Company description

Published in compliance with the First North Rulebook as part of Saltängen’s application for listing at First North at Nasdaq Stockholm

18 December 2014

First North Disclaimer

First North is an alternative marketplace operated by an exchange within the Nasdaq group. Companies on First North are not subject to the same rules as companies on the regulated main market. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a Company on First North may therefore be higher than investing in a company on the main market. All Companies with shares traded on First North have a Certified Adviser who monitors that the rules are followed. The Exchange approves the application for admission to trading.

Certified Adviser:

WILDECO
CONTENTS

1 IMPORTANT INFORMATION .................................................................................................................. 4
  1.1 THE REASON FOR APPLYING FOR ADMISSION TO TRADING ON FIRST NORTH............................ 4
  1.2 IMPORTANT DATES ........................................................................................................................... 4
  1.3 TRADING INFORMATION .................................................................................................................. 4
  1.4 THE LIABILITY STATEMENT OF THE BOARD OF DIRECTORS ......................................................... 4

2 SALTÅNGEN PROPERTY INVEST AB (PUBL) ............................................................................... 5
  2.1 SUMMARY ........................................................................................................................................ 5
  2.2 THE COMPANY AND GROUP STRUCTURE ....................................................................................... 5

3 ORGANIZATION ................................................................................................................................. 6
  3.1 EXAMPLES OF CURRENT CLIENTS .................................................................................................. 7
  3.2 MANAGEMENT TEAM ....................................................................................................................... 8

4 THE PROPERTY ..................................................................................................................................... 9
  4.1 GENERAL OVERVIEW AND HISTORY OF THE PROPERTY ............................................................ 9
  4.2 PROPERTY LOCATION ....................................................................................................................... 10
  4.3 TECHNICAL DESCRIPTION .............................................................................................................. 12
  4.4 ENVIRONMENTAL DUE DILIGENCE ............................................................................................... 14

5 THE LOGISTICS MARKET .................................................................................................................. 15
  5.1 THE LOGISTIC REAL ESTATE MARKET IN SWEDEN ................................................................. 16
  5.2 THE REAL ESTATE TRANSACTION MARKET ................................................................................. 22
  5.3 THE TENANT AND SUBSIDIARIES WITHIN ICA GRUPPEN AB ..................................................... 24

6 SIGNIFICANT AGREEMENTS ........................................................................................................ 34
  6.1 THE LEASE AGREEMENT .................................................................................................................. 34
  6.2 THE ASSET MANAGEMENT AGREEMENT ..................................................................................... 36
  6.3 THE MANAGING DIRECTOR AGREEMENT .................................................................................... 38

7 BOARD OF DIRECTORS OF THE COMPANY .............................................................................. 39
  7.1 BOARD OF DIRECTORS AND CEO ............................................................................................... 39
  7.2 PROPOSED BOARD OF DIRECTORS ............................................................................................. 40

8 THE SHARE OF SALTÅNGEN PROPERTY INVEST ........................................................................ 41
  8.1 SHARES TO BE TRADED, SHARE CAPITAL AND BREAKDOWN BY SHARE CLASS ...................... 41
  8.2 OWNERSHIP STRUCTURE ............................................................................................................... 41
  8.3 TRANSACTIONS WITH CLOSELY RELATED PARTIES ...................................................................... 41
  8.4 SHAREHOLDINGS IN THE COMPANY HELD BY THE BOARD OF DIRECTORS, SENIOR MANAGEMENT AND CERTIFIED ADVISER 41
  8.5 SHARE-BASED INCENTIVE PROGRAMS ......................................................................................... 41

9 FINANCIAL INFORMATION .............................................................................................................. 42
  9.1 FORTHCOMING INFORMATION ...................................................................................................... 42
  9.2 DIVIDENDS ...................................................................................................................................... 42
  9.3 FINANCIAL OUTLOOK OF THE GROUP .......................................................................................... 42
  9.4 DESCRIPTION OF DEBT FINANCING ............................................................................................ 43
  9.5 LEGAL PROCEEDINGS ..................................................................................................................... 43
10 RISK FACTORS ........................................................................................................44

10.1 GENERAL RISK FACTORS ..............................................................................44
10.2 LIMITED OR NO SUBSTANTIAL OPERATING HISTORY .................................44
10.3 MARKET RISK ......................................................................................................44
10.4 OPERATIONAL RISK ...........................................................................................44
10.5 FINANCIAL RISK ...................................................................................................45
10.6 FINANCING RISK ..................................................................................................45
10.7 REFINANCING RISK ............................................................................................45
10.8 COMPLIANCE WITH LOAN AGREEMENTS .......................................................45
10.9 DEVIATION FROM FORWARD-LOOKING STATEMENTS ..................................45
10.10 RISK RELATED TO SWAP TERMS ...................................................................46
10.11 POLLUTION RISK ...............................................................................................46
10.12 ENVIRONMENTAL RISK ....................................................................................46
10.13 INCREASED MAINTENANCE COSTS .................................................................46
10.14 GEOGRAPHIC RISK ..........................................................................................46
10.15 MANAGEMENT RISK ........................................................................................46
10.16 PROPERTY RISK ................................................................................................46
10.17 TENANT DEPENDENCY .....................................................................................47
10.18 LEASE RENEWAL AND ASSIGNMENT RISK ...................................................47
10.19 TERMINAL VALUE RISK ....................................................................................47
10.20 RISK RELATED TO FUTURE SHARE ISSUES ...................................................47
10.21 LEGAL AND REGULATORY RISKS .................................................................47
10.22 LIQUIDITY OF THE SHARES .........................................................................48
10.23 DILUTION IN CASE OF A NEW SHARE ISSUE OR SHARE SPLIT ....................48
10.24 TAX RISK – THE TARGET ..............................................................................48
10.25 TAX RISKS – INVESTORS ...............................................................................48
10.26 RISK RELATED TO THE CLASSIFICATION OF TAXABLE DEPRECIATION VALUES ..................................................49
10.27 AIFM RISK .........................................................................................................49

SUPPLEMENT 1, ARTICLES OF ASSOCIATION ..........................................................50
1 IMPORTANT INFORMATION

Saltängen Property Invest AB, reg. no. 556980-6325
Company address: c/o Hestia Group, Tegnérgatan 8, 113 58 Stockholm, Sweden
www.saltangenpropertyinvest.se

1.1 The reason for applying for admission to trading on First North
The purpose of listing the Saltängen share on First North is to offer current shareholders a liquid second hand market for their investment, as well as inviting new investors to an innovative investment vehicle in an attractive real estate market.

1.2 Important dates
Expected first day of trading on First North: 15 January 2015
Extraordinary general meeting: 4 February 2015
Year-end report 2014: 2 March 2015
Half-year report 2015: 28 August 2015
Annual general meeting: 27 March 2015

1.3 Trading information
Short name on First North: SAPIAB
ISIN-code for shares intended to be listed on First North: SE0006504163
The shares are registered by the Euroclear Sweden AB Central Securities Depository.

Certified Adviser: Wildeo Ekonomisk Information AB, Box 7126, SE - 103 87 Stockholm, Sweden
Liquidity Provider: Pareto Securities AB, Stortorget 13, 211 22 Malmö, Sweden
Auditor: Jan Palmqvist, Deloitte, 113 79, Stockholm

1.4 The liability statement of the board of directors
We declare that, to the best of our knowledge, the information provided in the company description is accurate and that, to the best of our knowledge, the company description is not subject to any omissions that may serve to distort the picture the company description is to provide, and that all relevant information in the minutes of board meetings, auditors’ records and other internal documents is included in the company description.

Gustav Rehnqvist
Chairman of the Board

Clara de Château
Board Member/ CEO

Stefan De Geer
Board Member
2 SALTÄNGEN PROPERTY INVEST AB (PUBL)

2.1 Summary

Saltängen Property Invest AB (publ) (the “Company”) is a Swedish real estate company indirectly owning, managing and letting the property Saltängen 1 in Västerås (the “Property”). The Property is fully leased to ICA Fastigheter Sverige AB (the “Tenant”) until 30 September 2022. The Company is managed by the third party business manager Hestia on a fixed price contract.

The Company acquired the Property in December 2014, through acquiring 100% of the shares in the property owning company Tribona Västerås 1 AB. Prior to the acquisition of the Property the Company has no earnings history. The most significant costs and revenues are fixed and the cash flow is positive. Current annualized figures are shown in the projected financial information presented on page 42-43.

The Company and its subsidiaries will from time to time hereinafter be referred to as the “Group”.

2.2 The Company and Group structure

The object of the Company is to “invest in real estate or in companies that own real estate, obtain financing for its business and conduct business related thereto”. The articles of association are included in Supplement 1 to this company description.

The Company is a Swedish corporation established 25 January 2014. The intended Group structure is illustrated below.

[Diagram of company structure]

Saltängen Property Invest AB
- The Company -

100%

Tribona Västerås 1 AB
- The Target -

(owner of the Property)

100%

Saltängen 1
- The Property -
3 ORGANIZATION

Hestia Group (“Hestia”) acts as the asset manager for the Group. In practice, the asset manager assumes the role as CEO, CFO and COO of the Group and manages the daily operations of the Group. The asset manager reports to, and carries out the instructions by the board of directors of the Company.

Hestia was founded in 2008 with a strategy to provide property and asset management services with transparency and flexibility, in close cooperation with property investors. Hestia’s offering integrates services of property management, accounting, cash management and asset management.

Hestia is specialized in the management of commercial real estate such as shopping centres, hotels, large office buildings and logistics properties. The Asset Manager’s services can be divided into four segments, which are reflected in the four business lines of its organization:

- Technical on-site services
- Property management
- Accounting management
- Asset management

All services are delivered by employees of the Asset Manager to ensure the Asset Manager’s control of the quality of services provided.

The majority of the 140 employees work with properties located in 35 different towns and cities in Sweden. Local property management and technical service offices are located in Malmö, Löddeköpinge, Gothenburg, Mjölnby, Linköping, Norrköping, Västerås, Stockholm, Uppsala, Gävle, Örnsköldsvik and Härnösand. The central accounting management office with 20 property accounting specialists is located in the city of Västerås.

Västerås, where the property is located, is the second largest Hestia Group office with 30 employees. Two thirds of the staff are accounting specialists. The employees in Västerås include technical staff as well as technical and commercial property managers.

Source: Asset Manager
Today, the Asset Manager delivers services to over 600 properties with a combined size of more than 3.5 million sqm. The 2014 group turnover is expected to exceed SEK 130 million.

### 3.1 Examples of current clients

<table>
<thead>
<tr>
<th>Company</th>
<th>Services</th>
<th>Assets/Location</th>
<th>Client Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kallebäck Property Invest (Gothenburg)</td>
<td>Asset, Accounting and Property management</td>
<td>1 assets in Kallebäck, Gothenburg</td>
<td>2014</td>
</tr>
<tr>
<td>Schroders (Frankfurt and London)</td>
<td>Asset, Accounting and Property management</td>
<td>5 assets in Finland and Sweden</td>
<td>2009</td>
</tr>
<tr>
<td>Danske Bank (Stockholm)</td>
<td>Property management</td>
<td>15 assets in Sweden</td>
<td>2008</td>
</tr>
<tr>
<td>DNB (Stockholm)</td>
<td>Accounting management</td>
<td>1 asset in Sweden</td>
<td>2013</td>
</tr>
<tr>
<td>Cornerstone Property Advisers LLC (London)</td>
<td>Property, Accounting and Project management</td>
<td>15 assets in Sweden</td>
<td>2011</td>
</tr>
<tr>
<td>BGP Investment (Luxemburg) and JP Morgan (New York)</td>
<td>Asset, Accounting and Property management</td>
<td>5 assets in Denmark</td>
<td>2008</td>
</tr>
</tbody>
</table>

*Source: Hestia*
3.2 Management team

Hestia has assigned three senior directors to manage the Group and the Property. All three directors are currently employed by and hold senior positions at the Asset Manager.

