

**Cibus Nordic Real Estate AB (publ)**  
**559135-0599**

**Year-end report November 23 2017 – June 30 2018**

**Cibus**

Converting food into yield

## November 2017 – June 2018

- Consolidated rental income for the period was TEUR 14,756
- Net operating income for the period totalled TEUR 14,114
- Net profit after tax amounted to TEUR 32,901

## CEO'S COMMENTS ON THE PERIOD

Our entry into the real estate market equipped with a portfolio of 123 Finnish properties anchored by grocery- and daily-goods tenants has given us a brilliant start on our long-term journey to provide our investors with long-term, stable and high returns.

At a time when retail in general is being challenged by e-commerce, we feel confident that our niche of properties anchored by high-quality grocery- and daily-goods tenants will provide us with a stable cash flow on a long-term basis. The grocery- and daily-goods market has proven to be resilient to economic cyclicalities and e-commerce, and our outstanding distribution network of grocery stores is even benefitting from increasing e-commerce due to the growing numbers of parcels to be picked up, pharmacy products and other services that grocery stores now provide to consumers. As a result, grocery stores are becoming an even more important service centre in residential areas. Furthermore, our large number of stores give us a high degree of diversification and stability, with each store having a low impact on the overall portfolio.

Through active management, we strive to continuously improve our portfolio and cash flow. Delivering the return we promised in our first report gives us even more confidence to say that our journey has just begun.

## SIGNIFICANT EVENTS DURING THE PERIOD

Cibus Nordic Real Estate AB (publ) (hereinafter "Cibus") was founded in late 2017 and acquired a property portfolio consisting of 123 properties in Finland, anchored by tenants in the grocery- and daily-goods sector, on 7 March 2018. The properties comprise a total lettable area of 437,860 sq. m.

An unsecured bond of TEUR 135,000 was issued during the financial year. The bond was listed on the Nasdaq First North Bond Market, and the first day of trading was 3 May 2018.

On 27 June 2018, seven leases with Tokmanni were extended with a weighted average unexpired lease term (WAULT) of around 5.5 years. The WAULT for all leases with Tokmanni is thus about seven years, and there are no leases expiring within four years.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

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

Chairman of the Board Rickard Backlund stepped down on 27 August 2018. Patrick Gylling, who is a current Board member, has been appointed as the new Chairman.

## CIBUS AT A GLANCE

Cibus, corporate registration number 559135-0599, is a Swedish property company that manages, develops and acquires properties in the Nordic region with anchor tenants from the grocery- and daily-goods sector.

The company was founded on 23 November 2017 and lay dormant until 7 March 2018 when the company completed its first acquisition. The acquisition comprised a portfolio of 123 properties in Finland 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 Group has two employees, one of whom is the company's CEO Lisa Dominguez Flodin. Property management is handled locally by Sirius Capital Partners, and Colliers International handles the financial accounting and facility management. This is the Group's first financial year and the company's shares have been traded on Nasdaq First North since 9 March 2018.

## FINANCIAL OVERVIEW AND SELECTED PERFORMANCE INDICATORS, GROUP

<i>Unless otherwise stated all amounts are in thousand euro (TEUR)</i>	<b>Nov 2017 - Jun 2018*</b>
Rental income	14,756
Net operating income	14,114
Profit from property management	8,197
Net profit after tax	32,901
Earnings per share, EUR	1.1
Total assets	791,885
Cash and cash equivalents	17,408
Market value of properties	767,879
EPRA NAV	340,658
EPRA NAV per share, EUR	11,0
No. of shares outstanding	31,100,000
Return on equity, %	9.9
Loan-to-value (LTV) ratio, %	57.7
Interest coverage ratio, multiple	2.7
Equity/assets ratio, %	42.2
Debt/equity ratio, multiple	1.4
Debt service coverage ratio (DSCR), multiple	2.7
Surplus ratio, %	95.6
Economic occupancy rate, %	95.0

\*The result is attributable to the period from 7 March 2018, since the company was dormant until that date.

