ANNUAL REPORT

23 November 2017 – 30 June 2018

Cibus

Converting food into yield

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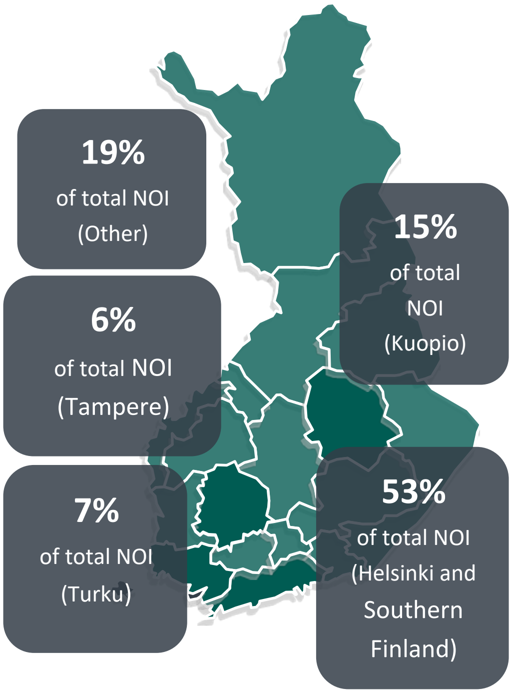
Pages 21-45 include Cibus's financial statements and consolidated financial statements Cibus and have been audited by Deloitte AB. The auditor's report can be found on pages 46-48.

CIBUS NORDIC REAL ESTATE

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

As of 30 June 2018, the company owns a portfolio of 123 properties in Finland, with 437,857 square metres of lettable area. The main tenants are Kesko (anchored in 58 % of the properties), Tokmanni (anchored in 25 %) and S-Group (anchored in 8 %). An additional 6% of the properties are leased to other daily-goods operators, including Lidl.



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

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

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

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

768

MEUR property value

437,857

square metres lettable area

123

properties

95%

occupancy rate

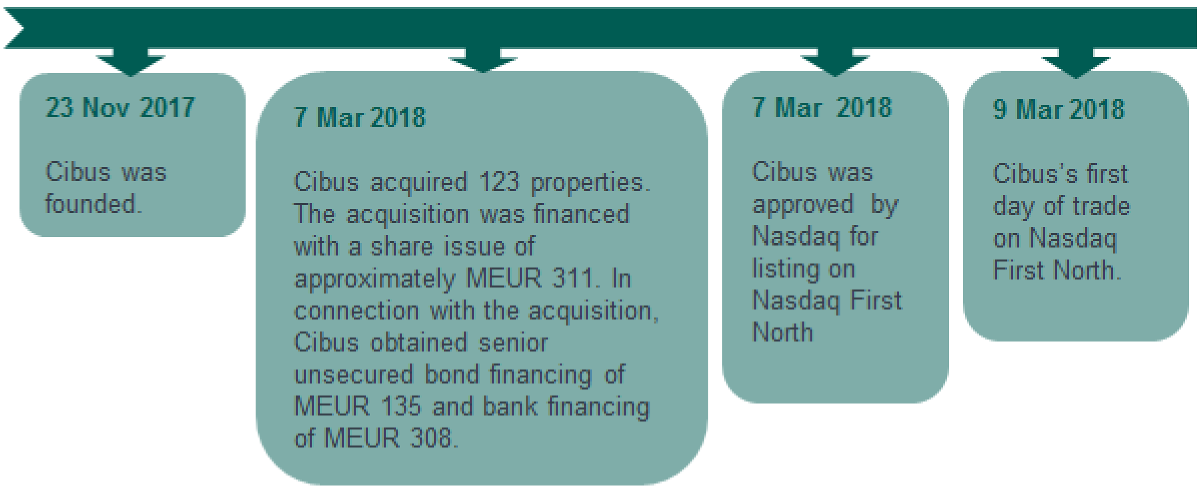
SUMMARY OF THE PERIOD

TEUR	2017/2018
Income	17 504
Property expenses	-3 390
Net rental income	**14 114**
Central administration	-1 451
Net financial costs	-4 466
Operating income	**8 197**
Changes in value properties	30 275
Changes in value derivatives	-199
Profit before tax	**38 273**
Tax	-5 372
Profit for the year	**32 901**

	2017/2018
Number of properties	123
Leasable area, sq. M.	437,857
Market value properties, TEUR	767,879
EPRA NAV per share, EUR	11.0
Economic occupancy rate, %	95.0
Surplus ratio, %	95.6
Solvency rate, %	42.2
Loan to value ratio,%	57.7
Interest coverage ratio, %	2.7
Return on equity, %	9.9
Dividend per share & quarter, EUR*	0.2

*The dividend proposed to be payable during three quarters until next AGM.

Definitions on page 43.



45.8

MEUR NOI 1 July

8%

dividend yield on IPO share price

30.3

MEUR increase in property value

3 May 2018

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

27 Jun 2018

Cibus MEUR 135 bond was approved by Nasdaq for listing on Nasdaq First North.

27 Jun 2018

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

2 Jul 2018

Cibus acquired three assets to its portfolio in Finland. The acquisition had an increasing effect on the company's cash-flow.

The transaction took place after the end of the financial year.

CEO COMMENT

AN EXCELLENT BEGINNING WITH AMBITION FOR CONTINUOUS GROWTH

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

At a time when retail in general is challenged by e-commerce, we feel confident that our niche of properties anchored by high quality grocery- and daily-goods tenants will provide us with a stable cash flow on a long-term basis. The market of groceries and daily-goods is proven to be resilient to economic cyclicality and e-commerce, and the fantastic distribution network of grocery stores even benefits from increasing e-commerce due to increasing numbers of parcels to be picked up, pharmacy products and other services that the grocery stores today provide to the consumers. As a result, the grocery stores become even more so an important service centre in residential areas.

