balances at the close of the financial year	**6,795**	**757**

Accounting policies and notes

NOTE 1 GENERAL INFORMATION

Cibus Nordic Real Estate AB (publ) with company registration number 559135-0599 is a limited company registered in Sweden and domiciled in Stockholm. The company's address is Berzelii Park 9, c/o Pareto Business Management AB, Box 7415, SE-103 91 Stockholm. The operations of the company and the subsidiaries (the Group) encompass owning and managing properties.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements for Cibus have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) together with the interpretations issued by the IFRS Interpretations Committee (IFRIC) valid for periods starting 1 July 2019 or later.

Moreover, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups, have been applied. Assets and liabilities are recognised at cost, other than investment properties and interest-rate derivatives, which are measured at fair value. Subsidiaries are companies in which the Parent Company exercises a direct or indirect controlling influence over the operational or financial position. Cibus owns 100% of the capital and votes in 110 of its 130 subsidiaries and is a partner in 20 subsidiaries. The part-owned subsidiaries are MRECs. An MREC is the most common vehicle for property ownership in Finland. In an MREC, each class of shares entitles the holder to exclusive possession of specific premises and no rights of possession to the other premises. The premises possessed with specific shares are set out in the various MRECs' articles of association. Since the shareholder is letting the shareholder's own premises, the rent accrues exclusively to the shareholder and not the MREC. The MREC is responsible for defraying the property's operating costs and charges the shareholders a monthly fee to cover these costs with the aim of producing a zero net result. Standard practice at Cibus is to re-invoice the tenant for these costs. If the MREC has a debt, this debt is normally allocated to the respective owners in such a manner that allows each owner to pay its share of the debt. Accordingly, owners are not responsible for other owners' share of the debt. The partners recognise their assets, liabilities, income and expenses as well as their shares of joint assets, liabilities, income and expenses.

The consolidated financial statements apply the acquisition method, which entails that acquisitions of subsidiaries and MRECs are regarded as a transaction whereby the Parent Company indirectly acquires the subsidiary's assets and assumes its liabilities. From the acquisition date, the acquired company's income and expenses, and identifiable assets and liabilities are included in the consolidated accounts. Intra-Group transactions, receivables and liabilities arising from intra-Group transactions are eliminated in their entirety.

Acquisitions within the Group are recognised in accordance with the acquisition method. The consideration paid comprises the fair value of the assets transferred, the liabilities incurred and issued equity.

The consideration also includes the fair value of any asset or liability resulting from an earnout provision. Acquisition-related costs are expensed as they are incurred. Identifiable assets acquired and liabilities assumed are measured initially at their fair values at the acquisition date. For each acquisition, the Group determines whether all non-controlling interests in the acquired company are to be recognised at fair value (known as full goodwill) or at the holding's proportionate share of the acquired company's net assets. If the sum of the purchase consideration, any non-controlling interests and the fair value of prior shareholdings exceeds the fair value of the Group's share of identifiable acquired net assets, the difference is recognised as goodwill. If the total is less than the fair value of the acquired subsidiary's assets, the difference is recognised directly in profit or loss.

The significant accounting policies that have been applied follow below.

New or amended IFRS and new interpretations in 2018

The Group implemented IFRS 9 Financial Instruments on 1 January 2018. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement and includes rules for recognition, classification and measurement, impairment, derecognition and hedge accounting. The most significant change compared with IAS 39 pertains to classification and measurement, impairment and hedge accounting. IFRS 9 also stipulates that the principles for establishing a loss allowance for credit losses is to be based on an estimate of expected credit losses. The loss allowance is to be based on historical data, current status and forward-looking factors, and be recognised upon notification/invoicing.

The transition to IFRS 9 has not had any impact on the measurement of the Group's financial instruments. Cibus's expected credit losses are deemed to be low, which is why the transition did not have a material impact on the financial statements. In accordance with IFRS 9, Cibus has chosen not to apply the standard retrospectively and thus has not restated the comparative figures in the financial statements for 2018.

IFRS 15 Revenue from Contracts with Customers

On 1 January 2018, Cibus Nordic Real Estate AB (publ) implemented IFRS 15 Revenue from Contracts with Customers. The standard replaces IAS 18, which addressed revenue on the sale of goods and services, and IAS 11, which addressed construction contracts. IFRS 15 introduces a five-step model for revenue recognition that is to be applied for all contracts with customers in order to assess when control of the goods or services is transferred to the customer, which determines how and when revenue is to be recognised.

1. Identify the contract with a customer
2. Identify the separate performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when the entity satisfies a performance obligation

For Cibus, the transition to IFRS 15 entails a division of revenue into rental income and service income. Rental income encompasses customary rent imposed, including indexes, supplementary billing for any investments and re-invoicing of property tax. Service income encompasses all other supplementary billing for charges such as electricity and water. In connection with the transition to IFRS 15, a review of the Group's revenue was carried out, along with an analysis to determine whether Cibus is the principal or agent for the services rendered. In its role as a property owner, Cibus considers itself to primarily be the principal. Since the Group's revenues essentially comprise rental income recognised in accordance with IAS 17 Leases, IFRS 15 has not had any material impact on the Group's total revenue and recognised earnings.

New Or Amended Ifrs And New Interpretations That Have Yet To Come Into Effect

The new and amended standards and interpretations that have been issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) but that come into effect for financial years starting after 1 January 2018 or later have not yet been applied by the Group. The standards and interpretations that are expected to impact the consolidated financial statements in the period in which they are first applied are described below.

IFRS 16 Leases was adopted in 2017 and entered into effect on 1 January 2019. The new standard includes rules for both lessors and lessees. Cibus's revenue is primarily generated through rental income and is thus encompassed by the rules for lessors in IFRS 16. Cibus will begin applying the standard as of 1 January 2019 and no retrospective application will take place, meaning application of the modified retrospective approach under which the carrying amount of the right-of-use is based on the corresponding value of the lease liability on the transition date. The rules lessors are essentially unchanged and the classification of operating and finance leases is retained. Cibus's role as lessee primarily pertains to site leasehold agreements, which means that recognition will change as of 2019. This change will have no impact on earnings, but will entail a change in the income statement, with site leasehold fees recognised as financial item under net financial items and estimated at TEUR 300, rather than being recognised as a property expense. The balance sheet will also be impacted since the present value of future site leasehold fees will be recognised as an asset and liability. As of 1 January 2019, the asset and liability are estimated at TEUR 5,000. Other than site leasehold agreements, Cibus is only the lessee to a limited extent, which will not impact the income statement or balance sheet.

IFRIC 23 Uncertainty over Income Tax Treatments clarifies how the company is to apply the rules for recognition and measurement in IAS 12 Income Taxes when there is uncertainty with respect to the treatment of income taxes. These rules are to be applied in the determination of taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates.