### EARNINGS

Profit for the year after tax amounted to TEUR 32,901, corresponding to EUR 1.1 per share. Unrealised changes in property values of TEUR 30,275 have had a positive impact on profit for the year.

### Income

The consolidated rental income for the reporting period amounted to TEUR 14,756. Service income totalled TEUR 2,748 and consisted largely of re-invoiced costs. The economic occupancy rate was 95%. At 30 June 2018, the total annual rental value amounted to about TEUR 47,000.

### Net operating income

The operating costs for the reporting period totalled TEUR 2,772 and net operating income amounted to TEUR 14,114, which resulted in a surplus ratio of 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 8,197, corresponding to EUR 0.26 per share. The outcome was in line with expectations.

### Net financial items

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

### Changes in property values

Property value changes amounted to TEUR 30,883 from the opening balance of TEUR 736,996 to the closing balance of TEUR 767,879, of which TEUR 30,275 was unrealised.

## 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. This has been taken in to consideration when closing the books. Since, for tax purposes, the Finnish companies' financial years follow the calendar year, the actual tax will be established when closing the books at 31 December 2018.

The nominal rate of corporation tax in Sweden is 22%. The loss carryforwards are estimated to amount to around TEUR 8,824. Tax assets attributable to these loss carryforwards have been recognised in the consolidated balance sheet in an amount of TEUR 1,922 and in the Parent Company's balance sheet in an amount of TEUR 1,888. Cibus recognised total tax for the reporting period of negative TEUR 5,372, of which actual tax and deferred tax amounted to negative TEUR 70 and negative TEUR 5,302, respectively. A tax expense of TEUR 0 was charged to operating activities. Moreover, deferred tax on temporary differences attributable to value changes in properties amounted to negative TEUR 7,190. Deferred tax pertaining to revaluations of loss carryforwards, etc. amounted to TEUR 1,888.

## CASH FLOW AND FINANCIAL POSITION

Consolidated cash flow from operating activities amounted to TEUR 5,072. The cash outflow from investing activities amounted to TEUR 214,950 during the reporting period and pertained to the acquisition of the entire property portfolio. The cash inflow from financing activities was TEUR 227,286.

Closing cash and cash equivalents amounted to TEUR 17,408. At 30 June 2018, Cibus had net interest-bearing liabilities, after deduction of cash and cash equivalents, of TEUR 425,621. Capitalised borrowing costs amounted to TEUR 3,022.

## Financing

The Group has bank loans of around TEUR 308,000 with a weighted average floating interest margin of 2.1% + EURIBOR 3m and a weighted average tenor of 2.3 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% + EURIBOR 3m. 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 2.5 years.

Of the Group's bank loans, around 69.0% 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 2.3 years. 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 30 June 2018, the market value of interest-rate derivatives was TEUR 1,354. The value change, which had no impact on cash flow, amounted to negative TEUR 199 at the same date.

## EARNINGS CAPACITY

The current earnings capacity is hereby presented regarding the property portfolio Cibus owned as per July 1 2018\* and the following 12 months.

Current earnings capacity is not a forecast but merely to consider as a theoretical snapshot, with the purpose to present income and expenses on an annual basis given the property holding, financing costs, capital structure and organisation at a given point in time. The earnings capacity does not include estimations of a forthcoming period regarding development of rent, occupancy rate, property related expenses, interest rates, changes in value or other items affecting items the profit.

### Current earnings capacity, TEUR

	2018/ 2019	2017/ 2018	Change, %
<b>Rental income</b>	<b>49 050</b>	<b>47 900</b>	
Property expenses	-3 250	-3 200	
<b>Net rental income</b>	<b>45 800</b>	<b>44 700</b>	2 %
Central administration	-3 541	-3 500	
Net financial costs	-13 500	-13 113	
<b>Operating income</b>	<b>28 759</b>	<b>28 087</b>	2 %
Operating income EUR/share	0,9	0,9	2 %

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

Rental income based on signed lease contracts on an annual basis (including service charges and potential rental discounts) as well as other property-related income as per July 1 2018 according to current lease agreements.