---

**Asset Manager’s management team**

---

**Mr. Stefan Björkqvist**

Mr. Björkqvist is CEO of Saltängen Property Invest AB (publ) and acts primarily in an investor relations role. Mr. Björkqvist holds a civil engineering degree, with special focus on property maintenance. Mr. Björkqvist is the COO and co-founder of the Asset Manager and has 12 years’ experience from senior management positions at property management companies DUFA and Synerco. Mr. Björkqvist is currently CEO of Kallebäck Property Invest AB.

---

**Mr. Lars Blanke**

Mr. Blanke is responsible for all asset management activities for the Property. Mr. Blanke has studied civil engineering at the Faculty of Engineering at the University of Lund and Business Administration at the Stockholm School of Economics. Mr. Blanke has more than 20 years of experience in senior positions from companies like Schroders Investment Management, Aareal Asset Management and TryggHansa SPP Real Estate.

---

**Ms. Gunilla Persson**

Ms. Persson is responsible for financial reporting and cash management for the Group. Ms. Persson holds a Master of Business Administration and is the department head and Director of Accounting Management at the Asset Manager. Ms. Persson has senior management experience from ABB, YIT, Mimer and Citycon.
4 THE PROPERTY

Unless otherwise explicitly stated, Tribona is the source of all information contained in section 4.1 (The Property)

4.1 General overview and history of the Property

The Property was purchased by ICA (the Hakon Group) from Västerås municipality in 1972 with the intention of constructing a logistics distribution centre. The initial building was completed in 1975 and has since been further developed through building extensions in 1990 (office, high rise storage and storage), 1998 and 2003 (freezer). ICA has been the sole tenant since the erection of the Property. Major renovations of the building have been carried out in 1998 and 2002. Today, the building consists of a lettable area of 104,726 sqm, divided as follows:

<table>
<thead>
<tr>
<th>Area type</th>
<th>sqm</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistic/warehouse</td>
<td>78,626</td>
<td>75</td>
</tr>
<tr>
<td>Office</td>
<td>12,425</td>
<td>12</td>
</tr>
<tr>
<td>Freezer</td>
<td>6,800</td>
<td>6</td>
</tr>
<tr>
<td>Refrigerated warehouse</td>
<td>5,015</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>1,860</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>104,726</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Tribona

The Property encompasses a total land area of 232,686 sqm. The Property is located in the south western part of the municipality of Västerås, in the Hacksta area, with a straight-line distance from the city centre of approximately 4.5 km. The Property’s location has strategic importance to the Tenant, as it is one of ICA’s two central logistics distribution centres in Sweden.

There are 92 loading docks along several facades and there are two specialized units on the Property. One of the specialized units is the elevated automatic high rise storage in 8 levels with a ceiling height of 32 metres and a storage capacity of 20,000 pallets. All of the automated cranes are gradually being replaced by the Tenant. The second specialized unit is the 6,800 sqm freezer (-25 °C) with a ceiling height of 11 metres (which is the height for the majority of the Property).
4.2 Property location

The Property is situated in the Hacksta area, in the south western part of Västerås municipality. Västerås is the fifth largest city in Sweden with a total population of approximately 142,000 inhabitants (2013). The city is located in the Stockholm-Mälardalen region, where approximately one third of the Swedish population resides. The Stockholm-Mälardalen region is experiencing the highest population growth rate in Sweden and currently represents 40% of Swedish national GDP.

Sweden’s demographic centre and table of distance from the Property

<table>
<thead>
<tr>
<th>Location</th>
<th>km</th>
<th>time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eskilstuna</td>
<td>48</td>
<td>37min</td>
</tr>
<tr>
<td>Örebro</td>
<td>95</td>
<td>56min</td>
</tr>
<tr>
<td>Uppsala</td>
<td>78</td>
<td>59min</td>
</tr>
<tr>
<td>Stockholm ICA</td>
<td>108</td>
<td>1h 7min</td>
</tr>
<tr>
<td>Arlanda</td>
<td>110</td>
<td>1h 7min</td>
</tr>
<tr>
<td>Solna</td>
<td>121</td>
<td>1h 16min</td>
</tr>
<tr>
<td>Borlänge ICA</td>
<td>133</td>
<td>1h 50min</td>
</tr>
<tr>
<td>Norrköping</td>
<td>152</td>
<td>2h</td>
</tr>
<tr>
<td>Karlstad</td>
<td>208</td>
<td>2h 3min</td>
</tr>
<tr>
<td>Linköping</td>
<td>310</td>
<td>3h 20min</td>
</tr>
<tr>
<td>Göteborg ICA</td>
<td>379</td>
<td>3h 55min</td>
</tr>
<tr>
<td>Helsingborg ICA</td>
<td>542</td>
<td>5h 27min</td>
</tr>
<tr>
<td>Arlöv ICA</td>
<td>595</td>
<td>5h 57min</td>
</tr>
<tr>
<td>Malmö</td>
<td>600</td>
<td>6h</td>
</tr>
</tbody>
</table>

*The ICA logo is cities where ICA has logistic operations

The straight-line distance from the city centre to the Property is approximately 4.5 km. The Property is located in near vicinity to the E18 highway, one of the main road transportation routes in Sweden. Västerås is located near Sweden’s demographic centre and approximately 3 million people may be reached within a 1.5 hours’ drive.

Another grocery company (COOP) has its national distribution centre for fresh goods located in Stenby, the other main logistics/industrial area in Västerås. In addition, several other large companies have operations in Västerås e.g. ABB, Bombardier, Stena and Westinghouse.

Macro and micro location

The railroad infrastructure is well developed in Västerås with an intermodal terminal which enables transhipment between railroad, shipping and lorry. The Mälarbanan railway is considered a main artery in the
Swedish rail-bound logistics network. Furthermore, Västerås airport is one of Sweden’s largest cargo airports with an annual shipping weight of nearly 5,300 tonnes. The location is ideal for a logistics property with advantageous communication links both by road, rail, sea and air transport, according to Västerås municipality.

In 2007, ICA acquired 300,000 sqm of land next to the Property (70,000 sqm of logistics space can be erected on the site). In conjunction to the purchase, ICA’s former CEO Bo Liffner commented the acquisition, saying (according to Fastighetsvärlden) that the 100,000 sqm is starting to become cramped. The purpose of the acquisition is to secure future potential expansions if needed.

Increasing export industries and commodity flows in Mälardalen make Västerås an important hub. Through the Comprehensive Plan 2026 (Sw. Översiktsplan 2026), Västerås municipality stipulates further development of the Hacksta area into an even larger centre for logistics operations. The road network in the area is planned to be further improved to increase the accessibility to the harbour and create conditions for development of the intermodal terminal. This proposed development of the area will furthermore improve transportation facilities to the Property, according to Västerås municipality.

For further description of the logistic market in Sweden and Västerås, see chapter 5 (The Logistic market).
4.3 Technical description

The building was originally erected in 1975 and has since been further extended with new construction in 1990 (office, automated high rise storage, storage), 1998 and 2003 (freezer). The original construction has a ceiling height of 6 metres, the extensions constructed in 1990 and 2003 having a ceiling height ranging from 11 to 32 metres.

The main construction is made of concrete with facades of steel elements. The roof is covered and with tar paper over the logistics sections and with rubber sheeting over the office section. The building is heated by district heating, distributed via radiators and the ventilation. There is a fire alarm and sprinkler system covering the building. Pressure in the sprinkler system is supplied from a diesel pump with a diesel tank located above ground outside the Property.

Source: Tribona

Building extensions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Building extension 1975" /></td>
<td><img src="image2.png" alt="Building extension 1990" /></td>
<td><img src="image3.png" alt="Building extension 2003" /></td>
<td><img src="image4.png" alt="Building extension 2014" /></td>
</tr>
</tbody>
</table>

Source: Tribona

Floor layout

Source: Tribona
4.3.1  Technical standard

Unless otherwise explicitly stated, WSP is the source of all information contained in section 4.3.1

WSP has carried out a technical due diligence on the Property. The general conclusion of their on-site review was positive. The building is in normal condition and no major issues were identified. A summary of the report is presented below:

Structural

- The overall standard of the building is normal; the main findings include cracking of the warehouse slab in various places as is common with similar type of properties. Repairs of these cracks have been carried out regularly
- All roof areas have been recovered with new felt in the last 7 to 8 years
- The double-glazed windows on the first floor in the office building from 1975 have started to deteriorate and some have already been replaced
- The asphalt in front of the loading bays is worn due to heavy goods traffic and is separately re-surfaced when needed. Overall condition of the asphalt is relatively good considering the volume of traffic on the Property

Mechanical and electrical (M&E)

- Most of the M&E equipment in the building sections from 1975 have either been replaced or refurbished
- A potential future issue for the Landlord are the water pipes feeding water into the building from the municipality. Historically, one connection to the building has been replaced due to corrosion. There is a risk that other connection pipes to the municipal water grid need to be replaced. Furthermore, some sewage pipes in the building constructed in 1975 will have to be replaced; this is not an immediate problem and could be handled in the long term maintenance
- Motorized gates as well as outdoor floodlights are in good condition, and the underground basin for the sprinkler system is checked yearly and has no reported problems
- The railway track in to the Property is no longer used and has been removed

4.3.2  Cost analysis

For the analysis, the limit for materiality have been set to SEK 200,000 (excl. VAT), and therefore only costs exceeding this sum have been considered.

The immediate concerns (within year 1) amount to SEK 1,300,000.

- Replace approximately 60 windows on the first floor office area (in the building from 1975)
- On-going repairs of the reinforced concrete slab surface
- Re-surfacing in front of loading docks

Concerns and recommendations (year 2-5) amount to SEK 2,200,000.

- On-going repairs of the reinforced concrete slab surface
- Re-surfacing in front of loading docks
- Replacing incoming water pipes to the property

Concerns and recommendations (year 6-10) amount to SEK 3,100,000.

- On-going repairs of the reinforced concrete slab surface
- Re-surfacing asphalt trafficked areas approximately 10% in total years 2-10
- Replacing of older sewage and drainage pipes
4.4 Environmental due diligence

According to the environmental authorities and the site inspection performed by the WSP, ICA’s operation on the Property does not involve any hazardous or environmentally harmful materials. At present, there are no ongoing processes with, or demands from, environmental authorities. Before the construction of the present building mass, the land was undeveloped. There is no information about contaminated land on adjacent properties, but the property east of the Property is registered in the County Administrative Board’s database due to handling of hazardous waste. WSP has assessed the risk of contaminated land resulting from current or historical activities on site and in adjacent surroundings to be low. According to WSP, it is unlikely that environmental authorities will have any demands on investigations or other actions related to contaminated land with present land use.
5 THE LOGISTICS MARKET

The logistics market in the Nordics is experiencing increasing volumes, especially within e-commerce, which increases the demand of distribution services. Another recent trend is cross-border e-commerce with Sweden acting as the logistic hub in the Nordics, according to PostNord. The Nordics and all larger cities and coastal regions in Poland, Germany and the western parts of Russia are reachable by lorry within 24 hours from Sweden. With historically successful Swedish export companies along with a positive development within the industry, international logistic- and distribution companies have chosen to establish logistic operations in Sweden, according to Pangea.

Summary of logistics-related comparison figures

Source: NAI Svefa

The Property is assessed by NAI Svefa to be located in a logistics A-location. The Hacksta area in Västerås is considered to be a good logistics location in Sweden by several consultancy firms. For further information about rental levels please refer to section 5.1.10 (Logistics rents).

Summary of logistics-related comparison figures

<table>
<thead>
<tr>
<th>Logistics comparison figures</th>
<th>Prime logistics properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental level (SEK/sqm)</td>
<td>750 - 925</td>
</tr>
<tr>
<td>Transaction yield levels</td>
<td>6.45 - 7.25%</td>
</tr>
</tbody>
</table>

Source: NAI Svefa & Newsec
5.1 The logistic real estate market in Sweden

Future cash flows from real estate investments and yield development for a property will to a large extent be determined by the forthcoming rental income generated by such property and the perceived risk related thereto. For logistic premises, rental levels depend on multiple variables, e.g. macroeconomics, building specific aspects and geographical location.