The interpretation addresses issues such as:

- whether uncertain tax treatments are to be considers independently or collectively,
- the assumptions an entity is to make when assessing whether a taxation authority will examine the tax treatment,
- how an entity is to determine its taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates,
- how an entity is to take changes in facts and circumstances into consideration.

The interpretation clarifies that assets or liabilities that arise due to uncertain tax treatments are to be recognised as current or non-current tax liabilities (or tax receivables) in the statement of financial position. The impact on the income statement or other comprehensive income is to be recognised on the same row as a tax expense (revenue).

The interpretation has been deemed to have a minor impact on Cibus's earnings and financial position, but entails increased documentation requirements.

Consolidated accounts

The consolidated accounts encompass the Parent Company Cibus Nordic Real Estate AB (publ) and the companies over which the Parent Company and its subsidiaries exercise a controlling influence. Controlling influence is obtained when the Parent Company:

- exercises an influence over the investee;
- is exposed to, or is entitled to, variable returns from its investment; and
- can also affect the returns from the investee by means of its influence.

Consolidation of a subsidiary is performed from the date on which the Parent Company gains a controlling influence and ceases on the date on which it no longer exercises a controlling influence over the subsidiary. This means that the income and expenses of subsidiaries acquired or disposed of during the current financial year are included in the Group's income statement and other comprehensive income from the date on which the Parent Company gains controlling influence until the date on which the Parent Company ceases to exercise such control.

If necessary, adjustments are made to subsidiaries' financial statements to align their accounting policies with those of the Group. All intra-Group assets and liabilities, equity, income and cash flows relating to transactions between Group companies are eliminated in full.

Segment reporting

The company conducts operations in one segment, which comprises the ownership and management of properties. The properties are monitored as a whole by the Board in terms of rental income and market value. Accordingly, the company does not report any operating segments.

Revenue

Revenue, which from a recognition perspective is also referred to as income from operating leases, is notified in advance and allocated straight line in profit or loss based on the terms of the lease. Revenue is broken down into rental income and service income. Rental income encompasses customary rent imposed, including indexes and supplementary billing for any investments and property tax, while service income encompasses other supplementary billing for charges such as heating, cooling, waste and water. Service income is recognised in the period in which the service is performed and delivered to the tenant. Rental and service income are paid in advance and prepayments of rent are recognised as deferred rental income. In cases where a lease entails a discounted rent during a certain period that is offset by a higher rent at other times, the effect is distributed over the term of the lease. Pure discounts, such as a reduction for occupancy in stages, are charged to the period to which they pertain.

Leases

A finance lease is an agreement whereby the economic risks and rewards associated with ownership of an object are essentially transferred from the lessor to the lessee. All other leases are classified as operating leases. The Group has no leases where the Group is the lessee.

The Group as lessor

The Group comprises the lessor for property leases pertaining to properties owned by the Group. The property leases are classed as operating leases. Lease payments on operating leases are expensed in a straight line over the lease term. In cases where a lease entails a discounted rent during a certain period that is offset by a higher rent at other times, the effect is distributed over the term of the lease.

Currency

The Parent Company's reporting currency and functional currency are euro (EUR). Profit/loss items in other currencies are restated at average exchange rates for the year.

Borrowing costs

Financial costs are recognised in the period in which they arise.

Employee benefits

The Group had two employees during the period. Employee benefits are recognised at the rate at which employees have provided services in exchange for employee benefits. As of 31 December 2018, the Group has no employees.

Tax

Total tax comprises current tax and deferred tax. Current tax is tax that is to be paid or received in the current year and also includes adjustments of current tax attributable to previous periods. Deferred tax is calculated using the balance-sheet method based on temporary differences between the carrying amounts and fiscal values of assets and liabilities. The deferred tax liability is recognised at the nominal amount of the difference between a property's book value and fiscal value, and included in the statement of financial position. No deferred tax is recognised for temporary differences on the initial recognition of an asset as initial recognition has no effect on profit or loss.

Investment properties

All properties in the Group are classified as investment properties on the basis that they are held for the purpose of generating rental income or for capital appreciation, or a combination of the two. Investment properties are initially recognised at cost, which includes all expenses directly attributable to the acquisition and is adjusted for deferred tax included in the purchase price. Thereafter, the investment properties are recognised at fair value. Gains and losses attributable to changes in the fair value of investment properties are recognised in profit or loss in the period in which they arise. The Group recognises the investment properties at fair value. Fair value is based on external market valuations that are performed quarterly.

In accordance with IFRS 13, for all financial instruments measured at fair value, the Group must state how their fair value was assessed and how this value has been classified in the fair value hierarchy.

The three measurement levels are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Measurement model based on inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived prices).

Level 3: Measurement model when material inputs are based on unobservable inputs.

Investment properties are measured in accordance with level 3.

Additional expenditure is only included in the carrying amount when it is likely that the future economic benefits attributable to the item will accrue to the Group and that its cost can be measured reliably. All other costs for repairs and maintenance together with additional expenses are recognised in profit or loss in the period in which they arise.

Acquisitions of investment properties are recognised in conjunction with the transfer of the risks and benefits associated with ownership to the buyer. This occurs when possession of the properties is taken.

Income from property sales are normally recognised on the date when possession is taken. In the event that control of the asset has been transferred on a date prior to the date when possession is taken, the property sale is recognised in income on the previous date.

Cash-flow statement

The cash-flow statement shows the changes in the Group's cash and cash equivalents during the financial year. The cash-flow statement has been prepared according to the indirect method. The recognised cash flow includes only those transactions that entail inflows and outflows.

Financial instruments - IFRS 9

A financial asset or financial liability is recognised in the statement of financial position when the company becomes a party in accordance with the instrument's contractual terms and conditions. A financial asset is derecognised from the balance sheet when the contractual right to cash flows from the asset has expired or been settled, or when the Group loses control over the asset. A financial liability or part of a financial liability is derecognised from the balance sheet when the contractual obligation is discharged or otherwise extinguished.

Classification and measurement

Financial assets are classified based on the business model used for the administration of the assets and the characteristics of the contractual cash flows. This refers to the way in which the contractual terms of the financial asset at set points in time give rise to cash flows comprising only payments of the principal and interest on the outstanding principal. If the financial asset is held within the framework of a business model whose aim is to collect contractual cash flows and the contractual terms of the financial asset at set points in time give rise to cash flows comprising only payments of the principal and interest on the outstanding principal, the asset is measured at amortised cost (Hold to collect).