With a portfolio with a market value of MEUR 767 879 Cibus becomes a strong player that can act as a partner to our high-quality grocery and daily-goods tenants. Further, the large number of stores gives us a high degree of diversification and stability, with each store having a low impact on the overall portfolio

We have started this first, although extremely short, financial year, with high activity on the asset management side. As a result of this we prolonged all shorter contracts with Tokmanni, increasing the duration of all Tokmanni contracts by approximately five years. The duration of all Tokmanni contracts was per June 30 approximately seven years. On July 2 we made our first additional acquisition consisting of three properties in Finland, anchored by Lidl, Tokmanni and Halpa-Halli. This acquisition gave us a small but a positive effect on our cash flow.

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

September 2018

Lisa Dominguez Flodin

CEO

INVESTMENT CASE

INVESTING IN CIBUS

Cibus Nordic Real Estate is a real estate company focusing on supermarket-sized grocery and daily-goods properties in the Nordics with the long-term objective to provide a stable and high return.

The targeted segment of grocery and daily-goods anchored properties is generally stable and high yielding. For this very reason portfolios in this segment have been targeted over the past few years by institutional owners. Examples in the Nordics include Trophi Fastighets AB (owned by AP3), Mercada Oy (co-owned by AMF, Ilmarinen, and Kesko), Ancore Fastigheter AB (co-owned by Alecta and ICA), and Secore Fastigheter AB (co-owned by AP1 and ICA).

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

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

- ✓ **Strong macro fundamentals in the Nordic region**
- ✓ **The grocery and daily-goods industry is stable and predictable**
- ✓ **The grocery and daily-goods industry is resilient to e-commerce**
- ✓ **The network of stores forms a strategic distribution network ideal for post and other services, which provides an advantage with respect to e-commerce**
- ✓ **Projected dividend of 8% per year on IPO price, with moderate loan-to-value (LTV) ratio of 58%**
- ✓ **Weighted average unexpired lease term (WAULT) of 5.1 years with market-leading and high-performing tenants, such as Kesko, S-Group, and Tokmanni, anchoring > 90% of the portfolio**
- ✓ **The expiration of the leases is evenly spread**
- ✓ **A large number of same-sized properties provide limited single-asset risk**
- ✓ **Two-thirds of the portfolio is located in the Helsinki region and southern Finland**
- ✓ **Strict cost control given the high cost coverage from tenants**
- ✓ **Value-add potential through active and experienced management and add-on acquisitions**

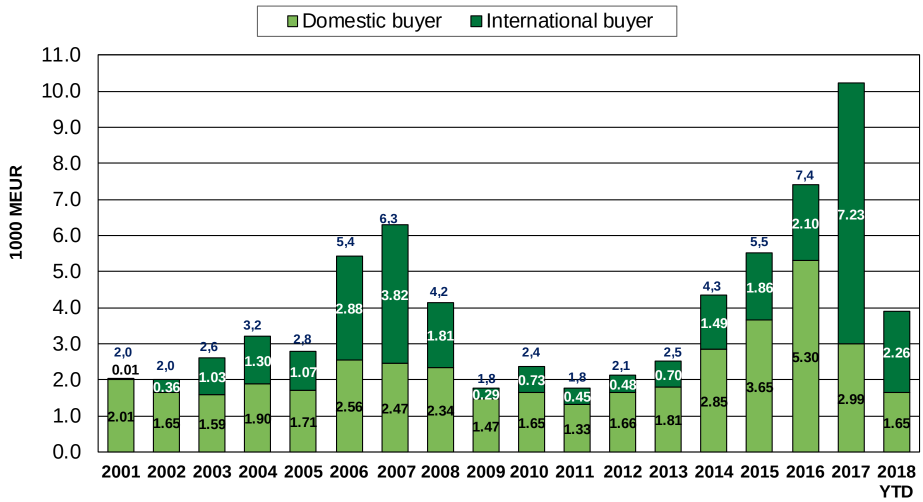
MARKET

MARKET OVERVIEW

From a macroeconomic point of view, the strengthening economy has clearly supported the real estate market and continues to do so.

In the Nordics as a whole, the activity level in the transaction market has been on par with 2017, with the investment volume for the first half of 2018 amounting to just over EUR 20 billion. The full-year transaction volume is forecast to reach above EUR 40 billion. In Finland, the transaction volume for the first half of 2018 reached EUR 3.9 billion, with office and retail being the most traded property type with 25% and 31% of the total volume respectively. Foreign investors are continuously active and accounted for nearly 60% of the total volume during the first half of 2018. Compared to many other European countries, the Finnish economic cycles are lagging and yields in Finland have remained higher, which has further boosted foreign interest in the market. Finland is now simultaneously showing declining yield levels and a positive development of rental levels, which is creating an intriguing environment for the real estate sector.

Transaction volume in the Finnish market



Source: KTI

GDP growth in the Nordic countries is expected to stay at a slightly higher level than the euro zone average. It is not very surprising that Finland, the country that saw nearly a decade of stagnation, is the Nordic country with the most positive growth outlook for the coming few years. In 2018, GDP is forecast to increase more than 3%, showing resilience in an otherwise globally hesitant environment.
Source: Pangea Research, KTI, National Statistics Offices

Nordics, GDP growth *Year-on-year percentage change*	2017	2018	2019	2020
Finland	**2.8**	**3.1**	**2.3**	**2.3**
Sweden	2.3	2.9	2.4	2.3
Norway	2.0	1.4	2.4	2.4
Denmark	2.3	1.5	2.5	2.0

Source: National statistics offices, SEB

OPERATIONS

EARNINGS CAPACITY

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

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

CURRENT EARNINGS CAPACITY, TEUR

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

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

- ✓ Rental income based on signed lease contracts on an annual basis (including service charges and potential rental discounts) as well as other property-related income as per July 1 2018 according to current lease agreements.
- ✓ Property expenses based on a normal and annual operating year and maintenance. Property expenses are including property-related administration. Property tax is calculated based on the current tax values of the properties. Property tax is included in the Property expenses item.
- ✓ Central administration costs are calculated based on the current organisation and the current size of the property portfolio.
- ✓ Financial income and expenses are calculated based on Cibus's actual weighted average interest rates as per July 1, 2018*, but has however of been adjusted for effects regarding accruals of balanced borrowing costs.