One important determining factor for defining the demand of logistic space is the general state of the economy.

5.1.1 The Swedish economy

Sweden has experienced a high GDP growth during the last decade and in 2013 the Swedish GDP grew with 1.6%, compared to a negative growth rate of 0.5% in the Euro area.

The strong Swedish GDP development has continued into 2014, with no visible negative effect from the challenging political environment in Eastern Europe and the western sanctions against Russia.

The activity in the economy continued to improve during Q2 2014, primarily driven by domestic components such as household consumption and investments. The net trade balance put pressure on GDP growth due to imports that increased more than exports (trade deficit), according to Statistics Sweden.

During the period from 2001 to 2013, Swedish GDP per capita increased from SEK 314,000 to SEK 393,300 (measured in 2013 price levels), according to Statistics Sweden. The National Institute of Economic Research has predicted a further increase in the GDP per capita to SEK 430,000 by 2022.

Sweden is an export-oriented country with a total export turnover of approximately SEK 1,091 billion in 2013. Swedish export levels have been declining over the last years, but is expected to pick up in 2015. The trade balance has historically been relatively stable as import and export volumes have been highly correlated. The Swedish economy is becoming increasingly driven by the import and export of goods. The increased cross-border trade is positive for the transportation industry and the demand for logistic properties in key locations, according to Savills.
5.1.2 Economic environment in Stockholm-Mälardalen

Västerås is Sweden’s fifth largest city and part of the Stockholm-Mälardalen region where approximately one third of the Swedish population lives. The region constitutes about 40% of the Swedish national GDP and exhibits the country’s strongest GDP growth rate. With its high population density and near proximity to a large share of Swedish consumers, the Stockholm-Mälardalen region is ideally suited for logistics operations.

The largest private employers in Västerås are ABB, ICA, Bombardier, Westinghouse Electric and Attendo. Both ABB and ICA have strong historical connections to Västerås.

5.1.3 Population in Sweden and Västerås

As of August 2014, the population of Sweden amounted to 9.7 million inhabitants. According to Statistics Sweden, the total population of Sweden is expected to exceed 10 million inhabitants during 2017.

The population in Västerås municipality has increased steadily during the last decades and reached approximately 142,000 inhabitants by the end of 2013, corresponding to approximately 1.5% of the total Swedish population. During the period from 1997 to 2014, the population in Västerås has grown in a faster pace compared to the country’s total population growth. The population growth in Västerås is expected to continue and reach 160,000 inhabitants during 2030, according to Statistics Sweden.
5.1.4 Geographical location of logistic properties

Most of the main transportation routes through Sweden are oriented in a south to north direction. Almost all transportation is conducted either by train or lorry and the road-bound traffic is concentrated to the European highways. The most strategic logistic locations are near these routes. The most important areas are around Stockholm, Gothenburg and Malmö. Other important logistic areas include Jönköping, Linköping/Norrköping with great connections to the E4 highway and Örebro, Västerås, Eskilstuna and Södertälje with good connections to the E18/E20 highways. Sweden’s demographic centre is located near Västerås, meaning that from this point the largest share of the country’s population can be reached in the shortest period of time. The proximity to customers is an important factor for a logistic location.

5.1.5 Traffic volumes

New registrations of lorries is currently increasing and is above its long term average (3,635 new registrations per month). This is a positive indicator of confidence within the sector, as lorries are considered a long term investment for transportation companies. Total volume of transported goods has a direct correlation with the total number of lorries and with increased volumes of transported goods the need for logistic facilities
increases, according to Savills. The lorries that deliver ICA’s food to the stores drive more than 100,000 km on average each day, according to ICA.

**New registration of lorries (Monthly, seasonally corrected number new registrations)**

![Chart showing new registration of lorries (Monthly, seasonally corrected number new registrations).](chart)

*Source: Statistics Sweden*

**5.1.6 Logistic trends**

Most users of logistic properties tend to prefer renting the facilities rather than owning themselves. Companies have become more interested in consolidating their operations and seek larger warehouse/logistic facilities, to achieve economies of scale, instead of smaller facilities which often are spread out.

Online services and e-commerce have started to reshape not only retail trade, but also other sectors, including the commercial property market. E-commerce is currently one of the fastest growing markets and is expected to continue to expand, according to Colliers. Swedish e-commerce is growing strongly with the fastest growth since 2007. Retail sales in Sweden over the internet increased by 17% during 2013, totalling SEK 37 billion. Approximately 30% of all Swedes purchase goods through the internet at least once a month, according to HUI Research.

**Swedish e-commerce growth in Q3 2014**

![Bar chart showing Swedish e-commerce growth in Q3 2014.](chart)

*Source: HUI Research*

**5.1.7 Technical trends**

Very few logistic properties are being built on speculation since most tenants require customized solutions. There is however some technical trends for modern and newly built buildings. Generally the ceiling height ranges between 10-12 metres which has become a standard height from a price/performance perspective. The
floor weight capacity often ranges between 2-4 tonnes/sqm but in buildings which handle heavy logistic products this ratio could be even higher.

The number of loading docks varies depending on the tenants operations but for newly built buildings one loading dock per 1,000 sqm is an average. On newly constructed logistic properties approximately 3-5% constitute alternative space e.g. office space, according to Savills.

5.1.8 Current and future supply of logistic space

There is a continued high demand for prime logistics and warehouses in the Stockholm region. To meet the increased demand there are on-going developments such as “Stockholm Nord logistics centre” in Rosersberg/Arlanda.

The prime logistic location in Gothenburg is “Gothenburg Port” were approximately 30% of all imports into Sweden by sea passes through. Demand for vacant logistic space is significant larger than current supply, which for the moment is basically non-existing.

In Sweden there is a shortage of premium logistic properties, according to CBRE. Below are all recently completed and on-going logistic projects in Sweden.

### Completed and on-going projects

#### Completed projects

<table>
<thead>
<tr>
<th>Area</th>
<th>Location</th>
<th>Property/project</th>
<th>Owner/developer</th>
<th>Tenant</th>
<th>Area, sqm</th>
<th>Start</th>
<th>Estimated completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gothenburg</td>
<td>Hisings Kärra</td>
<td>Warehouse</td>
<td>Tingstad Papper</td>
<td>Tingstad Papper</td>
<td>32,000</td>
<td>Q3 2012</td>
<td>Q1 2014</td>
</tr>
<tr>
<td>Gothenburg</td>
<td>Hammen</td>
<td>Logistic center</td>
<td>Schenker Logistics AB</td>
<td>DB Schenker</td>
<td>24,000</td>
<td>Q1 2013</td>
<td>Q4 2013</td>
</tr>
<tr>
<td>Borås</td>
<td>Varel</td>
<td>Warehouse</td>
<td>Wåstäbygg</td>
<td>Alpi</td>
<td>6,800</td>
<td>Q3 2012</td>
<td>Q1 2013</td>
</tr>
<tr>
<td>Örebro</td>
<td>Pilängen</td>
<td>Distribution center</td>
<td>Bulk Eriksdom</td>
<td>XXL</td>
<td>20,500</td>
<td>Q1 2013</td>
<td>Q4 2013</td>
</tr>
<tr>
<td>Hallsberg</td>
<td>Hult/Tomta</td>
<td>Post terminal</td>
<td>NCC Construction</td>
<td>PostNord AB</td>
<td>26,800</td>
<td>Q3 2010</td>
<td>Q3 2013</td>
</tr>
<tr>
<td>Stockholm</td>
<td>Veddesta</td>
<td>Terminal</td>
<td>Coren</td>
<td>PostNord Logistics</td>
<td>19,000</td>
<td>Q4 2013</td>
<td></td>
</tr>
<tr>
<td>Hanninge</td>
<td>Jordbro</td>
<td>Warehouse</td>
<td>AaFast</td>
<td>Dagab, Storex</td>
<td>21,000</td>
<td>Q3 2012</td>
<td>Q3 2013</td>
</tr>
<tr>
<td>Hanninge</td>
<td>Jordbro</td>
<td>Warehouse, logistic</td>
<td>Brostaden</td>
<td>Speculative</td>
<td>6,550</td>
<td>Q3 2012</td>
<td>Q2 2013</td>
</tr>
<tr>
<td>Stockholm</td>
<td>Rosersberg</td>
<td>Distribution center</td>
<td>Lidl</td>
<td>Lidl</td>
<td>45,000</td>
<td>Q4 2013</td>
<td></td>
</tr>
<tr>
<td>Helsingborg</td>
<td>Ramlösa</td>
<td>Logistic terminal</td>
<td>Catena</td>
<td>DHL</td>
<td>14,500</td>
<td>Q1 2013</td>
<td>Q3 2013</td>
</tr>
<tr>
<td>Sigtuna</td>
<td>Mårsta</td>
<td>Warehouse/Office</td>
<td>Coren</td>
<td>Terminal &amp; Transporttjänst</td>
<td>5,780</td>
<td>Q2 2012</td>
<td>Q2 2013</td>
</tr>
<tr>
<td>Eskilstuna</td>
<td>Eskilstuna logistic park</td>
<td>logistics</td>
<td>A förpackning AB</td>
<td>A förpackning AB</td>
<td>4,000</td>
<td>Q2 2012</td>
<td>Q1 2013</td>
</tr>
<tr>
<td>Göteborg</td>
<td>Arendal</td>
<td>Warehouse</td>
<td>Dachser Sverige AB</td>
<td>Galliker/Dachser</td>
<td>7,000</td>
<td>Q3 2013</td>
<td>Q2 2014</td>
</tr>
<tr>
<td>Uppsala</td>
<td>Uppsala Business Park</td>
<td>logistics</td>
<td>Klövern</td>
<td>ICA Fastigheter</td>
<td>2,700</td>
<td>Q1 2014</td>
<td>Q4 2014</td>
</tr>
</tbody>
</table>

#### On-going projects

<table>
<thead>
<tr>
<th>Area</th>
<th>Location</th>
<th>Property/project</th>
<th>Owner/developer</th>
<th>Tenant</th>
<th>Area, sqm</th>
<th>Start</th>
<th>Estimated completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hässleholm</td>
<td>Lärda</td>
<td>High storage</td>
<td>Bergendahls/Swisslog</td>
<td>Bergendahls</td>
<td>10,000</td>
<td>Q4 2013</td>
<td>Q4 2015</td>
</tr>
<tr>
<td>Skara</td>
<td>Nyboholm</td>
<td>Distribution center</td>
<td>Julia/PEAB</td>
<td>Julia</td>
<td>46,000</td>
<td>Q2 2014</td>
<td>Q1 2015</td>
</tr>
<tr>
<td>Ljungby</td>
<td>Rosendal</td>
<td>Warehouse, Distribution</td>
<td>Stråfors</td>
<td>CDON</td>
<td>25,000</td>
<td>Q3 2014</td>
<td>Q3 2015</td>
</tr>
<tr>
<td>Örebro</td>
<td>Marieberg</td>
<td>Warehouse, Distribution</td>
<td>Elon Elkedjan/NCC</td>
<td>Elon Elkedjan</td>
<td>25,000</td>
<td>Q1 2014</td>
<td>Q4 2014</td>
</tr>
<tr>
<td>Göteborg</td>
<td>Backa</td>
<td>Warehouse, Distribution</td>
<td>Eklandia</td>
<td>Speculative</td>
<td>8,500</td>
<td>Q1 2014</td>
<td>Q1 2015</td>
</tr>
<tr>
<td>Göteborg</td>
<td>Örekrulla</td>
<td>Warehouse</td>
<td>Skanska</td>
<td>Speculative</td>
<td>13,000</td>
<td>Q1 2014</td>
<td>Q4 2014</td>
</tr>
<tr>
<td>Nässjö</td>
<td>Södergårdene</td>
<td>High storage</td>
<td>Jysk</td>
<td>Jysk</td>
<td>20,000</td>
<td>Q2 2014</td>
<td>Q1 2016</td>
</tr>
</tbody>
</table>

**235,630**

**147,500**

*Source: Newsec*
5.1.9  

**Vacancy rates**

The high demand for logistic space, combined with low additional supply, has resulted in low vacancy levels. For prime logistic assets the vacancy levels are on historically low levels.