If the financial asset is held in a business model whose aim can be achieved both by collecting contractual cash flows and by selling financial assets, and the contractual terms of the financial asset at set points in time give rise to cash flows comprising only payments of the principal and interest on the outstanding principal, the asset is measured at fair value through other comprehensive income (Hold to collect and sell).

For all other business models whose aim is speculative, where assets are held for trading or where the nature of the cash flows exclude other business models, assets are measured at fair value through profit or loss (Other).

The company has assets that are measured at amortised cost. Investment properties are measured at fair value; refer to Note 12.

Amortised cost and the effective-interest method

The amortised cost of a financial assets comprises the amount at which the financial asset is measured on initial recognition less the principal plus accumulated amortisation of any difference between the principal and the outstanding principal, in accordance with the effective-interest method, and adjusted for any impairment. The gross carrying amount of a financial asset comprises the financial asset's amortised cost before adjustments for any loss allowance. Financial liabilities are measured at amortised cost using the effective-interest method or at fair value through profit or loss.

Company's Board has ultimate responsibility for the exposure, management and follow-up of the Group's financial risks. The Board monitors the frameworks that apply for exposure, management and follow-up of financial risks on an ongoing basis; see the "Liquidity, interest-rate and financing risk" section below regarding the management of capital risk.

The effective interest rate is the rate that, upon discount of all future anticipated cash flows over the expected maturity, result in the initial carrying amount of the financial asset or financial liability.

Offsetting of financial assets

Financial assets and liabilities are offset and recognised at a net amount in the balance sheet when there is a legally enforceable right to offset and when there is an intention to settle the items on a net basis, or to realise the asset and settle the liability simultaneously. No financial assets and liabilities are offset in the statement of financial position since the criteria for offsetting have not been met.

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. Equity instruments are not subject to impairment rules. On each balance sheet date, the Group recognises the change in expected credit losses since initial recognition in profit or loss.

For all financial assets, the Group is to measure the loss allowance at an amount corresponding to 12 months' expected credit losses. For financial instruments for which there has been a significant increase in credit risk since initial recognition, an allowance is recognised based on credit losses for the entire term of the asset (general approach).

The aim of these impairment requirements is to recognise expected credit losses for the remaining term of all financial instruments for which there has been a significant increase in credit risk since initial recognition, assessed either independently or collectively, taking into account all reasonable and verifiable information, including forward-looking information. The Group measures expected credit losses from a financial instrument in a manner that reflects an unbiased and probability-weighted amount determined by assessing a range of possible outcomes, the time value of money and reasonable verifiable information regarding current conditions and forecasts for future economic conditions.

For accounts receivable, certain simplifications may be applied that entail that the Group directly recognises expected credit losses over the remaining term of the asset.

The Group defines default as it being unlikely that the counterparty till fulfil its undertakings due to indicators of financial difficulties and missed payments. Notwithstanding the above, default is deemed to have taken place when the payment is 90 days past due. The Group writes off a receivable when it is deemed that there is no potential for further cash flows. The Group's credit risk exposure arises mainly with regard to accounts receivable, other current receivables, and cash and cash equivalents. A simplified approach is used to calculate the credit losses on the Group's accounts receivable. In calculating expected credit losses, accounts receivable have been analysed independently and assessed based on previous events, currentconditions and forecasts of certain financial conditions. Cash and cash equivalents are encompassed by the general approach, under which an exemption for low credit risk is applied.

Financial instruments – IAS 39

A financial asset or liability is recognised in the balance sheet when the company becomes party to the instrument's contractual conditions. A financial asset or part of a financial asset is derecognised from the balance sheet when the contractual rights are realised or expire or if the company loses control over them.

A financial liability or part of a financial liability is derecognised from the balance sheet when the obligation in the agreement is discharged or otherwise extinguished.

Financial assets and financial liabilities that are not measured at fair value in profit and loss in the subsequent accounts are initially recognised at fair value with additions and deductions for transaction costs. Financial assets and financial liabilities that are measured at fair value in profit and loss in the subsequent accounts are initially recognised at fair value. Subsequently, financial instruments are recognised at amortised cost or fair value, depending on the initial categorisation under IAS 39.

On initial recognition, a financial asset or liability is classified under one of the following categories:

Financial assets

- Fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets

Financial liabilities

- Fair value through profit or loss
- Other financial liabilities measured at amortised cost

Fair value of financial instruments

The Group's interest-rate derivatives comprise an interest-rate cap with a total nominal amount of around TEUR 242,000. The total premium for the interest-rate cap was set when the derivative was procured and is paid each quarter during its tenor. Accordingly, the value of the interest-rate cap comprises a negative item, corresponding with the remaining part-payments, and a neutral or positive item arising from the interest-rate cap's relation to the floating interest rate linked to the cap. The latter part of the value can never be negative. In accordance with IAS 39, the interest-rate derivative is measured at market value and the change in value is recognised in profit or loss. The Group measures all derivatives based on inputs in accordance with level 2 of the fair value hierarchy. In practice, this is carriedout through reconciliation with a third party. The derivative agreements (ISDA agreements) allow for netting of obligations toward the same counterparty. At 31 December 2018, the value of the interest-rate cap was TEUR 1,938. The entire amount has been recognised as an expense and a liability in the consolidated accounts. The changes in value impact recognised profit and equity, but do not affect cash flow or the LTV ratio.

The company has no other financial instruments measured at fair value.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and recognised at a net amount in the balance sheet when there is a legally enforceable right to offset and when there is an intention to settle the items on a net basis, or to realise the asset and settle the liability simultaneously.

Hedge accounting

The Group does not apply hedge accounting.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances as well as other short-term liquid investments that can be easily converted to cash and that are subject to an insignificant risk of changes in value.

Accounts payable

Accounts payable are categorised as "Other financial liabilities," which means that the item is recognised at amortised cost. The expected maturity of accounts payable is short, and the liability is therefore recognised at a nominal amount with no discount.

Borrowings

External financing is classified as "Borrowings" and is valued at amortised cost using the effective-interest method. Any differences between the loan amount received (net after transaction costs) and the repayment or amortisation of loans are recognised over the tenor of the loan according to the Group's accounting policy for borrowing costs.

Provisions

A provision is recognised when the Group has an existing obligation (legal or informal) as a result of an actual event, and it is likely that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The amount of the provision constitutes the best estimate of the amount required to settle the existing obligation at the balance sheet date, after taking into account the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the expected outflows required to settle the obligation, the carrying amount is to correspond to the present value of those outflows.

Where a third party is expected to compensate for part or all of the amount required to settle a provision, the indemnity is recognised separately as an asset in the statement of financial position when it is essentially certain that it will be received if the company settles the obligation and the amount can be reliably estimated.