Comments regarding the current earnings capacity

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

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

OPERATIONS

BUSINESS CONCEPT AND GOALS

Cibus is a real estate company founded in 2017. The company's business concept is to acquire, develop and manage high-quality properties in the Nordics with reputable grocery- and daily-goods store chains as their anchor tenants.

Our MEUR 768 portfolio is managed under a pure play Nordic grocery-anchored real estate strategy comprising 123 units in strategic locations. We leverage our expertise and status as a trusted partner to leading grocers wherever we identify opportunities across the sector.

We currently control and operate one of Finland's largest and most strategic distribution networks for grocery trade services together with market-leading grocery players, such as Kesko and S-Group. Supermarkets account for a majority of grocery sales in Finland, and represent the store type that dominates the portfolio

The company aims to deliver a high and non-cyclical dividend level to its shareholders, achieved through stable profitability in the underlying property portfolio. Cibus targets an initial dividend distribution corresponding to 8% of the IPO price of EUR 10 per share.

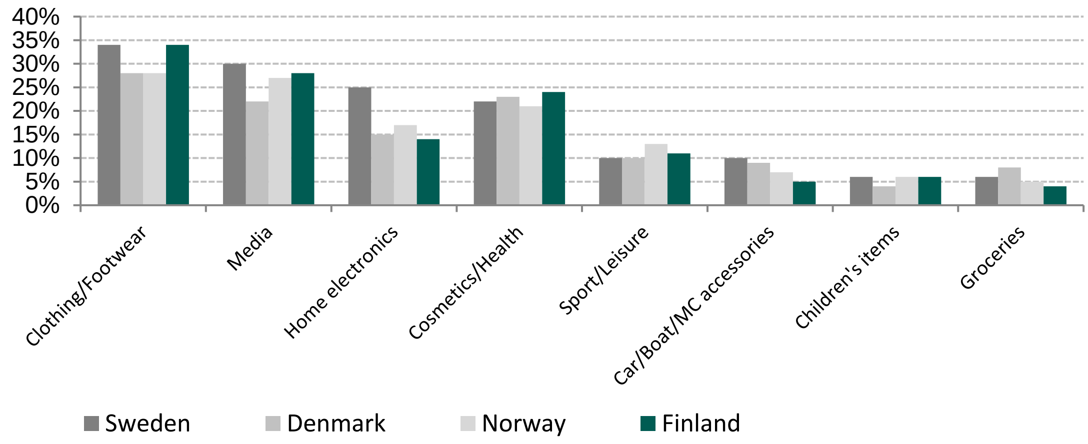
Daily-goods properties generally have two main characteristics that distinguish them from most if not all other types of retail properties. These characteristics are:

- ✓ Non-cyclical nature of the business
- ✓ Resilience towards e-commerce (actually benefitting from e-commerce)

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

Of all items sold online, the least frequent purchase is groceries with a share of only 4% in Finland. The most frequent purchases in Finland are clothing and footwear (34%), followed by media products (28%).

Share of e-commerce sales



Source: PostNord

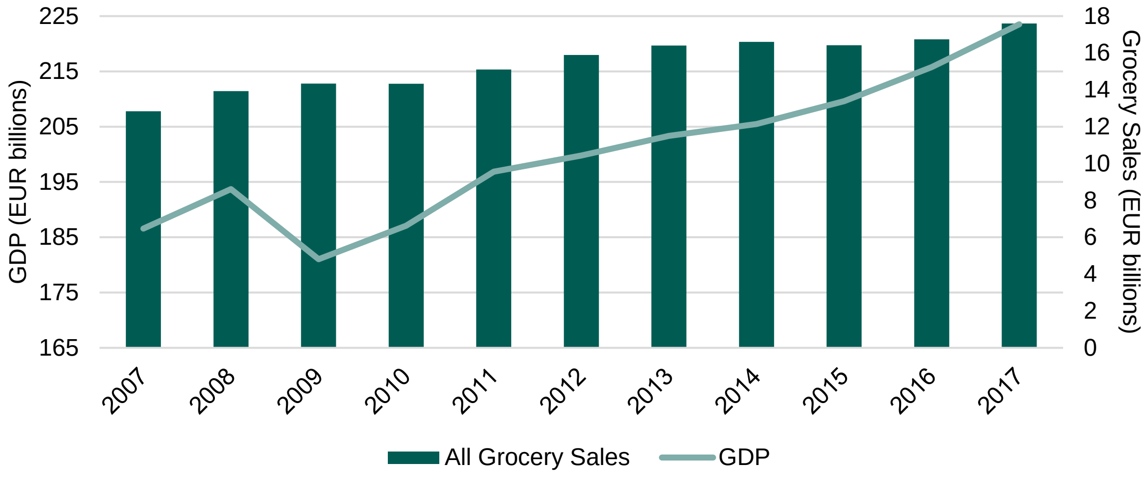
The table above shows the share of different items as a percentage of all items sold online. Groceries sold online in Finland account for less than 0,5% of all groceries sold in Finland. This means that there are more than 200 times more goods sold in physical stores than online. At the same time, few operators worldwide have found a profitable way to sell groceries online in a profitable way. This makes daily-goods one of the areas within retail that are most resilient towards the effect of e-commerce on physical stores.