---

**Logistic vacancy levels 2014 Q3**

![Graph showing logistic vacancy levels 2014 Q3](image)

Source: Newsec

5.1.10  

**Logistic rents**

Market rents for logistic properties do not differ between areas to the same extent as to other property types e.g. office properties. The determining factors are often more specific to the individual property. The market rent for prime logistic properties with modern standard vary between SEK/sqm 700-900 (excluding supplements for media and property tax).

---

**Prime logistic rents, SEK/sqm**

![Graph showing prime logistic rents, SEK/sqm](image)

*Note: Rental levels above are based on observations in Stockholm, Gothenburg, Malmö and Larger regional cities*

Source: Newsec
5.2 The real estate transaction market

5.2.1 Sweden

The average annual transaction volume of commercial properties in Sweden amounted to around SEK 100 billion during the last decade. Before the financial crisis in 2008 the breakdown between foreign and domestic investors was approximately 50/50. Since 2009 domestic investors have dominated the market but the total foreign share in H1 2014 totalled almost 15%, compared to 8% for the same period last year. The low share of foreign investors in recent years is an effect of a strong Swedish currency. The low interest rates have also made it easier for Swedish investors to acquire financing.

The property market started out very strong in 2014 with the highest transaction volume for January since Newsec first records in 2005. The half-year ended at a total volume of almost SEK 60 billion (SEK 17 billion above last year’s result), and in June alone the transaction volume amounted to SEK 24.6 billion (SEK 16.5 billion in 2013), according to Newsec. The total transaction volume for 2014 year to date is approximately SEK 92 billion, according to Datscha.

In years Swedish institutions have been dominating the market but during 2014 they have been relatively inactive. The largest investor groups during 2014 have so far been private and listed property companies. The stock market has had a positive development during 2014 and real estate companies have outperformed their benchmark index, which could be one of the explanations for the high activity among listed companies, according to Newsec.

Constituting 30% of the total invested volume, office properties has been the dominant segment during 2014. Residential properties was the second largest segment, contributing with approximately 25% of the total invested volume. Industrial/logistic property transactions represent 19% and were the third largest segment, according to Datscha.

The key market trends according to Newsec can be summarised as follows:

- Transaction volumes are increasing
- The yield spread between prime and secondary segments are falling
- Foreign interest in the market is increasing

5.2.2 Logistics

Interest in logistic properties has increased substantially in recent years, which are illustrated below.
With increasing investment volumes in logistic properties, transaction yields for logistic properties compressed between 2009 and 2011. Prime logistic transaction yields have during 2014 decreased slightly by 5 basis points. The transaction yield level for prime logistic properties varies between 6.45–7.25% depending on technical configuration and geographical location of the property.

*Note: Yield spreads above are based on observations in Stockholm, Gothenburg, Malmö and Larger regional cities*

*Source: Newsec*
5.3 The Tenant and subsidiaries within ICA Gruppen AB

The Target’s contractual counterparty under the lease agreement is ICA Fastigheter Sverige AB (the Tenant). Effects of the divestment of ICA Norway are excluded, unless stated. The following section is a description of ICA and its business and the division residing in the Property. Unless otherwise explicitly stated, ICA is the source of all information contained in this section 5.3.

5.3.1 The Tenant and subsidiaries within ICA Gruppen AB (publ)

ICA Gruppen AB (publ) (parent company)

ICA Gruppen’s operations are reported in five segments: ICA Sweden, Rimi Baltic, ICA Real Estate, ICA Bank and Portfolio companies. With 2,100 wholly-owned or retailer owned grocery stores in 4 geographical markets, ICA Gruppen is one of the leading retail companies in the Nordics. ICA Gruppen is listed on Nasdaq Stockholm.

ICA AB (guarantor under the lease agreement)

ICA AB was the former parent company to the group before Hakon Invest acquired the remaining shares from Ahold.

ICA Fastigheter Sverige AB (the Tenant)

ICA Fastigheter Sverige AB is a subsidiary to ICA Fastigheter AB. ICA Fastigheter Sverige AB owns approximately 120 stores with a combined area of 665,895 sqm and two logistic properties totalling 44,000 sqm. Additionally, ICA Fastigheter Sverige AB is the tenant to more than 600 stores (1,226,000 sqm) and 20 office/logistic facilities (375,745 sqm).
5.3.2 Introduction and description of ICA

ICA was founded by Hakon Swenson in Västerås 1917 who believed that private merchants could coordinate their purchases to lower their costs. Today ICA has developed into the leading grocery retailer in Sweden (50% market share in 2013) and one of the leading retailers in the Nordics. ICA currently operates in Sweden and the Baltics after 6 October 2014 when ICA Norway was divested to Coop Norway.

ICA employs more than 21,000\(^1\) persons in Sweden and the Baltics. ICA has over 2,100 wholly-owned or retailer-owned stores whereof approximately 60% of the stores are located in Sweden.

---

\(^1\) Total employees include ICA Norway

Source: ICA
ICA’s net sales during Q3 2014 amounted to SEK 22 billion, while reported EBITDA for the period was SEK 1.62 billion. The EBITDA margin during Q3 2014 was 7.3%. Operating profit excluding non-recurring items amounted to SEK 1,172 million during Q3 2014 with an operating margin of 4.6%. Over the last two years, ICA’s operating margin has exhibited a stable positive trend.

ICA operating profit and margin

![ICA operating profit and margin graph]

Source: ICA

ICA Gruppen AB (publ) is a publicly traded company, listed on Nasdaq Stockholm’s Large cap list. As of 17 November 2014, ICA’s total market capitalisation amounts to SEK 62.5 billion. ICA’s share price has exhibited a long term positive trend, more than doubling since 1 January 2013. The substantial increase in the share price in February 2013 was an effect of Hakon Invest’s acquisition of Ahold’s shares in ICA AB and the increase in October 2014 was an effect of the divestment of ICA Norway.

ICA Gruppen AB (publ) historical share price development (SEK)

![ICA Gruppen AB (publ) historical share price development graph]

Source: Nasdaq
An overview of ICA’s ownership structure as of 30 June 2014 is presented below:

### Ownership overview in ICA Gruppen AB (publ) (30 September 2014)

<table>
<thead>
<tr>
<th>Ownership structure</th>
<th>Number of shares</th>
<th>Share of capital and voting rights, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICA-handlarnas Förbund - Solna</td>
<td>103,163,599</td>
<td>51.3</td>
</tr>
<tr>
<td>AB Industrivärden &amp; Investment AB Promotion</td>
<td>21,117,174</td>
<td>10.5</td>
</tr>
<tr>
<td>SEB Investment Management</td>
<td>2,761,612</td>
<td>1.4</td>
</tr>
<tr>
<td>AMF – Försäkring och Fonder</td>
<td>2,330,279</td>
<td>1.2</td>
</tr>
<tr>
<td>Swedbank Robur Funds</td>
<td>1,992,460</td>
<td>1.0</td>
</tr>
<tr>
<td>Danske Capital Sverige AB</td>
<td>1,402,845</td>
<td>0.7</td>
</tr>
<tr>
<td>Jönsson, Leif – Lidingö</td>
<td>1,254,651</td>
<td>0.6</td>
</tr>
<tr>
<td>Robur Försäkring</td>
<td>1,248,316</td>
<td>0.6</td>
</tr>
<tr>
<td>Fourth Swedish National Pension Fund</td>
<td>1,036,001</td>
<td>0.5</td>
</tr>
<tr>
<td>Handelsbanken Funds</td>
<td>915,948</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Ten largest shareholders total:</strong></td>
<td><strong>137,222,885</strong></td>
<td><strong>68.2</strong></td>
</tr>
<tr>
<td>Other shareholders</td>
<td>63,923,910</td>
<td>31.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>201,146,795</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Euroclear

**5.3.3 ICA’s operations**

ICA Sweden is the leading grocery retailer in Sweden with just over 1,300 stores. Some stores are wholly-owned and some are independent retailers. ICA Sweden is responsible for sourcing, support, logistics, marketing, IT and expansions which enable economies of scale for the organisation. There are five different store profiles: ICA Stormarknad, ICA Kvantum, ICA Supermarket, ICA Närå and ICA To Go. ICA Sweden also has a pharmacy business, Cura. The Cura pharmacies are located in the direct vicinity of ICA Stormarknad (the largest retailer stores within ICA).

On the 6 October 2014 ICA announced the divestment of ICA Norway to Coop Norway. Please refer to development section 5.3.7 for further information.

Rimi Baltic operates in Estonia, Latvia and Lithuania as a grocery retailer with wholly-owned stores. Rimi Hypermarket and Supermarket stores are establish in all three countries. The discount segment (Säästumarket and Supernetto) are established in Estonia and Latvia.

ICA Real Estate owns, leases and strategically develops retail-/marketplaces. ICA Real Estate’s task is to identify properties in advantageous locations in Norway and Sweden. The tenants are ICA retailers as well as other businesses.

ICA Bank offers financial services to customers in Sweden. The customers can save, borrow and obtain insurance. ICA Bank has agreements with almost all ICA stores in the country which helps improve loyalty to the ICA stores.

During 2013 all portfolio companies were evaluated. This process concluded that Forma, Kjell & Company and Cervera did not sufficiently meet ICA’s criteria and should be divested. Hemtex and inkClub were found to support ICA’s core business and is therefore not contemplated to be divested.
ICA has a market share of 50% in the highly competitive Swedish grocery market.

**ICA’s market share in Sweden (2012)**

Source: Dagligvarukarton 2013

Most of ICA’s earnings derive from ICA Sweden which corresponded to 82% of total sales in Q3 2014.

**Net sales per segment in Q3 2014**

Source: ICA
5.3.4 ICA’s logistic operations

ICA currently operates six logistics facilities in Sweden, in total employing approximately 3,000 staff. The warehouses are divided into two categories, distribution centres and distribution units. The two distribution centres are located in Västerås and Arlöv. The latter will be closed down during 2015 and the volume will be relocated to Helsingborg. The distribution units are located in Borlänge, Stockholm (Kallhäll), Kungälv and Helsingborg.

An additional 30,000 sqm is currently being built to develop Helsingborg into a distribution centre, with expected completion in Q3 2015. In conjunction with the relocation from Arlöv to Helsingborg, Kungälv will become a distribution centre for perishables and non-food items.

ICA logistics network has undergone a significant transformation over the last decades. The number of warehouses has been reduced from 68 in 1954 to 6 as of today. ICA has had an outspoken strategy to increase its logistics efficacy through consolidation of its logistics operations with the distribution of more goods from fewer warehouses.
The distribution centres are vital hubs for ICA’s supply chain in Sweden. Besides regular high-frequency goods (such as perishables, fruit, vegetables, tobacco and frozen food), the distribution centres handle large volumes of low-frequency articles and large parts of ICA’s non-food flow. Shipments usually go through another distribution unit or distribution point before delivery to stores.

The distribution units cover specific geographical areas and are significantly smaller than the distribution centres. The distribution units mainly contain high-frequency goods and serve as distribution points for the inflow of goods coming from the distribution centres. The distribution points are transhipment points of various sizes in geographical areas which are not covered by a distribution unit. Pre-packed goods from warehouses are sorted and loaded on trucks for further transport to stores. ICA Sweden has no own lorries or drivers as these services have been outsourced to external operators.

The consolidation strategy has transformed the supply chain. Previously, the ICA stores would have multiple deliveries from different suppliers on a daily basis. Today, bigger volumes are distributed from fewer hubs making the supply chain more efficient.

ICA’s transformed logistical flow with bigger volumes from the warehouses and fewer deliveries

The Property in Västerås is the largest (>104,000 sqm) of ICA’s six logistics facilities. All of ICA’s prepacked meat has since 2004 been supplied by Hilton Food Group, which is also based in Västerås, and distributed from the warehouse. A newly built automation system supplies all the Cura pharmacies with non-prescription drug and appliances from the distribution centre in Västerås as well. Approximately 400-600 lorries leave the distribution hub in Västerås each day with outgoing goods, according to Tribona.