Parent Company accounting policies

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. Application of RFR 2 entails that the Parent Company must apply all EU-adopted IFRS and statements as far as possible within the frameworkof the Swedish Annual Accounts Act and with regard to the relation between accounting and taxation. The differences between the accounting policies of the Parent Company and the Group are described below.

Amended accounting policies

RFR 2 contains an exception to the application of IFRS 9 as a legal entity. The changes that entered into effect on 1 January 2018 entail that certain parts of IFRS 9 are also to be applied by companies that apply the exemption (refer to "Financial instruments" below).

Financial instruments

The Parent Company does not apply IFRS 9 in legal entities.

The Parent Company recognises financial assets and financial liabilities when it becomes a party to the contractual terms of the financial instrument.

On initial recognition, financial instruments are recognised at cost, which refers to the amount corresponding to the cost of the asset's acquisition with the addition of transaction costs directly attributable to the acquisition.

The Parent Company recognises a loss allowance for expected credit losses on financial assets that are recognised as non-current assets and measured at amortised cost. On each balance sheet date, the Parent Company recognises the change in expected credit losses since initial recognition in profit or loss.

In calculating the net realisable value of financial assets recognised as current assets, the policies for impairment testing and loss risk reserves in IFRS 9 are to be applied.

A financial asset or financial liability is derecognised from the balance sheet when the contractual right to cash flows from the asset has expired or been settled, or when the contractual obligation has been discharged or terminated.

Classification and structure

The Parent Company's income statement and balance sheet follow the structure of the Swedish Annual Accounts Act. The principal difference in comparison with IAS 1 Presentation of Financial Statements applied in the layout of the Group's financial statements is the presentation of financial income and expenses, non-current assets, equity and the occurrence of provisions under separate headings.

Subsidiaries

Shares in subsidiaries are recognised at cost in the Parent Company's financial statements. Acquisition-related expenses for subsidiaries, which are recognised in the consolidated financial statements, are included in the cost of the shares in subsidiaries.

Group contributions

A Group contribution from a subsidiary to the Parent Company is recognised as an appropriation under the alternative rule. Group contributions from the Parent Company to a subsidiary, or between Group companies, are recognised as an appropriation under the alternative rule.

NOTE 3 IMPORTANT ESTIMATES AND ASSESSMENTS

Key sources of uncertainty in estimates

Preparation of the accounts in accordance with IFRS and generally accepted accounting principles requires that management and the Board make assessments and assumptions that could significantly impact the Group's earnings and financial position. These are based on experience and the assumptions that are considered reasonable in view of the prevailing circumstances. Actual outcomes may differ from these assessments and assumptions if the conditions change.

The most important future assumptions are detailed below as are other key sources of uncertainty in estimates at the balance sheet date, which entail a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Valuation of properties

By their nature, property and property-related assets are difficult to value due to the special nature of each property and the fact that it is not necessarily a liquid market. As a result, valuations can be subject to considerable uncertainty. There are no guarantees that the estimates arising from the valuation process will reflect the actual selling price. A future recession in the property market can significantly affect the value of property. The valuations are based on estimated future cash inflows and outflows, and on a discounting of these with respect to the risk-free interest rate and a mark-up. Accordingly, all of these factors comprise future assessments and are uncertain. Refer to Note 12 for more information.

Acquisition of companies

On the acquisition of a company, the acquisition is assessed on the basis of whether it comprises an asset acquisition or a business combination. Companies that solely contain properties without any property management/administrative functions are normally classified as asset acquisitions.

Loss carryforwards

When valuing loss carryforwards, an assessment is made of the likelihood that the deficit can be utilised. Established loss carryforwards that can be offset with a high degree of certainty against future profits are used for calculating the deferred tax receivable. The loss carryforwards are estimated to amount to about TEUR 20,286 (8,824) as of 31 December 2018.

NOTE 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Through its operations, the Group is exposed to various types of financial risks. These mainly relate to liquidity and financing risks which are described in a separate paragraph.

The company's Board has ultimate responsibility for the exposure, management and follow-up of the Group's financial risks.
The Board monitors the frameworks that apply for exposure, management and follow-up of financial risks on an ongoing basis; see the "Liquidity, interest-rate and financing risk" section below regarding the management of capital risk.

Liquidity, interest-rate and financing risk

Liquidity risk pertains to the risk of the Group having problems with meeting its obligations in terms of its financial liabilities. The properties are almost fully let with an occupancy rate of 95% and, therefore, the company depends on the tenants' finances, financial positions and ability to pay, because the company's income consists entirely of rental income and attributable service income comprising re-invoiced operating costs. The company's risk profile is based on the counterparty and contract term, which results in short lease agreements having a different risk profile than longer lease agreements. Credit risk is managed by the Group continuously following up on overdue rent receivables. Ongoing liquidity forecasts are prepared to secure short- and long-term liquidity and to minimise liquidity risk.

Financing risk is the risk of the Group being unable to raise sufficient funding at a reasonable cost. The payment of interest and Operating costs is managed by the Group receiving rent payments on an ongoing basis.

At 31 December 2018, the Group had bank loans of around TEUR 353,912 (308,000) with a weighted average floating interest margin of 1.9% (2.1) + 3m EURIBOR and a weighted average tenor of 2.9 years (2.3). The loans are free of amortisation payments.
In addition to the bank loans, Cibus Nordic Real Estate AB (publ) has issued an unsecured bond amounting to TEUR 135,000. The bond matures on 26 May 2021 and carries a floating coupon rate of 4.50% + 3m EURIBOR. The bond was listed on the Nasdaq First North Bond Market, and the first day of trading was 3 May 2018. The Group has also contracted an interest-rate cap for a nominal amount of TEUR 242,000 and with a remaining tenor of about 2.9 years, which corresponds to the maturity of the bank loans.

The cost for the fixed-rate term is a consequence of the scope of the hedging, maturities and the choice of financial derivative. Changes in EURIBOR also entail changes in the relative cost for the fixed-rate period. On the maturity date, the company will need to refinance its debt outstanding. The Board discusses ongoing needs for future financing. The Group's ability to successfully refinance this debt is dependent on the general conditions in the financial markets at that time. Accordingly, at any one specific time, the Group may not have access to funding sources at advantageous terms, or at all. The Group's ability to refinance its debt obligations at advantageous terms, or at all, may have a material adverse effect on the Group's operations, financial position and earnings.

Interest-rate risk is defined as how the interest rate affects earnings and cash flow. Since the Group's interest rates are essentially fixed for the duration of the loans, interest exposure is limited.

If the interest rate rises 1%, the effect on the Group's profit before tax would be about TEUR 2,500. If the increase in the interest rate was 2%, the effect would be around TEUR 4,900. However, 68.3% of the company's loans are hedged with an interest-rate cap and, accordingly, interest-rate risk is limited.