OPERATIONS

FINLAND

The Finnish grocery sales industry is predictable, resilient, and dominated by a low number of high-quality tenants.

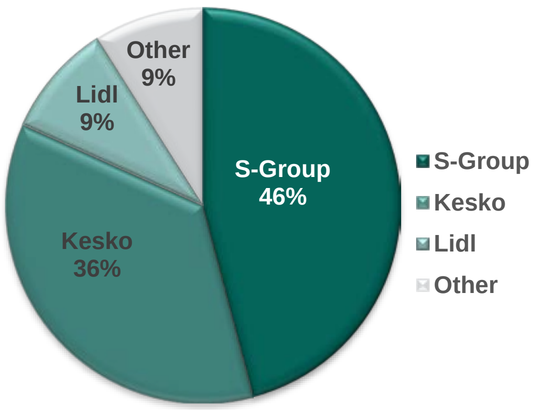
Regardless of domestic economic changes and macro-economic worries, people will continue to demand certain household items on a recurring basis. Food, toothpaste, soap, laundry detergent, toilet paper and paper towels are examples of items which are often in demand and considered consumer staples. These consumer staples must be purchased somewhere, and many of those purchases occur at grocery stores or large retail chains. The general grocery market has proven to be resilient to economical downturns and is therefore a predictable industry. Although the Finnish economy has experienced downturns, especially during the latest global financial crisis in 2008/2009, Finnish grocery sales have continued to grow, which is demonstrated in the graph below.



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

Share of grocery sales in Finland 2017

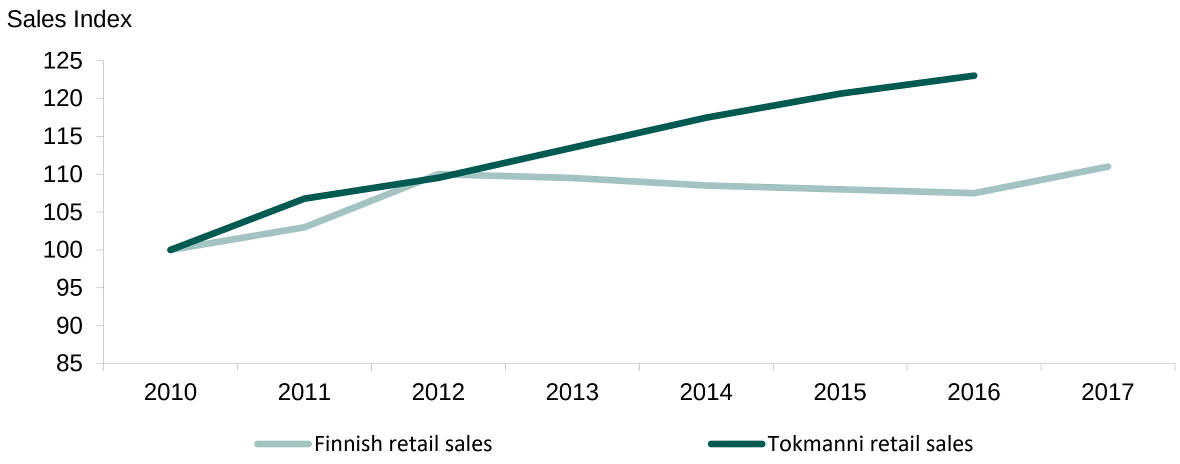
Average annual retail sales growth in Finland amounted to 3.5% from 1996 until 2017. The Finnish grocery market is dominated by two grocery chains, S-Group and Kesko, which jointly account for about 82% of the Finnish grocery retail market, measured in sales of grocery goods. Below is a summary of Finnish grocery sales by operator in 2017.



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

Finnish retail sales and Tokmanni sales (indexed 2010=100)

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



Sources: Nordea Research, Tokmanni

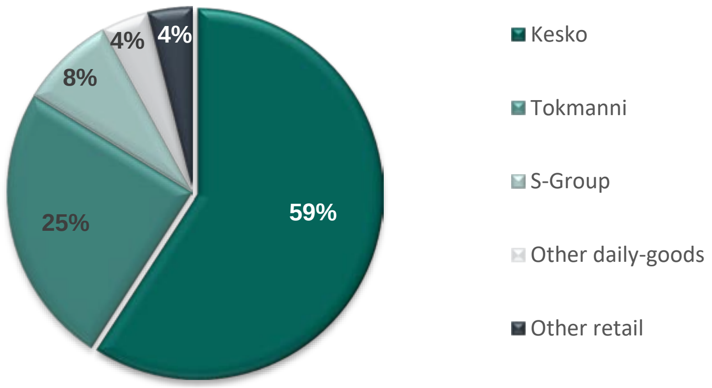
At the same time, the network of daily-goods stores has been designed to form an efficient distribution network to reach as many people as possible. Customers also tend to visit the stores several times a week. Therefore, supermarket-sized daily-goods stores easily become natural distribution sites for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

OPERATIONS

TENANTS AND LEASE STRUCTURE

Tenants

More than 90% of the rental income from Cibus's properties is anchored by Kesko, Tokmanni and S-Group. Other daily-goods tenants include Lidl and independent grocers. Rental income derived from properties anchored by type of tenant is shown in the graph below.



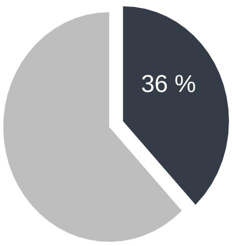
Tenant introduction

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

KESKO

Kesko assets, share of total rental income are 59%.

Kesko's market share is approx. 36% of grocery sales.