One of two main facades with loading docks

Source: ICA
5.3.5 Selected financial information

The following is a summary of ICA’s consolidated financial information. For access to ICA’s full financial reports, please see the company’s website (http://www.icagruppen.se/).

ICA Gruppen’s consolidated financial statements include ICA AB as a wholly owned subsidiary with effect from 27 March 2013, when the acquisition of Ahold’s shares in ICA AB was completed.

### ICA key consolidated income statement figures

<table>
<thead>
<tr>
<th>Source: ICA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income statement (SEKm)</strong></td>
</tr>
<tr>
<td>Net sales, SEKm</td>
</tr>
<tr>
<td>Operating profit before depreciation (EBITDA)</td>
</tr>
<tr>
<td>Operating income (EBIT) excluding non-recurring items, SEKm</td>
</tr>
<tr>
<td>Operating income (EBIT), SEKm</td>
</tr>
<tr>
<td>Income before tax, SEKm</td>
</tr>
<tr>
<td><strong>Profit/loss for the year, SEKm</strong></td>
</tr>
</tbody>
</table>

*Pro forma

Consolidated net sales for Q1-Q3 2014 amount to SEK 63,994 million, which is an increase of 4.6% compared to Q1-Q3 2013. The profit for the period was SEK 1,787 million.

### ICA key consolidated balance sheet figures

<table>
<thead>
<tr>
<th>Source: ICA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance sheet (SEKm)</strong></td>
</tr>
<tr>
<td>Non-current assets</td>
</tr>
<tr>
<td>Cash and cash equivalents and short-term investments</td>
</tr>
<tr>
<td>Other current assets</td>
</tr>
<tr>
<td>Available-for-sale assets</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
</tr>
<tr>
<td>Equity</td>
</tr>
<tr>
<td>Non-current liabilities</td>
</tr>
<tr>
<td>Current liabilities</td>
</tr>
<tr>
<td>Available-for-sale liabilities</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
</tr>
</tbody>
</table>

*Pro forma
ICA key figures and credit metrics

<table>
<thead>
<tr>
<th>Key figures (SEKm)</th>
<th>2012*</th>
<th>2013*</th>
<th>Q1-Q3 2013*</th>
<th>Q1-Q3 2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin excluding non-recurring items, %</td>
<td>2.7</td>
<td>3.0</td>
<td>4.3</td>
<td>4.5</td>
</tr>
<tr>
<td>Operating margin, %</td>
<td>2.6</td>
<td>2.6</td>
<td>4.5</td>
<td>4.7</td>
</tr>
<tr>
<td>Return on capital employed, %</td>
<td>7.0</td>
<td>6.1</td>
<td>9.1</td>
<td>9.3</td>
</tr>
<tr>
<td>Return on equity, %</td>
<td>1.1</td>
<td>6.0</td>
<td>8.7</td>
<td>7.9</td>
</tr>
<tr>
<td>Equity/assets ratios, %</td>
<td>33.0</td>
<td>38.5</td>
<td>33.7</td>
<td>39.5</td>
</tr>
</tbody>
</table>

Cash flow from operating activities
Net debt
Net debt/EBITDA

ICA has no official credit rating (meaning that the company is not rated by Standard & Poor’s, Moody’s or Fitch Group). ICA has however received the following investment grade credit ratings from reputable Nordic banks:

- Handelsbanken: **BBB/BBB (Stable outlook) as of 24 February 2014**
- Skandinaviska Enskilda Banken (SEB): **BBB/BBB (Stable outlook) as of 6 October 2014**

ICA Gruppen AB’s bonds are currently trading over par, implying lower interest rate margins than at issuance. The bonds issued in June 2014 (Series 105,106) have since traded up and currently at an implied credit spread of 90 bps. Benchmarked to Moody’s rating class indexes at this time, the bond is trading in line with bonds rated between BBB+ and A- by Moody’s with equivalent time to maturity.

**Market implied rating of ICA**

Source: Bloomberg & Moody’s
5.3.7 Recent development

On 12 November 2014, ICA acquired Apotek Hjärtat, Sweden’s largest privately owned pharmacy chain, for SEK 5.7 billion on a cash and debt-free basis. As a result of this acquisition, ICA will be the second-largest player in the Swedish pharmacy market.

On 6 October 2014 ICA announced the divestment of ICA Norway to Coop Norway for a price of SEK 2.8 billion on a debt free basis. ICA Real Estate’s portfolio in Norway, which is wholly owned, is not included in the transaction. Completion of the transaction is conditional upon approval from the competition authorities (No. Konkurranstilsynet).

On the announcement day (6 October 2014) of the divestment of ICA Norway, the share prices of ICA Gruppen AB increased with 9.2%. On 10 October 2014 the share price of ICA Gruppen AB reached SEK 260.5, an increase of 13.1% since the announcement. During the same time period the benchmark index OMX Stockholm 30 declined by 4.6%.

In connection with the announcement of the divestment, ICA presented the following pro-forma figures for LTM Q2 2014.

Key financials for ICA Gruppen including and excluding ICA Norway

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>100,488</td>
<td>84,598</td>
</tr>
<tr>
<td>Operating profit before depreciation and amortisation (EBITDA)</td>
<td>5,389</td>
<td>5,495</td>
</tr>
<tr>
<td>Operating profit excl. non-recurring items</td>
<td>3,275</td>
<td>3,852</td>
</tr>
<tr>
<td>Operating margin excl. non-recurring items, %</td>
<td>3.3%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Earnings before tax</td>
<td>2,896</td>
<td>3,525</td>
</tr>
<tr>
<td>Net income</td>
<td>2,375</td>
<td>3,004</td>
</tr>
<tr>
<td>Earnings per share, SEK</td>
<td>11.4</td>
<td>14.53</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>4,206</td>
<td>4,475</td>
</tr>
<tr>
<td>Net debt as per June 30, 2014</td>
<td>9,084</td>
<td>6,500[2]</td>
</tr>
<tr>
<td>Net debt/EBITDA as per June 30, 2014</td>
<td>1.7</td>
<td>1.2[2]</td>
</tr>
</tbody>
</table>

2: Net debt as per 2014-06-30 adjusted with consideration for the shares on a debt free basis and transaction costs

Source: ICA
6SIGNIFICANT AGREEMENTS

6.1The lease agreement

6.1.1 General

The Target’s contractual counterparty under the lease agreement is ICA Fastigheter Sverige AB, corporate identification number 556033-8518 (the "Tenant"). The lease agreement commenced on 1 July 2003. ICA AB has provided a joint and several guarantee for the Tenant’s obligations under the lease agreement.

6.1.2 Lease period and options to extend

The lease agreement is entered into for a fixed period and is valid until 30 September 2022. Unless terminated by either party no later than 12 months prior to expiry of the term of the lease period, the lease agreement will be automatically prolonged for five (5) years at a time.

The tenant has an option to prolong the lease agreement two times for five (5) consecutive years on the same terms and conditions.

6.1.3 Property maintenance and cost allocation

The maintenance and cost allocation is regulated in a demarcation list. The Tenant is responsible for and shall pay for all corrective maintenance (Sw. felavhjälpande underhåll) outside and inside the building.

The Landlord is responsible for and shall pay for the maintenance and replacement of the Property’s building parts, ground surfaces and ground facilities, and ensure that these are maintained and replaced to the extent required to maintain the Property in the same condition as the Property was at the beginning of the lease term, taking into consideration investments, maintenance and replacements carried out during the lease period, and normal wear and tear. The Tenant is responsible for all other planned maintenance and replacements within the Property.

The Tenant has its own subscriptions for heating, water, sewage, electricity and is also responsible for cleaning, snow clearance and outdoor property maintenance.

Should there be any vacant areas within the Property that are let to other tenants, the Tenant is entitled to charge the Landlord the operating costs, the costs for outdoor maintenance, costs for actual corrective reasonable exterior maintenance with respect to common surfaces and fittings attributable to the vacant and externally let premises with an amount corresponding to the Tenant’s cost for the premises in question with a supplement of eight (8) per cent. For costs for planned maintenance and replacements fittings attributable to the vacant and externally let premises, the Tenant is entitled to charge the Landlord with an amount corresponding to the Tenant’s cost for the premises in question with a supplement of five (5) per cent.

6.1.4 Rental payments and adjustments

The original yearly base rent of SEK 60,471,610 is on a calendar year basis fully adjusted equivalent to changes in the CPI with October 2003 as base month. In addition to the original base rent, the base rent has subsequently been increased with SEK 2,201,574 and SEK 4,919,358 (adjusted to changes in CPI with October 2004 as base month) due to construction of additional lettable areas on the Property. In addition to this the Tenant pays additional rent due to investments carried out by the Landlord in the premises:

- SEK 272,433, SEK 173,151 (both adjusted to changes in CPI with October 2005 as base month), SEK 430,745 (adjusted to changes in CPI with October 2006 as base month) and SEK 619,100 (adjusted to changes in CPI with October 2007 as base month) until 30 September 2019
- SEK 295,179 (adjusted to changes in CPI with October 2005 as base month) until 30 March 2020
SEK 1,086,977 until 30 September 2021

The total CPI adjusted rent for 2015, including all additional rent, is SEK 79.1 million.

The Tenant pays for 100% of the property tax in respect of the Property. The rent is invoiced and paid quarterly in advance by the Tenant.

6.1.5 The Landlord’s termination rights

There is no right for the Landlord to terminate the lease agreement prior to the end of the lease period, save for in case of a material breach of contract by the Tenant.

6.1.6 The Tenant’s termination rights

There is no right for the Tenant to terminate the lease agreement prior to the end of the lease period, except for in case the premises cannot be used for the purpose specified in the lease agreement due to a material damage to the building or a decision by the authorities or in case of a material breach of contract by the Landlord.

6.1.7 Investments

The Tenant or its subtenants may request investments within the premises during the lease term. The investments can either be Landlord-financed or Tenant-financed. The Tenant is entitled to request the Landlord to carry out investments against payment of additional rent. The additional rent will be paid as an annuity based on the nature of the investments, the residual value at the end of the lease term and the remaining lease term at the time of the investment.

The Landlord is obligated to carry out such investments if (i) the investment constitutes immovable fixture (Sw. fastighetstillbehör), (ii) the investment does not negatively affect the market value of the Property and (iii) the investment corresponds to at least one (1) per cent of the Property’s tax value at the time of the Tenant’s request. Further, the Landlord is not obligated to carry out the investment should the Landlord not obtain the necessary financing and should the necessary permits from authorities not be in place.

Further, the Tenant is entitled to carry out Tenant-financed investments provided that the Landlord has approved such investment in writing, which may not be withheld without extraordinary reasons, or if the Landlord cannot carry out the Landlord-financed investment in accordance with the Tenant’s requirements or should the Landlord not obtain the necessary financing for such investment. There are no obligations for the Landlord to provide any evidence on whether the Landlord has obtained the necessary financing or not. No additional rent shall be payable for Tenant-financed investments.

In a supplement agreement to the lease agreement dated 6 May 2014, the Landlord has undertaken to carry out investments/renovations on the premises up to a maximum amount of SEK 50 million. The renovations can be called upon by the Tenant within three years from entering into the supplement agreement. No supplement rent is payable for the Landlord’s investment. In exchange of the Landlord’s investment contribution, the lease term was prolonged with one year until 30 September 2022. The amount of SEK 50 million for the Landlords investment undertaking will be carried by Tribona as a deduction of SEK 50 million shall be made in the calculation of the purchase price for the shares.

6.1.8 Insurance

The Landlord shall obtain insurance and procure that the Property is fully insured.

6.1.9 Third party letting and assignment of the lease agreement

The Tenant may sublet the premises to another entity within ICA.
Under Swedish law, and also under the lease agreement, the Tenant may be entitled to assign the lease agreement in connection with a transfer of the business at the time carried out in the premises, to the acquiring party. Should the landlord object to such assignment, the Tenant may apply for approval with the Swedish Rent Tribunal. An assignment shall not be granted by the Swedish Rent Tribunal if the landlord has justified cause (Sw: befogad anledning) not to accept the new tenant, e.g. if the new tenant is not considered creditworthy.