The terms and conditions for the company's external bond financing include covenants stipulating that the Group's LTV ratio is not permitted to exceed 70% and that the Group's interest coverage ratio must always be higher than 1.75. As of 31 December 2018, the company met all of these covenants. If the company does not meet these covenants, it would constitute a breach of the loan agreement.

The Group has three separate senior loans, which were entered into by three Finnish subsidiaries. These loan agreements contain additional covenants pertaining to the LTV ratio and the interest coverage ratio. As of 31 December 2018, all three borrowers met all of these covenants.

Otherwise, the Group's loan agreements do not contain any separate conditions that could result in the payment dates becoming significantly earlier than those shown in the tables below.

The maturity breakdown of the contractual payment commitments pertaining to the Group's and the Parent Company's financial liabilities is presented in the following tables according to the loan terms as of 31 December 2018.

Group 31 Dec 2018	In 3 months	In 3–12 months	In 1–3 years	More than 4 years
Borrowings	–	–	352,143	136,769
Derivatives	71	213	1,471	246
Interest rates	3,113	9,434	18,505	1,961
Accounts payable	190	–	–	–
Other current liabilities	4,367	697	–	–
Total	**7,741**	**10,344**	**372,119**	**138,976**

Group 30 Jun 2018	In 3 months	In 3–12 months	In 1–3 years	More than 4–5 years
Borrowings	-	-	443,029	–
Derivatives	136	407	811	
Interest rates	2,915	9,499	22,354	–
Accounts payable	788	27	–	–
Other current liabilities	3,188	529	-	-
Total	**7,027**	**10,462**	**466,194**	**–**

Parent Company 31 Dec 2018	In 3 months	In 3–12 months	In 1–3 years	More than 4 years
Borrowings	–	–	135,000	–
Derivatives	1,425	4,275	8,590	–
Interest rates	–	–	–	–
Other current liabilities	4	–	–	–
Total	**1,429**	**4,275**	**143,590**	**–**

Parent Company 30 Jun 2018	In 3 months	In 3–12 months	In 1–3 years	More than 4 years
Borrowings	-	-	135,000	–
Interest rates	1,425	4,278	11,440	–
Accounts payable	542	–	–	–
Other current liabilities	27	-	-	-
Total	**1,994**	**4,278**	**146,440**	**–**

EURIBOR on the balance sheet date has been used to calculate liquidity flows for loans, and for the variable features of the interest-rate cap.

The Group's undertakings in terms of financial liabilities are covered by the cash flow from the contracted rental agreements. Ongoing liquidity forecasts are prepared to secure short- and long-term liquidity and to minimise liquidity risk.

Illustrated below are the changes in the company's financing activities pursuant to IAS 7 Statement of Cash Flows.

Summary of liabilities arising from financing activities

Group	Borrowings	Financial derivatives	Total
OB 1 Jul 2018	443 029	1 286	**444 315**
Borrowings raised	46 780	573	**47 353**
Cash flow from financing activities	-917	-	**-917**
Non-cash items	-	79	**79**
CB 31 Dec 2018	488 912	1 938	**490 830**

Group	Borrowings	Financial derivatives	Total
OB 1 Jul 2018	135 000	-	**135 000**
Borrowings raised	-	-	**-**
Cash flow from financing activities	-	-	**-**
Non-cash items	-	-	**-**
CB 31 Dec 2018	135 000	-	**135 000**

Credit and counterparty risk

Credit risk refers to the risk that a transaction counterparty causes a loss for the Group by failing to meet its contractual obligations. The Group's credit risk exposure arises mainly with regard to rental receivables. The economic occupancy rate in the property portfolio is currently about 96%, which based on historical levels in the portfolio, is in line with the expected long-term vacancy rate for the portfolio. The company therefore depends on the tenants' finances, financial positions and ability to pay, because the company's income consists entirely of rental income.

The company's risk profile is based on the counterparty and contract term, which results in short lease agreements having a different risk profile than longer lease agreements.

Credit risk is managed by the Group continuously following up on overdue rent receivables.

The Group's and the Parent Company's maximum credit risk exposure is assessed as corresponding to the carrying amounts for all financial assets and is set out in the following table.

(TEUR)	Group 31 Dec 2018	Parent Company 31 Dec 2018
Rental receivables	422	–
Other receivables	2,052	28
Cash and cash equivalents	25,542	6,795
Maximum exposure to credit risk	**28,016**	**6,823**

(TEUR)	Group 30 Jun 2018	Parent Company 30 Jun 2018
Rental receivables	–	–
Other receivables	3,088	420
Cash and cash equivalents	17,408	757
Maximum exposure to credit risk	**20,496**	**1,177**

The carrying amounts for other financial assets and financial liabilities are assessed as providing a good approximation of the fair values.

No significant effects arise from discounting based on current market conditions, since operating receivables and operating liabilities mature in less than three months. The credit risk on long-term loans has not changed significantly since the loans were raised. The risk attributable to financial counterparties is assessed as being limited.

CATEGORISATION OF FINANCIAL INSTRUMENTS

The carrying amounts for financial assets and liabilities broken down by valuation category in accordance with IFRS 9 are shown in the following table.

31 Dec 2018	Financial assets measured at amortised cost (hold to collect)	Financial liabilities measured at amortised cost through profit or loss	Financial assets measured at fair value through profit or loss	Financial liabilities measured at fair value through profit or loss	Carrying amount
Financial assets					
Accounts receivable	422	–	–	–	422
Other non-current receivables	–	–	709	–	709
Other receivables	2,052	–	-	–	2,052
Cash and cash equivalents	25,542	–	-	–	25,542
	28,016	**–**	**709**	**–**	**28,725**
Financial liabilities					
Liabilities to credit institutions, non-current	–	486,132	-	–	486,132
Financial derivatives	–	–	-	1,938	1,938
Accounts payable	–	190	-	–	190
Other current liabilities	–	15,913	-	–	15,913
	–	**502,235**	**-**	**1,938**	**504,173**

30 Jun 2018	Financial assets measured at amortised cost (hold to collect)	Financial liabilities measured at amortised cost through profit or loss	Financial assets measured at fair value through profit or loss	Financial liabilities measured at fair value through profit or loss	Carrying amount
Financial assets					
Accounts receivable	-	–	–	–	-
Other non-current receivables	–	–	136	–	136
Other receivables	3,088	–	-	–	3,088
Cash and cash equivalents	17,408	–	-	–	17,408
	20,496	**–**	**136**	**–**	**20,362**
Financial liabilities					
Liabilities to credit institutions, non-current	–	440,007	-	–	440,007
Financial derivatives	–	–	-	1,354	1,354
Accounts payable	–	815	-	–	815
Other current liabilities	–	3,718	-	–	3,718
	–	**444,540**	**-**	**1,354**	**445,894**

Fair value measurement

The Group holds financial instruments measured at fair value in the balance sheet. The financial instruments comprise the interest-rate cap, as described earlier. The company's investment properties are recognised at fair value in accordance with level 3 above. For more details, refer to the "Investment properties" section under Accounting Policies and Note 12. The fair value of the company's borrowings is assessed as corresponding to the carrying amount at the end of the financial year. The company's assessment is that fair value corresponds to the nominal amount.