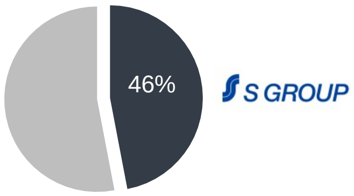
- ✓ Kesko operates within three segments; grocery trade (58%), building and technical trade (32%), and car trade (10%)
- ✓ ~80% of total net sales derive from Finland
- ✓ In the Finnish market, independent K-retailers run retail stores in Kesko's chains
- ✓ All lease agreements with Cibus are signed with Kesko's parent company and Ruokakesko Oy.

Sources: Kesko Annual report 2017, Finnish Grocery Trade Association

Core business	Grocery
No. of FTEs	37,000
Sales/EBITDA (2017)	MEUR11,273 / 500 (4.5%)*
Core market	Finland (FI)
Market share (FI)	46% (of grocery)
No. of stores	~1,600
Owners	20 independent regional cooperatives
Market cap	N/A; privately owned company

S GROUP

S-Group assets share of total rental income is 8%.
S-Group's market share is approx. 46% of grocery sales.



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

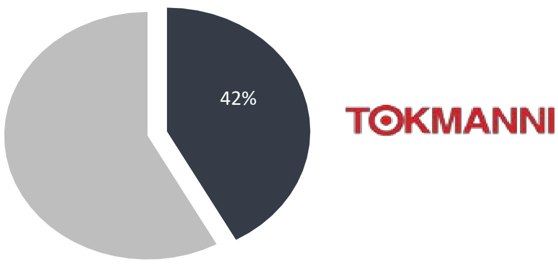
**S-Group does not present its EBITDA figure. MEUR 500 is Cibus's estimate. S-Group's EBIT amounts to MEUR 296, equivalent to an EBIT-margin of 2.6% in 2017.*

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

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

TOKMANNI

Tokmanni assets, share of total rental income are 25%.
Tokmanni's market share is approx. 42% discount retail.
Tokmanni's market share is approx. 2% of grocery sales.

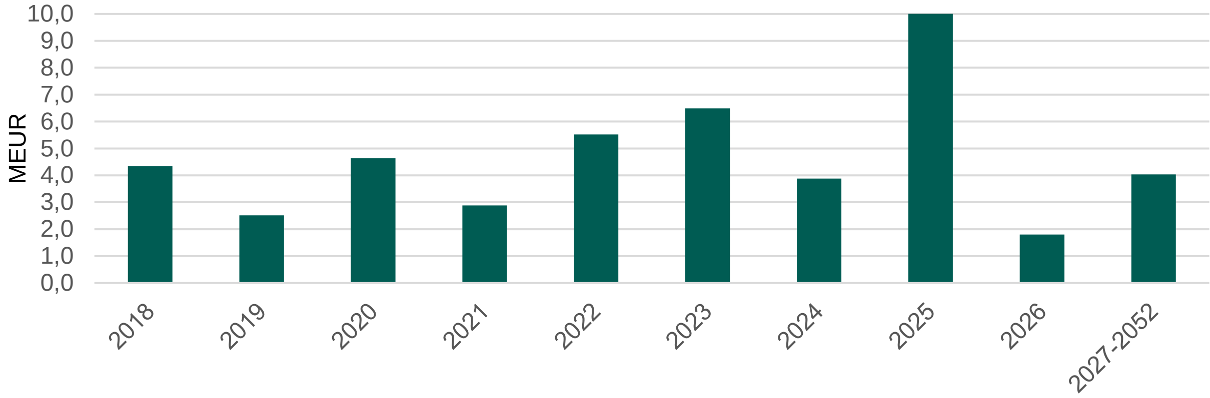


- ✓ Tokmanni is the largest general discount retailer in Finland measured by number of stores and revenue
- ✓ Tokmanni is also the largest discount retailer in the Nordics in terms of net sales, followed by the Swedish retailer Jula and the Norwegian retailer Europris
- ✓ Discount retailers are generally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

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

Summary of lease agreements

The lease expiry schedule, as presented below, is perceived to be balanced and well-distributed over the coming years. The typical lease agreement contains a renewal option clause, where the tenant can renew the lease, typically for three or five years, at the same terms. The table below presents the expiry schedule if no options are ever used. As the options are typically used and there are more or less an equal number of leases up for renewal each year, the average lease length is likely to remain quite stable over time.



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

Triple-net lease:

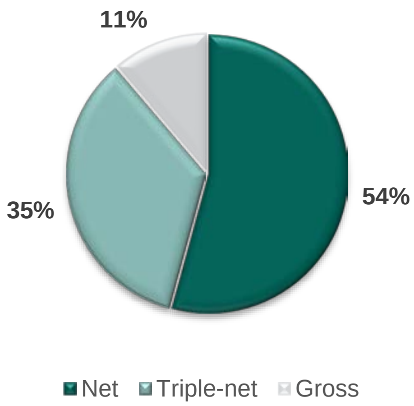
The tenant is responsible for all property-related costs.

Net lease:

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

Gross lease:

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



OPERATIONS

THE PROPERTY PORTFOLIO

General overview

As of 30 June 2018, Cibus's property portfolio comprises of 123 relatively modern retail assets, located in growing regions across Finland. Almost two-thirds of the portfolio is located in the Helsinki region and southern Finland.