Property expenses based on a normal and annual operating year and maintenance. Property expenses are including property-related administration. Property tax is calculated based on the current tax values of the properties. Property tax is included in Property expenses item.

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

Financial income and expenses are calculated based on Cibus' actual weighted average interest rates as per July 1, 2018\*, but has however not been adjusted for effects regarding accruals of balanced borrowing costs.

### Comments regarding the current earnings capacity

The earnings capacity has for the coming twelve months, compared to the 12-month perspective from the point of the IPO improved 2%. Due to acquisitions early July as well as rent increases due to indexation, the rental income has improved. Increases in financial costs are due to increased financing regarding the acquisitions.

\*Since there was an acquisition made on July 2 2018, these acquired properties are included in the calculated earning capacity.

## THE SHARE AND OWNERSHIP STRUCTURE

Cibus's shares are listed on Nasdaq First North and the company had 921 registered shareholders as of 30 June 2018. The ten largest shareholders have 64.9% of the votes. One of these has a holding that amounted to 10% or more of the votes in the company at 30 June 2018. At the same date, the number of shares outstanding amounted to 31,100,000.

## OTHER INFORMATION

### Legal structure

At 30 June 2018, the Group comprised 114 limited companies with Cibus 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.

### Related-party transactions

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 Chairman of the Board Patrick Gylling as majority shareholder. The fee to Sirius amounted to TEUR 532 during the period. Cibus has also entered into an agreement with Pareto Business Management AB ("PBM") for the company's administration.

PBM is part of the same group as Pareto Securities AS, which owns 1,157,618 shares in Cibus. The fee amounted to TEUR 324 during the period. Pareto Securities AB is part of the same group of companies as Pareto Securities AS and, during the year, performed services for the Parent Company for fees amounting to TEUR 13,272.

### Proposed appropriation of profit

The Board of Directors has proposed that the Annual General Meeting (AGM) approve a dividend of EUR 0.2 per share per quarter, corresponding to EUR 0.8 per share for the full year. Since the Board has also proposed to the AGM that the financial year be changed to the calendar year, the next AGM will be held in spring 2019. Since the AGM cannot resolve on a dividend that will take place on a date after the next AGM, the Board has proposed that at this point in time the AGM resolve on three quarterly payments of EUR 0.2 EUR per share each, meaning a total of EUR 0.6 EUR per share.

Moreover, the Board has proposed that the shareholders authorise the Board to set the record dates for dividends as 22 October 2018, 28 December 2018 and 29 March 2019, with the following payment dates: 29 October 2018, 8 January 2019 and 5 April 2019, respectively.

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

Unrestricted equity	300,761,864
Profit for the period	2,991,106
	<b>303,752,970</b>

### The Board proposes that the earnings be appropriated as follows:

to be distributed to shareholders	18,660,000
to be carried forward	285,092,970
	<b>303,752,970</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in thousand euro (TEUR)</i>	<b>Nov 2017 - Jun 2018</b>
Rental income	14,756
Service income	2,748
Operating costs	-2,772
Property tax	-618
<b>Net operating income</b>	<b>14,114</b>
Administration costs	-1,451
Financial income	229
Financial costs	-4,695
<b>Profit from property management</b>	<b>8,197</b>
<i>Changes in value</i>	
Investment properties, unrealised	30,275
Interest-rate derivatives, unrealised	-199
<b>Profit before tax</b>	<b>38,273</b>
Current tax	-70
Deferred tax	-5,302
<b>Profit for the period</b>	<b>32,901</b>
Earnings per share	1.1
Average number of shares, thousand	31,100