Management of capital risk

The Group monitors the capital structure based on the debt/equity ratio, interest coverage ratio, DSCR, LTV ratio and equity/assets ratio. See Note 23 for definitions

Debt/equity ratio	Group	
	31 Dec 2018	30 Jun 2018
Total liabilities	519,005	457,911
Equity	328,680	333,974
Debt/equity ratio, multiple	**1.6**	**1.4**

Interest coverage ratio	Group	
	31 Dec 2018	30 Jun 2018
Net operating income – Admin. costs + Financial income	21,423	12,892
Interest expenses	6,267	4,695
Interest coverage ratio, multiple	**3.4**	**2.7**

Net debt LTV ratio	Group	
	31 Dec 2018	30 Jun 2018
Net liabilities to credit institutions	476 503*	443,029*
Market value of properties	816,478	767,879
LTV ratio, %	**58.4**	**57.7**

* Adjusted for arrangement fees, cash and cash equivalents and other short-term liabilities.

Equity/assets ratio	Group	
	31 Dec 2018	30 Jun 2018
Equity	328,860	333,974
Total assets	847,685	791,885
Equity/assets ratio, %	**38.8**	**42.2**

NOTE 5 RENTAL INCOME AND SERVICE INCOME

	Group	
	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Rental income excl. additional charges	24,977	14,756
Operation	2,657	1,581
Property tax	403	–
Electricity	285	95
Other	581	1,072
Total	**28,903**	**17,504**

Maturity structure, rental value	31 Dec 2018	30 Jun 2018
<1 year	50,409	50,356
>1 year but <5 years	159,043	147,926
>5 years	79,895	60,521

The above table shows the minimum lease inflows, meaning rent (excluding additional rental charges) for the respective periods during the term of the lease.

NOTE 6 OPERATING COSTS

	Group	
	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Property upkeep and service agreements	531	533
Technical administration	511	258
Tariff-related costs	1,539	1,099
Insurance premiums	146	106
Ongoing maintenance	1,765	776
Total	**4,492**	**2,772**

NOTE 7 ADMINISTRATION COSTS AND FEES AND REMUNERATION TO AUDITORS

	Group	
	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Financial administration	1,065	400
Technical administration	220	297
Other administration	1,069	754
Total	**2,354**	**1,451**

	Parent Group	
	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Financial administration	258	273
Technical administration	–	–
Other administration	438	239
Total	**695**	**512**

Fees and remuneration to auditors

	Group	
	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Deloitte	82	53
KPMG	154	183
Total	**236**	**236**

	Parent Company	
	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Deloitte	82	53
KPMG	–	–
Total	**82**	**53**

The audit assignment pertains to the auditors' fees for the statutory audit. The assignment encompasses the examination of the annual accounts, the consolidated financial statements, the accounting records, and the administration by the Board and CEO as well as fees for audit advice provided in conjunction with the audit assignment.

NOTE 8 NUMBER OF EMPLOYEES, SALARIES, OTHER BENEFITS AND SOCIAL SECURITY COSTS

The Group had two employees during the period. As of 31 December, the Group has no employees.

	Group	
	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Salaries and benefits to employees	99	40
Social security costs	36	15
Pension costs	26	13
Total	**161**	**68**

	Parent Company	
	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Salaries and benefits to employees	99	37
Social security costs	36	15
Pension costs	26	13
Total	**161**	**65**

All remuneration to the Board and CEO has been defrayed by the Parent Company.

Board of Directors

Fees are paid to the Chairman and Board members in accordance with the resolution passed by the Extraordinary General Meeting on 7 March 2018 and the regular Annual General Meeting on 18 October 2018.

Chief Executive Officer

Remuneration and benefits to the CEO are decided by the Board in accordance with policies determined by the general meeting.

1 Jul 2018–31 Dec 2018

	Salaries, fees and benefits	Pension costs	Social security costs incl. payroll tax	Total
Chairman of the Board				
Rickard Backlund*	6	-	2	**8**
Chairman of the Board				
Patrick Gylling	-	-	-	**-**
Elisabeth Norman	12	-	4	**16**
Johanna Skogestig	6	-	2	**8**
Jonas Ahlblad	-	-	-	**-**
VD, Lisa Dominquez Flodin **	99	26	36	**161**

23 Nov 2017–30 Jun 2018

	Salaries, fees and benefits	Pension costs	Social security costs incl. payroll tax	Total
Chairman of the Board				
Rickard Backlund*	8	–	3	**11**
Patrick Gylling	–	–	–	**–**
Elisabeth Norman	8	–	2	**10**
CEO Lisa Dominguez Flodin	37	13	15	**65**

*Chairman of the Board Rickard Backlund stepped down on 27 August 2018. **The CEO stepped down as of 31 October 2018.

NOTE 9 FINANCIAL COSTS

Group	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Interest expenses	6,267	4,043
Arrangement fees	608	–
Other financial costs	1,689	652
Total	**8,564**	**4,695**

Parent Company	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Interest expenses	2,885	1,831
Other financial costs	370	60
Total	**3,255**	**1,891**

All interest expenses are attributable to financial liabilities measured at amortised cost and interest pertaining to derivative agreements (excluding unrealised changes in value). Other financial costs pertain to the accrual of arrangement fees, which are accrued according to the tenor of the loan. For the period, other financial costs pertain to transaction costs that arose in conjunction with raising external finance.

NOTE 10 UNREALISED CHANGES IN VALUE, DERIVATIVES

Group	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Unrealised loss on interest-rate cap	-79	-199
Total	**-79**	**-199**

The company's financial strategy is based on low interest-rate risk, which is achieved by methods including the use of interest-rate derivatives. Under IFRS, interest-rate derivatives are measured at fair value. Value changes arise in the interest-rate derivative portfolio due to, inter alia, the effect of changed market interest rates and as a result of the remaining maturity. Unrealised changes in value affect the Group's profit before tax, but do not impact cash flow or profit from property management.