6.1.10 Right of first refusal and non-compete

The Tenant has a right of first refusal regarding any future lease within the Property. The Landlord shall send the Tenant a written notification in case of any planned letting to a third party, and the Tenant shall respond to the Landlord’s notification within two (2) weeks should the Tenant be interested in the premises in question. The Landlord shall thereafter provide the Tenant with the proposed new tenant and the lease terms and the Tenant is entitled to let the premises on the same terms and conditions as the new tenant by responding to the Landlord within an additional two-week period.

During the lease term and during any prolongation of the lease agreement, the Landlord may not lease premises or land (or part of premises or land) to a tenant which at the time is carrying out business which could have a particularly negative effect on the Tenant’s or subtenant’s business within the Property, unless written consent is given by the Tenant.

Should the Landlord let premises to a tenant in violation with the Tenant’s right of first refusal and the non-compete clause, the Landlord shall be liable to pay liquidated damages to the Tenant of an amount corresponding to 25 price base amounts (a price base amount currently amounts to SEK 44,400).

6.2 The Asset Management Agreement

6.2.1 General

The asset manager manages the Group with the objective to maximize the shareholder’s capital returns. Hestia looks after the interest of the shareholders of the Company and provides necessary services as agreed in the asset management agreement.

Under the Asset Management Agreement, the Asset Manager is responsible for running and managing the day-to-day affairs of the Group on behalf of the shareholders, subject, however, only according to the instructions of the board of directors of the Company and to the approved business plan. The Asset Manager may not, without prior approval from the board of directors of the Company, make any decisions or take any actions that have a material direct or indirect effect on the value of the Company, the Target and/or the Property.

The sole owner of the Asset Manager’s entire share capital will participate in the Equity Issue with an amount of SEK 2,500,000. The investment is regarded as an incentive for the Asset Manager to manage its services under the Asset Management Agreement in the shareholders’ best interests; hence the Hestia’s Shares may not be transferred during the term of the Asset Management Agreement.

6.2.2 Services

Under the Asset Management Agreement, the Asset Manager provides asset management services, financial management services and property management services. The tasks included in the Asset Manager’s scope of work under the Asset Management Agreement include, but are not limited to, the following services:

- Creating, updating and carrying out a business plan for the Group, approved by the board of directors of the Company
• Ensuring that the Group is managed in compliance with all applicable laws, regulations and stock market rules
• Financial and operational reporting to the shareholders, the board of directors and the stock market
• Organizing shareholders’ meetings and board meetings
• Acting in an investor relations role for the Group
• Providing budgeting, accounting, tax and cash management services
• Ensuring compliance with loan agreements, communicating with lenders and ensuring an optimal debt structure for the Group
• Handling the in- and outgoing correspondence of the Group, including the running dialog with the Tenant of the Property
• Following up on lease agreements for the Property
• Managing negotiations/renegotiations of lease agreements for the Property
• Coordinating, supervising and monitoring technical property management and maintenance of the Property
• Managing and coordinating any development projects related to the Property
• Upon request from the shareholders of the Company, facilitating a divestment of the Property

For the provision of all recurring services, the Asset Manager will be remunerated with an annual fee of SEK 1,096,200 (2015 base). In addition, the Company may request, and the Asset Manager has committed to provide, additional services which are considered to be non-recurrent services. For the avoidance of doubt, the services listed above, in this section 6.2.2 include both recurring and non-recurring services. For additional services not included in the fixed fees, the Asset Manager will invoice the Company according to agreed hourly rates. Both the fixed fee and agreed hourly rates will be adjusted to changes in the Swedish CPI.

6.2.3 Lease renewal services

For services relating to the renegotiation or negotiation of lease agreements in respect of the Property, Hestia will receive remuneration as a pre-determined percentage of the annual rent. The percentage level is dependent on the length of the new lease agreement, whether the new lease agreement is entered into with the current Tenant and whether real estate agent was occupied:

<table>
<thead>
<tr>
<th>Renegotiation of lease with current Tenant</th>
<th>Lease duration ≤ 5 years</th>
<th>Lease duration &gt; 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negotiation of lease with new tenant</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Negotiation of lease with new tenant through an agent</td>
<td>7.5%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Renegotiation of lease with new tenant through an agent</td>
<td>2% + cost of agent</td>
<td>2% + cost of agent</td>
</tr>
</tbody>
</table>

6.2.4 Exit services

In connection with a sale or other divestment of the Company, the Target or the Property, the Asset Manager shall present to the board of directors of the Company at least two real estate brokers along with their proposals for offers of applicable exit services. The Asset Manager shall assist the real estate broker thus engaged with information and documentation, participate in road shows, negotiate the terms of the sale on behalf of the shareholders of the Company and undertake all other actions, which can reasonably be expected, in order to ensure the highest possible sales proceeds. In the event of an exit, the Asset Manager is entitled to a remuneration equal to 0.30% of the agreed Property divestment value.
6.2.5  Term

The Asset Management Agreement is entered into for an initial term of four (4) years. Unless terminated, by either party, six (6) months prior to expiry, the Asset Management Agreement is prolonged for four (4) years on the same terms and conditions. The Asset Management Agreement may always be terminated by the Company by giving six (6) months’ notice of termination.

6.2.6  Liability

The Asset Manager shall indemnify the Company for all damages, costs, expenses, losses and liabilities incurred by the Company due to the Asset Manager’s failure to fulfil its obligations. The liability is capped to a maximum amount of ten (10) times the annual fees paid by the Company for the services under the Asset Management Agreement.

The Asset Management Agreement will be held available by the Manager upon request.

6.3  The managing director agreement

The Company and the Asset Manager has entered into a managing director agreement, under which the Asset Manager shall provide the Company with a managing director to act as a CEO of the Company. The agreement will be in effect until terminated by one of the parties. The Asset Manager may terminate the agreement subject to four weeks notice. The Company may at any time demand a replacement of the current CEO appointed by the Asset Manager. Should the Company reject the replacement CEO, the agreement will be terminated immediately.

For the provision of a managing director to act as a CEO of the Company, the Asset Manager will be remunerated with an annual fee of SEK 120,000 (2015 base), to be adjusted to changes in the Swedish CPI.
7 BOARD OF DIRECTORS OF THE COMPANY

The tasks and responsibility of the board of directors follow from Swedish law and includes the overall management and control of the Company. The Board is elected by the general meeting and currently consists of three members. The tasks and responsibility of the CEO also follows from Swedish law. The CEO is employed and remunerated by Hestia.

All information about historical, or on-going, bankruptcy, liquidation or similar procedure and also fraud related convictions or on-going procedures in which any person in the management and/or board of the Company has been considered and disclosed below, at least covering the five previous years. During the five previous years, no person in the management or the board of directors of the Company is or has been involved in any bankruptcy, liquidation or similar procedure or any fraud related convictions or on-going procedures.

All current board members are employed by Pareto Securities AB. In connection with the proposed extraordinary general meeting to be held on 4 February 2015, it will also be proposed to select a new board of directors by proposal of the investors in the Company. The current board of directors will therefore be replaced following the general meeting.

7.1 Board of directors and CEO

Clara de Château, CEO/Board Member
Swedish, born in 1978
Joined: October 2014
Position: Corporate Finance Real Estate, Pareto Securities AB, Sweden.
Work experience: Corporate Finance Real Estate in Pareto Securities since 2013, Relationship manager at DNB, Analyst at DNB and HSH Nordbank.
Education: M.Sc in business administration, majors in International Finance and Management, Lund University, Sweden.
Number of shares in the Company: 0

Stefan De Geer, Board Member
Swedish, born in 1956
Joined: October 2014
Position: Head of Corporate Finance Sweden, Pareto Securities AB.
Work experience: Stefan spent 20+ years as a transactional lawyer in New York and Stockholm, including 15 years with Gernandt & Danielsson, a Stockholm based law firm he cofounded in 1992.
Education: Law degrees from Stockholm University and New York University.
Number of shares in the Company: 0

Gustav Rehnqvist, Chairman of the Board
Swedish, born in 1970
Joined: October 2014
Position: Corporate Finance Real Estate, Pareto Securities AB, Sweden.
Education: BBA from Schiller International University.
Number of shares in the Company: 0
7.2 Proposed board of directors

An extraordinary general meeting is proposed to be held on 4 February 2015. At this general meeting, a new board of directors will be elected.

All information about historical, or on-going, bankruptcy, liquidation or similar procedure and also fraud related convictions or on-going procedures in which any person in proposed board of the Company has been considered and disclosed below, at least covering the five previous years. During the five previous years, no person in the management or the board of directors of the Company is or has been involved in any bankruptcy, liquidation or similar procedure or any fraud related convictions or on-going procedures.

---

Proposed board of directors of the Company, subject to election at general meeting in February 2015

**Mikael Igelström – Chairman of the board**
- Born in 1958, M.Sc. from Linköping University
- 30 years of real estate and finance experience
- Currently Senior Director (Investment Services/ Capital Markets) at Colliers
- Former CEO for Cornerstone Real Estate Advisors in Sweden
- Other current board appointments includes: Hyresbostäder i Södermanland AB and Stockholms Hamn AB among others

**Ulf M. Clacton – Member of the board**
- Born in 1960, Construction engineer from Lunds University
- 30 years of real estate business experience
- Founder of Estancia which has managed, owned and developed >1,000,000 sqm logistic/ warehouse/ residential/ office space since 1984
- Other current board appointments includes: Estancia Property Management AB, Estancia Logistik Holding AB, Estancia Fastigheter AB and Fastighets AB Tegeludden 13 among others

**Anders Melin – Member of the board**
- Born in 1973, LL.M. and B.Sc. from Uppsala University
- Currently partner at Liman & Partners specialized in contract & company law and M&A. Extensive experience in real estate law
- Previous CEO experience from FCG
- Other current board appointments includes: FCG (The Financial Compliance Group AB), FCG A/S, Doktor Hemma Stockholm AB, Brimel AB and Melrev AB

Source: Company
8 THE SHARE OF SALTÄNGEN PROPERTY INVEST

8.1 Shares to be traded, share capital and breakdown by share class

The Company has one class of shares. Hence, all shares in the Company will be traded on First North. The Company has a registered share capital of SEK 4,600,000 allocated among 4,600,000 shares. The par value of the shares is accordingly SEK 1 per share.

8.2 Ownership structure (as of 7 January 2015)

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>% of votes and capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evermore Global Value</td>
<td>300,000</td>
</tr>
<tr>
<td>GADD &amp; Co</td>
<td>300,000</td>
</tr>
<tr>
<td>Von Euler &amp; Partners</td>
<td>300,000</td>
</tr>
<tr>
<td>Björn Algqvist</td>
<td>200,000</td>
</tr>
<tr>
<td>Mikael Lønn</td>
<td>190,000</td>
</tr>
<tr>
<td>Christian Valentin</td>
<td>120,000</td>
</tr>
<tr>
<td>Magnus Unger</td>
<td>110,000</td>
</tr>
<tr>
<td>Roosgruppen AB</td>
<td>100,000</td>
</tr>
<tr>
<td>Länsförsäkringar Bergslagen</td>
<td>100,000</td>
</tr>
<tr>
<td>Connecting Capital</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Total 10 largest shareholders</strong></td>
<td><strong>1,820,000</strong></td>
</tr>
<tr>
<td>Others</td>
<td>2,780,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,600,000</strong></td>
</tr>
</tbody>
</table>

The five largest shareholders jointly own 28.0% of the Company’s share capital. The Company currently has approximately 114 shareholders.

At an extraordinary general meeting in the Company held 9 December 2014, it was resolved to issue new shares in the Company and to simultaneously redeem the existing shares in the Company. The current major owners of the Company acquired their holdings by way of participation in the new share issue.

8.3 Transactions with closely related parties

No transactions with physical persons discharging managerial responsibilities in the Company, board members, or affiliates to such persons have been conducted during the history of the Company.