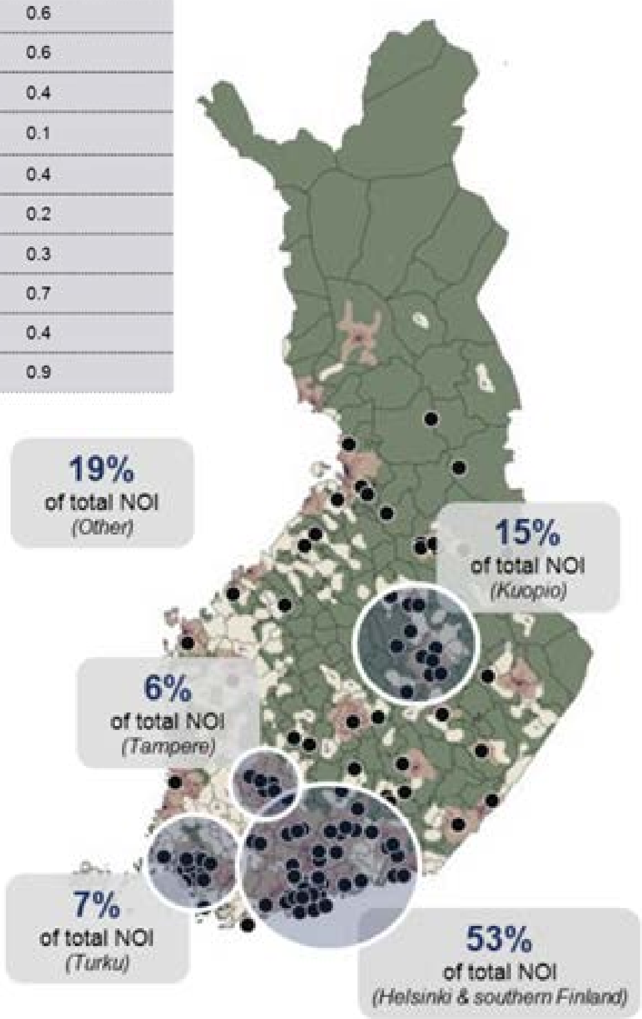
More than 90% of the total rental income is derived from properties anchored by three market-leading tenants, Kesko, Tokmanni and S-Group. The properties are perceived to be well suited and of key importance to, each of the anchor tenants.

Location

The properties are located in more than 70 different cities across Finland of which approximately two-thirds are located in the southern part of the country, with the largest share located in the Helsinki region. The portfolio includes properties located in all of Finland's ten largest cities, creating a healthy platform. As is the case for many other developed countries, Finland is experiencing a national urbanisation with its rural areas becoming depopulated in favour of the larger cities. The map below shows the locations of the properties. As shown on the map almost all of the properties are located in regions with historic positive population growth, as well as regions with a positive forecast of population growth. The average annual estimated population growth between 2018 and 2025 is 0.3%, which is almost 50% more than the estimated growth for the European Union.

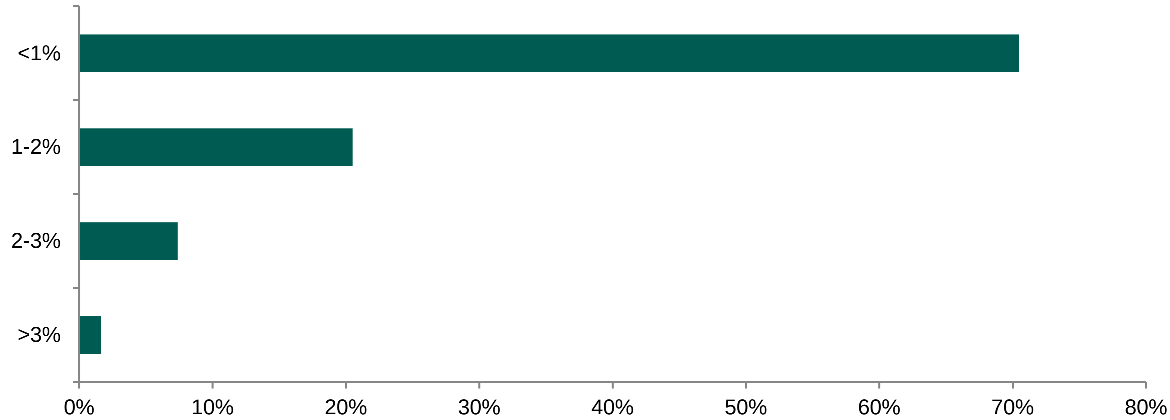
Regions	Population ('000) Jan. 2017	CAGR (%) 2015-2025
Finland total	**5,511**	**0.3**
EU	*511,805*	*0.2*
HMA	1,119	1.0
Tampere	228	0.7
Oulu	201	1.0
Turku	188	0.5
Jyväskylä	139	0.6
Lahti	119	0.6
Kuopio	118	0.4
Pori	85	0.1
Joensuu	76	0.4
Lappeenranta	73	0.2
Hämeenlinna	68	0.3
Vaasa	68	0.7
Rovaniemi	62	0.4
Seinäjoki	62	0.9

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

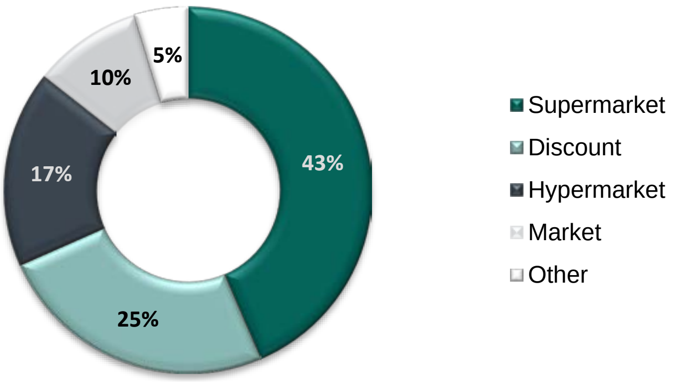


Portfolio diversification

No single property in the portfolio accounts for a larger share than 3.3% of the portfolio's total rental income, which eliminates property dependency. Only 11 of the properties account for more than 2.0% of the portfolio's total rental income. The graph below shows that more than 70% of the portfolio's total rental income, representing 86 properties, derives from properties with a rental value accounting for less than 1% of the portfolio's total rental income. In contrast, only two properties, or approximately 2% of the portfolio, account for a share of the portfolio's total rental income which is larger than 3%.