NOTE 11 TAXES

Group	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Current tax		
Current tax on profit for the year	-789	-70
Total	**-789**	**-70**
Deferred tax		
Deferred tax attributable to loss carryforwards	-333	1,888
Deferred tax attributable to temporary differences*	-1,929	-7,190
Total	**-2,262**	**-5,302**

Parent Company	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Current tax		
Current tax on profit for the year	–	–
Total	**–**	**-**
Deferred tax		
Deferred tax attributable to loss carryforwards	-333	1,888
Deferred tax attributable to temporary differences*	–	–
Total	**-333**	**1,888**

Income tax is calculated at 22% of taxable earnings for the year. A summary of recognised profit and tax on the profit for the year is shown below.

Summary, tax expense for the year

Group	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Profit before tax	16,418	38 273
Tax expense for the year	**-3,051**	**-5 372**
Tax according to the Swedish tax rate (22%)	-3,612	-8 420
Difference in foreign tax rates	145	765
Tax effect of non-taxable income	433	-
Tax effect of non-deductible expenses	-28	-24
Uncapitalised loss carryforwards	-5	2,127
Tax effect of changed tax rate	9	-
Other adjustments	6	180
Total	**-3,051**	**-5 372**

Summary, tax expense for the year

Parent Company	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Profit before tax	1,556	1,103
Tax expense for the year	**-333**	**1,888**
Tax according to the Swedish tax rate (22%)	-343	-243
Tax effect of changed tax rate	10	–
Uncapitalised loss carryforwards	–	2,124
Other adjustments	-	7
Total	**-333**	**1,888**

Deferred tax assets are recognised as fiscal loss carryforwards insofar as it is probable that they can be offset by future taxable profits.

Tax recognised directly against equity

Group	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Issue costs	-	2,702
Total	**-**	**2,702**

Parent Company	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Issue costs	-	2,702
Total	**-**	**2,702**

NOTE 12 INVESTMENT PROPERTIES

The Group owns 132 properties, which are measured at fair value. Fair value is based on market valuations. The properties are valued on the balance sheet date by an external, independent appraiser. The valuation on the balance sheet date, 31 December 2018, is based on the market valuation performed by the independent valuation institute Newsec.

Group	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Opening balance	767,879	–
Acquisition	45,314	736,996
Unrealised changes in value	1,995	30,275
New builds, extensions and redevelopments	1,276	608
Other	14	–
Total	**816,478**	**767,879**

Valuation assumptions

Fair value measurement applies a cash-flow calculation based on a present-value calculation of future cash flows. The calculation period is ten years and during this period, income comprises the agreed rents until the end of the contract period. Thereafter, rental income is calculated at the current estimated market rents. Operating and maintenance costs have been assessed based on the company's actual costs and have been adjusted to the condition and age of the properties. Expenses are expected to increase in line with inflation of 1–2% depending on the year. Investments have been assessed based on actual requirements.

Property tax is estimated based on the most recent tax assessment value. Long-term vacancies are estimated on the basis of the property's location and condition. The cost of capital and yield requirement are based on the external valuers' experience-based assessments of market return requirements.

	31 Dec 2018	30 Jun 2018
Long-term inflation, %	2.0	2.0
Average cost of capital, %	7.6	7.5
Average yield requirement, %	5.8	6.5
Average long-term vacancy, %	5.0	7.5

Sensitivity analysis, property valuation	Assumption	Average (TEUR)
Valuation parameters		
Rental income	+/- 10 %	68,930 / -69,240
Yield requirement	+/- 0,25 %	-35,650 / 39,810
Long-term vacancy rate	+/- 2 %	-14,430 / 14,510

NOTE 13 OTHER CURRENT RECEIVABLES

Group

	31 Dec 2018	30 Jun 2018
VAT receivables	1,578	1,974
Other	474	1,114
Total	**2,052**	**3,088**

Parent Company

	31 Dec 2018	30 Jun 2018
VAT receivables	28	417
Other	-	3
Total	**28**	**420**

NOTE 14 PREPAID EXPENSES AND ACCRUED INCOME

Group

	31 Dec 2018	30 Jun 2018
Prepaid expenses	880	1,452
Total	**880**	**1,452**

Parent Company

	31 Dec 2018	30 Jun 2018
Accrued interest income	561	
Prepaid expenses	46	281
Total	**607**	**281**

NOTE 15 CASH AND CASH EQUIVALENTS

Group

	31 Dec 2018	30 Jun 2018
Cash and bank balances	25,542	17,408
Total	**25,542**	**17,408**

Parent Company

	31 Dec 2018	30 Jun 2018
Cash and bank balances	6,795	757
Total	**6,795**	**757**

NOTE 16 EQUITY

Share capital

All shares are of the same share class, are paid in full and entitle the holder to one vote. No shares have been reserved for assignment under option or other agreements. The closing balance of shares was 31,100,000 with a par value of EUR 0.01 per share.

Earnings per share

The earnings per share has been calculated by dividing the profit for the year attributable to Parent Company shareholders by the average number of shares outstanding for the period.

	1 Jul 2018 31 Dec 2018	23 Nov 2017 30 Jun 2018
Earnings attributable to Parent Company shareholders, TEUR	13,366	32,901
Average number of shares, thousand	31,100	31,100
Earnings per share, EUR*	0.4	1.1

*No dilution effect had arisen at the time of calculation.

Unrestricted equity

Unrestricted equity, meaning the amount available for distribution to the shareholders, comprises total equity less the share capital. Other contributed capital pertains to previously completed new share issues in conjunction with the acquisition of the properties.

NOTE 17 BORROWINGS

Group

	31 Dec 2018	30 Jun 2018
Non-current liabilities to credit institutions	488,912	443,029
Arrangement fees	-2,780	-3,022
Total	**486,132**	**440,007**

Parent Company

	31 Dec 2018	30 Jun 2018
Non-current liabilities to credit institutions	135,000	135,000
Arrangement fees	-1,644	-1,999
Total	**133,356**	**133,001**

NOTE 18 OTHER CURRENT LIABILITIES

Group

	31 Dec 2018	30 Jun 2018
VAT liabilities	3,469	3,160
Settlement investors	12,440	–
Other	4	558
Total	**15,913**	**3,718**

Parent company

	31 Dec 2018	30 Jun 2018
Settlement investors	12,440	–
Other	4	27
Total	**12,444**	**27**

NOTE 19 ACCRUED EXPENSES AND DEFERRED INCOME

Group

	31 Dec 2018	30 Jun 2018
Prepaid rent	377	223
Accrued interest	2,649	2,006
Other	1 493	1,934
Total	**4 519**	**4,163**

Parent Company

	31 Dec 2018	30 Jun 2018
Accrued interest	549	517
Other	165	128
Total	**714**	**645**

NOTE 20 SHARES IN SUBSIDIARIES

Parent Company

	31 Dec 2018	30 Jun 2018
Acquisition of subsidiary	6	6
Shareholder contributions	128,444	128,444
Closing balance, cost	**128,450**	**128,450**

From 27 December 2017, only Cibus Sweden Real Estate AB is directly owned by Cibus Nordic Real Estate AB (publ); see below. The other Group companies are owned by Cibus Sweden Real Estate AB, directly or indirectly through its subsidiaries. These subsidiaries are not recognised separately in the Parent Company's annual accounts, since no subsidiary is of a significant size. However, information about the subsidiaries is available in the form of the respective subsidiary's annual report. The stated share of equity includes shares owned by other Group companies. There are a total of 131 limited companies in the Group, of which 20 are part-owned subsidiaries.