8.4 Shareholdings in the Company held by the board of directors, senior management and Certified Adviser

No member of the current board of directors of the Company, senior management nor the Certified Advisor has any holdings of shares in the Company.

8.5 Share-based incentive programs

The Company has no share-based incentive program.
9 FINANCIAL INFORMATION

The estimates, projections and calculations in this chapter are based on assumptions supported by objective data. The estimates involve risks, uncertainties and other factors that may cause actual developments to differ materially from the anticipated development.

All calculations and estimates are based on current information, which is believed to be correct at the time of preparation of the company description. The Company cannot guarantee the correctness of the calculations, or the quality of the figures and assumptions underlying the calculations. Some of the assumptions made will or may be changed by the board of directors, implying that the calculations made will no longer be correct. Please note that the expected return is not a guarantee of actual return. Actual return is also subject to the investor's tax position and may be affected by future changes in tax legislation.

According to the Company’s communications policy, any significant changes of these forecasts, as well as actual performance deviations from these forecasts, will be immediately disclosed to the market by press release in compliance with the First North disclosure rules.

9.1 Forthcoming information

Year-end report 2014: 2 March 2015
Annual general meeting: 27 March 2015
Half-year report 2015: 28 August 2015
The publication of dates for planned forthcoming information will be disclosed on www.saltangenpropertyinvest.se

9.2 Dividends

Dividends to shareholders are estimated to 9.8% per annum, calculated on total paid-in capital at SEK 460 million. First dividend is expected in 2015 and will thereafter be paid quarterly. Accumulated dividends/pay-outs in the lease period are estimated to 76.5% of paid-in capital. Dividends are dependent on the Company’s distributable reserves and liquidity situation in the lease period, and dividends may be subject to lenders’ approval or certain covenants in the financing documentation.

9.3 Financial outlook of the Group

All the Group’s revenues derive from the lease agreement with the Tennant. The income of the Group is therefore highly predictable during the term of this lease agreement. The rental income for 2015 is expected to be SEK 79.1 million.

The Group’s direct property cost for 2015 is budgeted to SEK 2.2 million. The Group also expects to incur management and administration costs of SEK 2.8 million. The total property and management costs of the Group are therefore expected to be SEK 5.0 million.

In addition to the property and admin costs, the Group will make interest and amortization payments under its SEK 630 million bank facility (further described below). For 2015, such payments are expected to amount to approximately SEK 25 million.

Based on the above, the Group expects no challenges in meeting its commitments towards stakeholders during the fiscal year 2015.
9.4 Description of debt financing

The Group has obtained a debt facility with Swedbank. The main terms of the debt facility outlined in the signed term sheet are as follows:

Main terms of signed term sheet

<table>
<thead>
<tr>
<th><strong>Lender:</strong></th>
<th>Reputable Swedish bank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Borrower:</strong></td>
<td>Target</td>
</tr>
<tr>
<td><strong>Guarantor:</strong></td>
<td>Company</td>
</tr>
<tr>
<td><strong>Amount:</strong></td>
<td>SEK 630,000,000</td>
</tr>
<tr>
<td><strong>Maturity:</strong></td>
<td>5 years</td>
</tr>
<tr>
<td><strong>Interest rate:</strong></td>
<td>3 month STIBOR + 2.00% p.a.</td>
</tr>
<tr>
<td><strong>Amortization:</strong></td>
<td>1 % annually (SEK 6,300,000)</td>
</tr>
</tbody>
</table>
| **Financial covenants:** | - LTV ≤ 68% (with remedy options)  
- ISCR ≥ 200%  
- Minimum liquidity of SEK 6,000,000 |
| **Undertakings:** | - No additional debt and negative pledge provisions  
- Listing of the Shares  
- No dividend payments if in breach of loan agreement |
| **Ownership clause:** | If any person or entity becomes the owner of more than 30% of the Shares or controls more than 30% of the voting rights of the Company, the bank may accelerate repayment of the loan |
| **Security package:** | Security package customary for real estate property financings, including a mortgage over the Property and a pledge over the shares of the Target. There are existing mortgage deeds corresponding to SEK 843 million on the Property |
| **Initial fee:** | One-time fee of 0.30% of the loan amount (SEK 1.89 million) |

Source: The Company

The Group has purchased a swap for 100% of the floating interest rate exposure under the debt facility. The fixed rate of the debt facility is therefore expected to be determined as the 5 year SEK swap rate at the time of purchase plus the credit margin of 2.00%.

9.5 Legal proceedings

The Group is not a party to any legal, governmental or arbitration proceedings that would have a material effect on the Group’s financial position or profitability, neither has the Group been informed of any claims that could lead to any member of the Group becoming a party to such proceedings.

9.6 Taxes

The Group operates its business, calculates its tax costs and determines to which extent deferred tax claims exist in its financial statements in accordance with its interpretation of the applicable laws in Sweden. There are no open tax issues with the Tax Agency.
10 RISK FACTORS

Prospective investors should be aware that investments in shares are always associated with risks. The financial performance of the Group and the risks associated with the Group’s business are important when making a decision to invest in the Shares. There can be no guarantees or assurances that the Company’s objectives are met and that an investment in turn will generate a positive return for the investor.

A number of factors influence and could influence the Group’s operations and financial performance and ultimately the Company’s ability to pay dividends. In this chapter a number of risk factors are illustrated and discussed, both general risks pertaining to the Company’s operations and material risks related to the Shares as financial instruments. The risks described below are not the only ones the Group is exposed to. Additional risks that are not currently known to the Company, or that the Company currently considers to be immaterial, could have a material adverse effect on the Group’s business. The order in which the risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their relative significance.

10.1 General risk factors

It should be emphasized that an investment in the Company is subject to risk. Investors should be aware of the fact that such investment might involve loss. Such loss will be limited to each investor’s investment in the Company. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment. The list below comprises the most important risk factors related to this project. All of these risk factors are important, and the risk factors are not listed in order of importance.

10.2 Limited or no substantial operating history

The Company is in a development stage and has recently been formed for the purpose of carrying out the business plan contained in this Company Description. Although the Asset Manager has many years’ experience in the business sector, the Company is new and as such has no operating history.

10.3 Market risk

Real estate investment risk is first and foremost linked to the value of the real estate. This risk can thus be defined as those factors that influence property valuations. The main factors are the supply and demand for commercial properties, as well as the yield that investors are willing to accept when purchasing real estate. The real estate market is influenced by the vacancy rate in the market by the end of the lease period. The vacancy rate is influenced by several factors on both a micro and macro level. Negative changes in the general economic situation, including business and private spending, may adversely affect the demand for logistics space. The free capacity is also influenced by construction and refurbishment activity. Further, the real estate market is influenced by the demand for the type of real estate that the Group owns. During certain periods there might be fierce competition for a few real estate objects, and it might be difficult to purchase desired objects for the desired price. In other periods, it might be difficult to sell real estate objects for the desired price.

10.4 Operational risk

The financial status and strength of the Property’s tenants, and thus their ability to service the rent etc., will always be a decisive factor when evaluating the risk of property companies. Operational risk also include risk related to restrictions in lease contracts, risk related to legal claim from tenants, authorities, including tax authorities and other third parties, risk for increased maintenance costs, risk for decreased technical conditions and risk for hidden defects and emissions.
10.5 Financial risk

Financial risk include, but is not limited to, risk of not achieving the desired leverage ratio, not fulfilling loan obligations, interest rate fluctuations, risk related to effects of fair value adjustments and changes in laws and rules regarding tax and duties. Furthermore, risk related to refinancing the debt when the bank loan expires, and that the margin and interest rate may be higher than the current situation. The Company is planning on entering into interest rate hedging (swap agreements), which in the future may have a positive or negative market to market value depending on future interest rate levels. The rental agreement is adjusted annually with 100% of Swedish CPI. Deviations from the estimated CPI may have an effect on liquidity, dividends and expected return.

10.6 Financing risk

The Group is deemed to be sufficiently funded as of the date of this Company Description. However, additional capital needs, due to for example unforeseen costs and/or larger capital expenditures than expected, cannot be ruled out.

10.7 Refinancing risk

At maturity of the Group’s debts, the Group will be required to refinance such debt. The Group’s ability to successfully refinance such debt is dependent on the conditions of the financial markets in general at such time. As a result, the Group’s access to financing sources at a particular time may not be available on favourable terms, or at all.

The Group will also, in connection with a refinancing of its debts, be exposed to interest risks on interest-bearing current and non-current liabilities. Changes in interest rates on the Group’s liabilities will affect the Group’s cash flow and liquidity. The Group’s inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group’s business, financial condition and results of operations. The bank loan has a loan maturity of 5 years.

10.8 Compliance with loan agreements

The loan agreement the Group expects to enter into will make the Group subject to a number of covenants dictating what actions the Group may and may not take. Should the Group breach these covenants, additional financing costs result and the debt may be accelerated, resulting in the bankruptcy and liquidation of the Group. Such events would negatively affect the Group’s financial condition and return on the Shares.

The loan agreement the Group expects to enter into is expected to include an ownership clause, allowing the lender to accelerate the debt should any legal person’s right to acquire or control more than 30% of the capital and voting rights of the Company. Should any person acquire or obtain such ownership or control, the full amount outstanding under the loan agreement may be declared due and payable at short notice.

10.9 Deviation from forward-looking statements

This Company Description contains forward-looking statements based on current expectations which involve risks and uncertainties. The actual results could differ materially from the results anticipated in these forward-looking statements as a result of many factors, including, but not limited to, the risk factors set forth in this chapter and elsewhere in this Company Description. The cautionary statements made in this Company Description should be read as being applicable to all forward-looking statements wherever they appear in this Company Description.
10.10 Risk related to swap terms

The Group’s debt under the Debt Facility is planned to be fully hedged for five years, through a 5 year interest rate swap. The investor is aware of that the projected budget, which this presentation is based upon, might change depending on the SWAP rate by the date of settlement.

The Group may, upon discussion with the new board of directors of the Company consisting of new investors, deviate from the planned structure for the loan and interest fixing, with regards to: 1) time to maturity, 2) duration for swap the agreement(s), 3) allocation of floating interest and swap agreement(s), and 4) the scheduled time for entering into the swap agreement(s).

10.11 Pollution risk

While the technical due diligence completed by WSP has not revealed any pollution issues with the Property, there can be no guarantee that such issues do not exist. The Company will seek to get guarantees from Tribona for risk concerning pollution in line with current market terms. The risk for unknown pollution will remain with the Group. Hence, there is a risk that the Group could be responsible for paying damages or cover any costs for potential clean-up of the Property.

10.12 Environmental risk

Although no environmental issues have been addressed to this date, there is a risk that the Group will be subject to claims by public authorities or third parties as a result of environmental or other damages related to the land and the Property.

10.13 Increased maintenance costs

The estimated maintenance and capital expenses on which the forward-looking statements have been calculated are based upon information from Tribona, historic maintenance costs and capital expenses for the Property and a technical due diligence conducted on the Property. There is a risk that the maintenance costs and capital expenses for various reasons may exceed the estimated maintenance costs and capital expenses presented herein.

10.14 Geographic risk

This Company Description contains certain market information relating to the property market in Sweden in general, and Västerås in particular. Market values of logistics buildings in the area may decline in the future and negatively impact the return of the Shares.

10.15 Management risk

The Group is initially dependent upon the Asset Manager for the implementation of its strategy and the operation of its activities. Although the Asset Management Agreement is non-terminable by the Asset Manager during the first 4 years from completion of the acquisition of the Target (with some exceptions), and, unless terminated 6 months’ prior to expiry of the term, automatically is prolonged for an additional 4 years, there is an uncertainty with regard to the management of the Group in the event of a termination of the Asset Management Agreement. In addition, the Group may depend upon the services and products of certain other consultants, contractors and other service providers in order to successfully pursue the Group’s business plan. Finally, there is a risk that the fees connected to the Asset Management Agreement with the Asset Manager, as well as arrangements with the Manager, could have an adverse effect on the Group’s financial condition.