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



Key figures

Taking in to account the acquisition of three additional properties announced in July, the total yearly net rental income is estimated at approximately MEUR 45.8 based on the portfolio owned on 2 July 2018.

Number of properties*	126
Total lettable area, sq. m	449,000
Lettable area/property, sq. m	3,560
NOI, MEUR	45.8
NOI, EUR/sq. m**	102
WAULT, years	5.1

** See property list. **Excluding supplements and based on occupied premises only.*

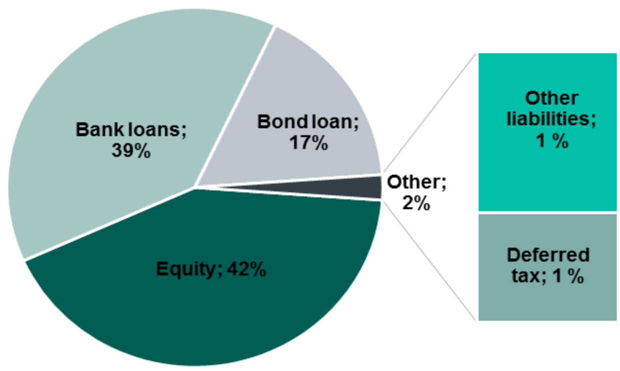
OPERATIONS

FINANCING

Cibus is financed through common equity from shareholders, secured debt from three reputable major Nordic banks and a senior unsecured bond loan.

As of 30 June 2018 the Group held secured bank loans of approximately MEUR 308 with a weighted average floating interest margin of 2,1% + 3m. EURIBOR. These loans are free of amortisation payments.

Cibus has issued an unsecured bond amounting to MEUR 135. The bond matures on 26 May 2021 and carries a floating coupon rate of 4.5% + 3m. EURIBOR.



The bond is listed on the Nasdaq First North Bond Market, and the first trading day was 3 May 2018.

The call period for the bond coincides with maturity of the senior secured bank debt in order to allow the company to restructure its overall debt portfolio in two to three and a half years' time.

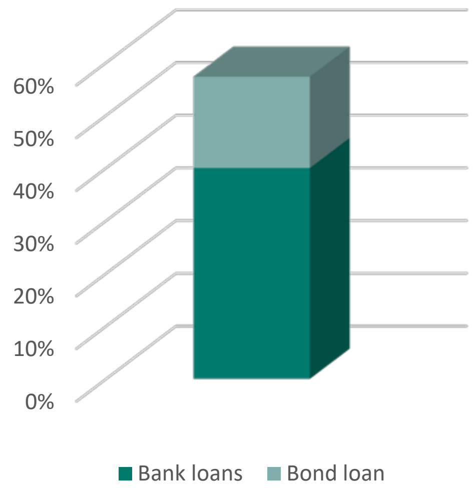
The senior secured bank debt carries an initial all-in interest cost of 2.28% based on the current 3m. EURIBOR interest rates, including costs for hedging using interest-rate caps.

Approximately 69% of the Group's bank loans are hedged using interest-rate derivatives in the form of interest-rate caps.

The average fixed-interest tenor is 2.3 years.

The LTV ratio including the bond loan is 57,7%. The secured bank debt has a LTV ratio of 39%.

The process of renegotiating the existing secured bank debt has already begun, as communicated in press release from Cibus dated 2 July 2018.



OPERATIONS

THE SHARE AND SHAREHOLDERS

Cibus has been listed on Nasdaq First North since 9 March, 2018.

SHARE FACTS, 30 JUNE 2018

Capitalisation: SEK 3.2 billion (MEUR 305, currency rate SEK 10.4213)

Marketplace: Nasdaq First North Stockholm

Number of shareholders: 921

Number of ordinary shares: 31,100,000

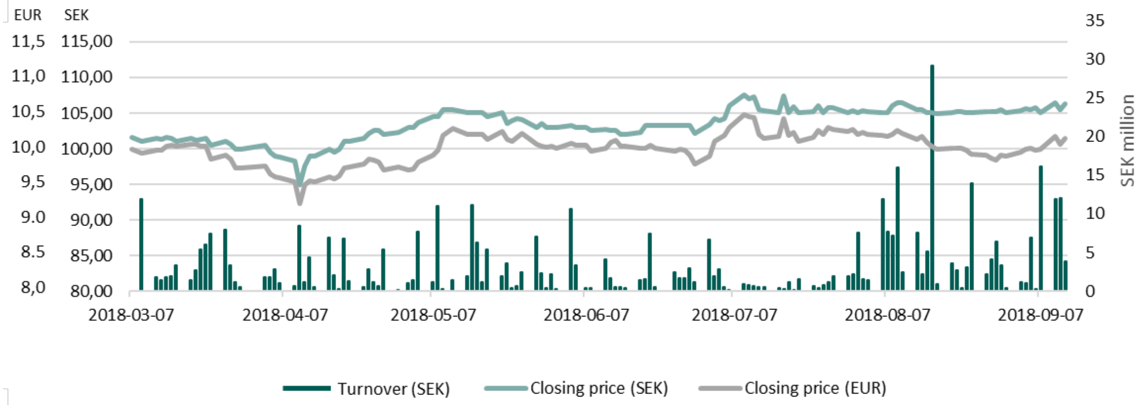
Closing rate: SEK 102.20

ISIN, SE0010832204

The company had 921 registered shareholders as of 30 June 2018. The ten largest shareholders hold 64.9% of the votes. One of these shareholders has a holding that amounted to 10% or more of the votes in Cibus at 30 June 2018. At the same date the number of shares outstanding amounted to 31,100,000.

Share price performance

The share value has been stable since the IPO on 9 March 2018 although the turnover of shares has been quite high, with a weighted average of MSEK 3.5 million per day until 12 September 2018.