Subsidiaries	**Share of equity, %**	**Voting rights, %**	**Carrying amount**	**Equity**
Cibus Sweden Real Estate AB	100	100	128,450	128,450
Total	**100**	**100**	**128,450**	**128,450**

Subsidiaries	**Org. Nr**	**Reg. office**
Cibus Sweden Real Estate AB	559121-3284	Stockholm

NOTE 21 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group	
	31 Dec 2018	**30 Jun 2018**
Pledged cash and cash equivalents	–	10
Property deeds	557,369	558 941
Total	**557,369**	**558 951**
Contingent liabilities	**None**	**None**

	Parent Company	
	31 Dec 2018	**30 Jun 2018**
Pledged cash and cash equivalents	5	5
Property deeds	-	-
Total	**5**	**5**
Contingent liabilities	**None**	**None**

NOTE 22 RELATED-PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which constitute related parties to the company, have been eliminated in the consolidation and, accordingly, no such transactions are disclosed in this note. Transactions between the Group and other related parties are disclosed below.

Procurement of services

	Group	
	1 Jul 2018 31 Dec 2018	**23 Nov 2017 30 Jun 2018**
Pareto Securities AB	-	13,272
Pareto Business Management AB	-	324
Sirius Asset Management Oy	848	532
Total	**848**	**14,128**

	Parent Company	
	2018-07-01 2018-12-31	**2017-11-23 2018-06-30**
Pareto Securities AB	-	13,272
Pareto Business Management AB	-	324
Sirius Asset Management Oy	-	–
Total	**-**	**13,596**

Cibus has entered into a property portfolio management agreement with Sirius Retail Asset Management, the parent company of which owns 500,000 Cibus shares and has Board member Patrick Gylling as majority shareholder. Under this agreement, Sirius has been engaged to manage the Group's property-owning subsidiaries by driving property development issues, handling add-on acquisitions and conducting regular dialogues with the technical and financial managers. The fee to Sirius amounted to TEUR 848 during the period. Pareto Securities AB, which is also the Parent Company of Pareto Business Management AB, no longer owns any shares and is thus no longer considered a related party.

NOTE 23 DEFINITIONS

Earnings per share

Profit for the year divided by the average number of shares outstanding.

Adjusted EPRA NAV per share

Reported equity with reversal of derivatives, deferred tax and unpaid dividends divided by the number of shares outstanding.

Senior debt LTV ratio

Liabilities to senior creditors divided by the market value of the properties.

Net debt LTV ratio

Liabilities to credit institutions less cash and cash equivalents divided by the market value of the properties.

Interest coverage ratio

Net operating income less administration costs and plus financial income divided by financial costs.

Equity/assets ratio

Adjusted equity divided by total assets.

Debt/equity ratio

Total liabilities divided by equity.

Surplus ratio

Net operating income in relation to rental income.

Economic occupancy rate

Rental income in relation to rental value.

NOTE 24 EVENTS AFTER THE BALANCE SHEET DATE

On 11 February 2019, the company announced that Sverker Källgården had been employed as CEO. He will take office in March 2019. Sverker has a great deal of experience in the property industry, most recently as CEO of ByggPartner. Under his leadership, ByggPartner was listed on Nasdaq First North. Prior to ByggPartner, Sverker held executive positions at NCC and Hufvudstaden, including serving as CEO of AB Nordiska Kompaniet (NK) for seven years.

The first of Cibus's three senior credit facilities was refinanced in the autumn and the second in February 2019. This refinancing will have a positive effect on the company's future cash flow. The new credit facility has a lower margin and a shorter maturity than previously. The loan also has a facility that makes additional acquisitions possible, which will likely be completed in the spring. Cibus sold a small property in December and acquired a property of a similar size in February, which has been leased to Kesko. Neither of these events had a material impact on the company or its cash flow.

NOTE 25 PROPOSED APPROPRIATION OF PROFIT

Ahead of the Annual General Meeting on 11 April 2019, the Board proposes a dividend of EUR 0.84 (0.80) per share, corresponding to a total of TEUR 26,124 (24,880). The Board also proposes that dividend payments be made on four occasions during the year, with an increasing dividend each quarter.

This means that the first partial payment is proposed to be EUR 0.2062 per share, the second EUR 0.2087 per share, the third EUR 0.2113 per share and the fourth EUR 0.2138 per share. Accordingly, there will be four payments of TEUR 6,344, TEUR 6,469, TEUR 6,593 and TEUR 6,718, respectively. The proposed record dates for payment of the dividends are 20 June 2019, 23 September 2019, 18 December 2019 and 24 March 2020, with the following planned payment dates: 28 June 2019, 30 September 2019, 30 December 2019 and 31 March 2020.

SIGNING OF THE ANNUAL REPORT

The Annual Report was adopted by the Board of Directors and approved for publication on 7 March 2019.

The Board of Directors and the CEO hereby certify that the consolidated financial statements and the annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting principles, and provide a fair and accurate overview of the Group's and the Parent Company's financial position and results. Moreover, the Administration Report for the Group and the Parent Company provides a fair and accurate overview of the Group's and the Parent Company's operations, financial position and results, and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, 7 March 2019

Patrick Gylling
Chairman of the Board

Elisabeth Norman
Board member

Johanna Skogestig
Board member

Jonas Ahlblad
Board member and interim CEO

Our Auditors' Report was submitted on 7 March 2019
Deloitte AB

Malin Lüning
Authorised Public Accountant

Deloitte.

AUDITOR'S REPORT

To the general meeting of the shareholders of Cibus Nordic Real Estate AB (publ) corporate identity number 559135-0599

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Cibus Nordic Real Estate AB (publ) for the financial year 2018-07-01 - 2018-12-31. The annual accounts and consolidated accounts of the company are included on pages 38 - 71 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilitie*s section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises pages 1 - 37 but does not include the annual accounts, consolidated accounts and our auditor's report thereon.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Cibus Nordic Real Estate AB (publ) for the financial year 2018-07-01 - 2018-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group´s financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Stockholm 7 March 2019

Deloitte AB

Signature on Swedish original

Malin Lüning
Authorized Public Accountant