10.16 Property risk

Returns from the Property will depend largely upon the amount of rental income generated from the Property, the costs and expenses incurred in the maintenance and management of the Property, necessary investments
in the Property and upon changes in its market value. Rental income and the market value for properties are generally affected by overall conditions in the economy, such as growth in gross domestic product, employment trends, inflation and changes of interest rates. Both property values and rental income may also be affected by competition from other property owners, or the perceptions of prospective buyers and/or the attractiveness from tenants, convenience and safety of the Property.

10.17 Tenant dependency

The Property currently has one Tenant upon which the Company's income is dependent. Hence, the Tenant's finances and financial strength and ability to service the rent in a satisfactory manner is critical for the investment. Please refer to chapter 6.1 (The Lease Agreement and ICA) for a more detailed description of the lease agreement.

10.18 Lease renewal and assignment risk

Should the Tenant choose to vacate the building after the current lease agreement expires, there are risks involved with obtaining a new tenant/tenants for the Property. New potential tenants might imply higher counterparty risks, and the Group's ability to successfully negotiate a new lease contract on favourable terms is dependent upon the general condition of the real estate market at such time. Under Swedish Law, and also under the lease agreement, the Tenant may be entitled to assign the lease agreement in connection with a transfer of the business at the time carried out in the premises, to the acquiring party. Should the Group object to such assignment, the Tenant may apply for approval with the Swedish Rent Tribunal. An assignment shall not be granted by the Swedish Rent Tribunal if the Landlord has justified cause (Sw. befogad anledning) not to accept the new tenant, e.g. if the new tenant is not considered creditworthy.

Further, the premises may have to be renovated and adjusted to serve several tenants instead of a single tenant. Such investments could affect the Group's financial condition and equity returns negatively. There could also be a period when the Property has no tenant and consequently no income, which would affect the Group's financial condition and equity returns negatively.

10.19 Terminal value risk

Property and property related assets are inherently difficult to appraise due to the individual nature of each property and due to the fact that there is not necessarily a liquid market or clear price mechanism. As a result, valuations may be subject to substantial uncertainties. There is a risk that the estimates resulting from the valuation process will not reflect the actual sales price. Any future property market recession could materially adversely affect the value of the Property.

10.20 Risk related to future share issues

If the Company would need additional capital in the future, lack of participation from investors pose a risk to the Company's financial position. Investors who do not participate in future issues will risk having their ownership diluted.

10.21 Legal and regulatory risks

Investments in the Shares involve certain risks, including the risk that a party may successfully litigate against the Group, which may result in a reduction in the assets of the Group. However, the directors and the relevant managers of Tribona are on the date hereof not aware of any pending litigation against the Target.

Changes in laws relating to ownership of land could have an adverse effect on the value of Shares. New laws may be introduced which may be retrospective and affect environmental planning, land use and/or development regulations.
Government authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use and zoning and planning restrictions, environmental protection and safety and other matters. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from the Company, as well as adversely affecting the value of the Property. Government authorities could use the right of expropriation of the Property if the requirements for expropriations are satisfied. Any expropriation will entitle the Group to compensation but the Group’s financial condition may, irrespective of such compensation, be negatively affected.

10.22 Liquidity of the Shares

The intention is that the Company will apply for listing of the Shares on First North at Nasdaq Stockholm, following completion of the Transaction. However, there is a risk that the Shares will not be admitted to trading. Further, even if the Shares are admitted to trading on First North at Nasdaq Stockholm, there is a risk that active trading in the Shares will not occur and hence there is a risk that a liquid market for trading in the Shares will not occur or be maintained. Furthermore, the subscription price of the Shares in the Equity Issue may not be indicative compared to the market price of the Shares if they are admitted for trading on Nasdaq First North.

Accordingly, investments in the Shares are only suitable for investors who can bear the risks associated with a lack of liquidity in the Shares.

10.23 Dilution in case of a new share issue or share split

In connection with the listing of the Company’s shares on First North at Nasdaq Stockholm, the Shares must be distributed to the public in order to meet the listing requirements of First North at Nasdaq Stockholm. Such distribution may take place by way of a secondary sale of the Shares in the Company to a larger number of shareholders. However, if such secondary sale proves insufficient to meet the requirements of First North at Nasdaq Stockholm, a new share issue or a share split may need to be carried out resulting in a dilution (in respect of number of shares) of the existing (at the time of the issue) shareholders’ holding in the Company. As such new share issue or split would be made on market conditions, there would however be no financial dilution of the Shares.

10.24 Tax risk – the Target

Changes in laws and regulations regarding tax and other duties may involve new and changed parameters applicable to the Target and taxation of the Target at higher levels than as of the date hereof. Changes in tax rules and regulations may reduce the profitability of leasing out Property and the profit after tax for the Target. Any of these matters could have a material adverse effect on the Target’s business, financial condition and results of operations. Please see 10.25 below regarding the new Swedish tax proposal presented by the Corporate Taxation Committee (Sw. Företagsskattekommittén) on 12 June 2014.

10.25 Tax risks – investors

A new Swedish tax proposal (the "Proposal") was presented by the Corporate Taxation Committee (Sw. Företagsskattekommittén) on 12 June 2014. In the Proposal the deductibility of interest and other financial costs is limited. According to the Proposal financial costs exceeding financial income will as a main rule not be deductible. Furthermore, a general deduction of 25% of the taxable profit is proposed. The Proposal is scheduled to be effective no earlier than 1 January 2016. It is not unlikely that the future legislation could differ from the Proposal. The Proposal, as it is written today, has a negative effect on the project budget in relation to current tax rules, ceteris paribus. In addition, it is uncertain whether the Proposal will be enacted as legislation at all.
Additional changes to current Swedish tax legislation, not covered by the Proposal, may in the future occur. Changes in tax rules and regulations may involve new and changed terms for investors, and might result in reduced profitability of the investment.

10.26 Risk related to the classification of taxable depreciation values

This Company Description is based on a tax residual value on the building of SEK 165.8 million and tax value on furniture and fixtures of SEK 124.8 million. A depreciation rate of 4% has been assumed on the building, and a depreciation rate of 20% has been assumed on furniture and fixtures. If the tax values and/or the actual allocation differs from the above, payable tax may change from the estimates in the project budget.

10.27 AIFM risk

The Alternative Investment Fund Managers Directive 2011/61/EU is recent, and there are still some unresolved/unclear issues regarding how to interpret the directive. The directive is implemented in Sweden. The Company has deemed itself to fall outside of the scope of the AIFM Directive due to its industrial purpose, i.e. because the Company shall indirectly generate returns through the Property operations in the market and not necessarily by divesting the Property. However, there is a risk that the Company may be considered an AIFM, which would among other result in additional costs to a depositary and a manager.

The factors mentioned above are not comprehensive and there may be other risks that relate to or may be associated with an investment in the Company.
SUPPLEMENT 1, ARTICLES OF ASSOCIATION

N.B. The English text is an unofficial translation.

Bolagsordning för Saltängen Property Invest AB (publ)
*Articles of association of Saltängen Property Invest AB (publ)*

Org nr 556980-6325
Reg. No. 556980-6325

Antagen på bolagsstämma den 9 december 2014.
Adopted at the general meeting held on 9 December 2014.

§ 1 Bolagets firma / *Name of the company*
Bolagets firma är Saltängen Property Invest AB (publ).
The name of the company is Saltängen Property Invest AB (publ).

§ 2 Styrelsens säte / *Registered office*
Styrelsen har sitt säte i Stockholm.
The registered office of the company is situated in Stockholm.

§ 3 Bolagets verksamhet / *Objectives of the company*
Bolaget ska i egen regi eller genom hel- eller delägda dotterbolag genomföra sin affärsstrategi att för aktieägarna långsiktigt generera vinst genom att hyra ut lokallägenheter i fastigheter som ägs av Bolaget eller dess hel- eller delägda dotterbolag eller som annars disponeras av dessa bolag; samt i samband därmed förvärva fast egendom och bedriva annan därmed förenlig verksamhet.
The company shall, in its own capacity or through wholly or partly owned subsidiaries, implement its business strategy to generate long term profit for the shareholders through rental of premises in real property owned by the company or its wholly or partly owned subsidiaries, or that is otherwise utilized by these companies; and in connection therewith acquire real property and conduct business related thereto.

§ 4 Aktier och aktiekapital / *Shares and share capital*
Aktiekapitalet utgör lägst 4 000 000 kronor och högst 16 000 000 kronor. Antalet aktier ska vara lägst 4 000 000 kronor stycken och högst 16 000 000 stycken.
The share capital shall be not less than SEK 4,000,000 and not more than SEK 16,000,000. The number of shares shall be not less than 4,000,000 and not more than 16,000,000.

§ 5 Styrelsen / *The board of directors*
Styrelsen ska bestå av 3 - 10 ledamöter med högst 10 suppleanter.
The board of directors shall comprise 3 -10 members and not more than 10 alternate members.

§ 6 Revisorer / *Auditors*
Bolaget ska ha 1-2 revisorer med högst 2 revisorssuppleanter eller ett registrerat revisionsbolag.
The company shall have 1-2 auditors and not more than 2 alternate auditors or a registered accounting firm.
§ 7 Kallelse till bolagsstämma / Notice to general meeting
Kallelse till bolagsstämma ska ske genom annonsering i Post- och Inrikes Tidningar och genom att kallelse hålls tillgänglig på bolagets webbplats. Samtidigt som kallelse sker ska bolaget genom annonsering i Svenska Dagbladet upplysa om att kallelse skett.

Notice to attend general meetings shall be published in Post- och Inrikes Tidningar (the Swedish Official Gazette) and be kept available on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

§ 8 Årsstämma / Annual general meeting
Årsstämma hålls årligen inom sex månader efter räkenskapsårets utgång.

The annual general meeting is held each year within six months of the end of the financial year.

På årsstämma ska följande ärenden förekomma.

The following matters shall be addressed at the annual general meeting.

1. Val av ordförande vid stämman;
   Election of a chairman of the meeting;

2. Upprättande och godkännande av röstlängd;
   Preparation and approval of the voting register;

3. Godkännande av dagordning;
   Approval of the agenda;

4. Val av en eller två justeringspersoner;
   Election of one or two persons to attest the minutes;

5. Prövning av om stämman blivit behörigen sammankallad;
   Determination of whether the meeting was duly convened;

6. Föredragning av framlagd årsredovisning och revisionsberättelse samt, i förekommande fall, koncernredovisning och koncernrevisionsberättelse;
   Presentation of the annual report and auditor's report and, where applicable, the consolidated financial statements and auditor's report for the group;

7. Beslut om
   Resolutions regarding

   (a) fastställande av resultaträkning och balansräkning, samt, i förekommande fall, koncernresultaträkning och koncernbalansräkning,
   adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet;

   (b) dispositioner beträffande vinst eller förlust enligt den fastställda balansräkningen,
   allocation of the company's profit and loss according to the adopted balance sheet;

   (c) ansvarsfrihet åt styrelseledamöter och verkställande direktör när sådan förekommer;
   discharge from liability for board members and the managing director, where applicable;
8. Fastställande av styrelse- och revisorsarvoden;  
*Determination of fees for the board of directors and the auditors;*

9. Val av styrelse och, i förekommande fall, revisionsbolag eller revisorer;  
*Election of the board of directors and, where applicable, accounting firm or auditors;*

10. Annat ärende, som ankommer på stämman enligt aktiebolagslagen eller bolagsordningen.  
*Any other business incumbent on the meeting according to the Companies Act or the articles of association.*

§ 9 Räkenskapsår / *Financial year*  
Bolagets räkenskapsår ska vara kalenderår.  
*The company’s financial year shall be calendar year.*

§ 10 Avstämningsförbehåll / *Central security depository clause*  
Bolagets aktier ska vara registrerade i ett avstämningsregister enligt lagen (1998:1479) om kontoföring av finansiella instrument.  
*The company’s shares shall be registered with a central security depository register, pursuant to the Swedish financial instruments accounts act (SFS 1998:1479).*