### Consolidated statement of comprehensive income

<i>Amounts in thousand euro (TEUR)</i>	<b>Nov 2017 - Jun 2018</b>
Profit for the year	32,901
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>32,901</b>

**CONSOLIDATED BALANCE SHEET**

<i>Amounts in thousand euro (TEUR)</i>	<b>30 Jun 2018</b>
<b>Assets</b>	
Investment properties	767,879
Deferred tax assets	1,922
Other non-current receivables	136
<b>Total non-current assets</b>	<b>769,937</b>
Other current receivables	3,088
Prepaid expenses and accrued income	1,452
Cash and cash equivalents	17,408
<b>Total current assets</b>	<b>21,948</b>
<b>TOTAL ASSETS</b>	<b>791,885</b>
<b>Equity and liabilities</b>	
Share capital	311
Other contributed capital	300,762
Retained earnings including profit for the year	32,901
<b>Total equity</b>	<b>333,974</b>
Borrowings	440,007
Deferred tax liabilities	7,252
Financial derivatives	1,354
Other non-current liabilities	183
<b>Total non-current liabilities</b>	<b>448,796</b>
Accounts payable	815
Current tax liabilities	419
Other current liabilities	3,718
Accrued expenses and deferred income	4,163
<b>Total current liabilities</b>	<b>9,115</b>
<b>Total liabilities</b>	<b>457,911</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>791,885</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in thousand euro (TEUR)</i>	Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity
<b>Company formed on 23 Nov 2017</b>	–	–	–	–
<b>Comprehensive income</b>				
Profit for the period	–	–	32,901	32,901
<b>Total comprehensive income 23 Nov 2017 – 30 Jun 2018</b>	–	–	<b>32,901</b>	<b>32,901</b>
<b>Transactions with shareholders</b>				
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
<b>Total transactions with shareholders</b>	<b>311</b>	<b>300,762</b>	–	<b>301,073</b>
<b>Closing balance, 30 Jun 2018*</b>	<b>311</b>	<b>300,762</b>	<b>32,901</b>	<b>333,974</b>

\*Equity is entirely attributable to Parent Company shareholders.

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

## CONSOLIDATED CASH-FLOW STATEMENT

<i>Amounts in thousand euro (TEUR)</i>	<b>Nov 2017 - Jun 2018</b>
Profit after financial items	38,273
<i>Non-cash items</i>	
Interest paid	-1,819
Unrealised changes in value, investment properties	-30,275
Unrealised changes in value, interest-rate derivatives	199
<b>Cash flow from operating activities before changes in working capital</b>	<b>6,378</b>
<b><i>Cash flow from changes in working capital</i></b>	
Increase/decrease in other current receivables	-1,885
Increase/decrease in other current liabilities	579
<b>Cash flow from operating activities</b>	<b>5,072</b>
<b><i>Investing activities</i></b>	
Property acquisitions	-214,205
Investments in new builds, extensions and redevelopments	-609
Acquisition of financial fixed assets	-136
<b>Cash flow from investing activities</b>	<b>-214,950</b>
<b><i>Financing activities</i></b>	
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
Repayment of debt	-206,746
<b>Cash flow from financing activities</b>	<b>227,286</b>
<b>Cash flow for the period</b>	<b>17,408</b>
<b>Opening balance, cash and cash equivalents</b>	<b>-</b>
<b>Closing balance, cash and cash equivalents</b>	<b>17,408</b>

**PARENT COMPANY INCOME STATEMENT**

<i>Amounts in thousand euro (TEUR)</i>	<b>Nov 2017 - Jun 2018</b>
Net sales	–
Administration costs	-512
<b>Operating loss</b>	<b>-512</b>
Interest income from Group companies	1,877
Interest expense	-1,891
<b>Loss before tax</b>	<b>-526</b>
<i>Appropriations</i>	
Group contributions	1,629
<b>Profit before tax</b>	<b>1,103</b>
Tax	1,888
<b>Profit for the period</b>	<b>2,991</b>

**Consolidated statement of comprehensive income**

<i>Amounts in thousand euro (TEUR)</i>	<b>Nov 2017 - Jun 2018</b>
Profit for the year	2,991
Other comprehensive income	–
<b>Total comprehensive income</b>	<b>2,991</b>

## PARENT COMPANY'S BALANCE SHEET

<i>Amounts in thousand euro (TEUR)</i>	<b>30 Jun 2018</b>
<b>Assets</b>	
Shares in subsidiaries	128,450
Deferred tax assets	1,888
Non-current receivables from Group companies	302,853
<b>Total non-current assets</b>	<b>433,191</b>
Receivables from Group companies	3,630
Other current receivables	420
Prepaid expenses and accrued income	281
Cash and cash equivalents	757
<b>Total current assets</b>	<b>5,088</b>
<b>TOTAL ASSETS</b>	<b>438,279</b>
<b>EQUITY AND LIABILITIES</b>	
Share capital	311
Unrestricted equity	303,753
<b>Equity</b>	<b>304,064</b>
Borrowings	133,001
<b>Total non-current liabilities</b>	<b>133,001</b>
Accounts payable	542
Other current liabilities	27
Accrued expenses and deferred income	645
<b>Total current liabilities</b>	<b>1,214</b>
<b>TOTAL LIABILITIES</b>	<b>134,215</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>438,279</b>

## GENERAL INFORMATION

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

## ACCOUNTING POLICIES

Cibus Nordic Real Estate AB (publ) applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The same accounting and valuation policies have been applied as those used in annual report; refer to the 2017/2018 Annual Report for Cibus Nordic Real Estate AB (publ).

The company prepares five reports each year: two quarterly reports, a six-month report, a year-end report and the annual report.

## AUDIT

This report has not been subject to review by the company's auditors.

## DEFINITIONS

### *Earnings per share*

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

### *EPRA NAV per share*

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

### *Return on equity*

Profit for the period attributable to the Parent Company's shareholders, restated as for 12 months, divided by average equity.

### *Loan-to-value (LTV) ratio*

Liabilities to credit institutions divided by the market value of the properties.

### *Interest coverage ratio*

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

### *Equity/assets ratio*

Adjusted equity divided by total assets.

### *Debt/equity ratio*

Total liabilities divided by equity.

### *Debt service coverage ratio (DSCR)*

Net operating income less administration costs and plus financial income divided by the sum of financial expenses and principal repayments.

### *Surplus ratio*

Net operating income in relation to total income.

### *Economic occupancy rate*

Rental income in relation to rental value.

## DECLARATION BY THE BOARD

The Board of Directors and the CEO hereby certify that the report provides a fair and accurate overview of the company's and the Group's operations, financial position and results, and describes the material risks and uncertainties faced by the company and the companies included in the Group.

The year-end report for Cibus Nordic Real Estate AB (publ) was adopted by the Board as of 18 September 2018.

Stockholm, 18 September 2018  
Cibus Nordic Real Estate AB (publ)  
Corp. Reg. No. 559135-0599

Patrick Gylling  
Chairman

Elisabeth Norman  
Board member

Lisa Dominguez Flodin  
External CEO

## INFORMATION ON MAR

This information is of such a nature that Cibus Nordic Real Estate AB (publ) is legally required to disclose pursuant to the EU's Market Abuse Regulation. The information was submitted for publication on the company's website through the agency of the above contact person on 18 September 2018.

## ANNUAL GENERAL MEETING

The Board intends to call the shareholders to the company's Annual General Meeting at 10:30 a.m. on 18 October 2018. The notice will be published on [www.cibusnordic.com](http://www.cibusnordic.com). The 2017/2018 Annual Report will be available on the company's website from 20 September 2018 and includes the full accounting policies.

## REPORTING CALENDAR

18 October 2018 AGM  
27 November 2018 Interim Report

## FOR FURTHER INFORMATION, PLEASE CONTACT

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