Shareholders as per 30 June 2018

	Percentage	No. of shares
SFC Holding S.à r.l.	41.3	12,844,443
Amiral Gestion	6.9	2,150,859
Carnegie Fonder	4.1	1,288,993
Pareto Securities AS	3.7	1,157,618
PGIM Investments	2.5	792,268
Oy Sirius Capital Partners Ab	1.6	500,000
Göran Gustafssons Stiftelser	1.5	460,000
Håkan Roos	1.1	350,000
Nordnet Pensionsförsäkring	1.1	335,401
Fjärde AP-Fonden	1.0	300,000
Total	**64.9**	**20,179,582**
Other	35.1	10,920,418
Total	**100,0**	**31,100,000**

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

This is a translated version of the original Swedish version. In the event of any discrepancies between the two versions, the original Swedish version shall take precedence.

ANNUAL REPORT FOR CIBUS NORDIC REAL ESTATE AB (PUBL)

ADMINISTRATION REPORT

The Board of Directors and the CEO of Cibus Nordic Real Estate AB (publ) (hereinafter “Cibus”), registered in Stockholm, Sweden with company registration number 559135-0599, hereby present the consolidated financial statements and the Parent Company’s annual accounts for the financial year of 23 November 2017 through 30 June 2018. The company’s reporting currency is euro and unless otherwise stated all amounts are in thousand euro (TEUR).

OPERATIONS

Cibus is a Swedish property company that manages, develops and acquires properties in the Nordic region with anchor tenants from the grocery and daily-goods sector. The company’s first acquisition was completed on 7 March 2018 and comprised 123 properties totalling 437,857 square metres with tenants from the grocery and daily-goods sector.

The company’s administration and consolidated financial reporting is conducted from its head office in Stockholm, Sweden by Pareto Business Management. The company’s CEO is Lisa Dominguez Flodin. Property management is handled locally by Sirius Capital Partners and Colliers International handles the financial accounting and facility management. The Group has two employees. The company was founded on 23 November 2017 and lay dormant until 7 March 2018 when possession was taken of the properties. This is the Group’s first financial year and the company’s shares have been traded on Nasdaq First North since 9 March 2018.

BUSINESS CONCEPT, GOALS AND STRATEGY

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

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

PROPERTY PORTFOLIO AND TENANTS

At 30 June 2018, the property portfolio comprised 123 properties with a total lettable area of 437,857 square metres.The market value was TEUR 767,879. The holdings consisted solely of retail premises that are mainly used for the grocery and daily-goods sector. The properties are primarily located in growth regions of Finland, with around two-thirds in the south and the south-west of the country. The overwhelming majority of the tenants comprise companies in the grocery and discount retail sector. The market leaders in the grocery sector, Kesko and S-Group, jointly lease two thirds of the company’s properties. Finland’s largest discount retailer, Tokmanni, leases a quarter of the company’s properties. The portfolio’s occupancy rate is 95% and the weighted average unexpired lease term (WAULT) is 5.1 years.

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

KEY FINANCIAL RATIOS, GROUP

Unless otherwise stated all amounts are in thousand euro (TEUR).	**2017/2018***
Rental income	14,756
Net operating income	14,114
Profit from property management	8,197
Net profit after tax	32,901
Earnings per share, EUR	1.1
Total assets	791,885
Cash and cash equivalents	17,408
Market value of properties	767,879
EPRA NAV	340,658
EPRA NAV per share, EUR	11.0
No. of shares outstanding	31,100,000
Return on equity, %	9.9
Loan-to-value (LTV) ratio, %	57.7
Interest coverage ratio, multiple	2.7
Equity/assets ratio, %	42.2
Debt/equity ratio, multiple	1.4
Debt service coverage ratio (DSCR), multiple	2.7
Surplus ratio, %	95.6
Economic occupancy rate, %	95.0

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

EARNINGS

Profit for the year after tax amounted to TEUR 32,901, corresponding to EUR 1.1 per share. Unrealised changes in property values totalled TEUR 30,275.

Income

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

Net operating income

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

Profit from property management

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

Net financial items

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

Changes in property values

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

Tax

The nominal rate of corporation tax in Finland is 20%. Through fiscal depreciation and amortisation, and the use of loss carryforwards, a low tax expense arose for the reporting period. This has been taken in to consideration when closing the books. Since, for tax purposes, the Finnish companies' financial years follow the calendar year, the actual tax will be established when closing the books at 31 December 2018.

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

CASH FLOW AND FINANCIAL POSITION

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

Closing cash and cash equivalents amounted to TEUR 17,408, corresponding to EUR 0.56 per share. At 30 June 2018, Cibus had net interest-bearing liabilities, after deduction of cash and cash equivalents, of TEUR 425,621. Capitalised borrowing costs amounted to TEUR 3,022.

FINANCING

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

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

Of the Group's bank loans, around 69.0% are hedged using interest-rate derivatives. After taking interest-rate derivatives into consideration, the Group's average fixed-interest tenor is 2.3 years. The Group's interest-rate derivatives comprise an interest-rate cap with corresponding tenors to the bank loans. The total premium for the interest-rate cap was set when the cap derivative was procured and is paid each quarter for the entirety of its tenor. Accordingly, the value of the interest-rate cap comprises a negative item, corresponding with the remaining part-payments of the premium, and a neutral or positive item arising from the interest-rate cap's relation to the floating interest rate linked to the cap. The latter part of the value can never be negative.

The change in value of interest-rate derivatives is of an accounting nature and has no impact on the Group's future cash flows. At the expiry date, the interest-rate cap's market value will always be EUR 0. At 30 June 2018, the market value of interest-rate derivatives was TEUR 1,354. The value change, which had no impact on cash flow, amounted to negative TEUR 199 at the same date. For further information, see Note 4.

LEGAL STRUCTURE

At 30 June 2018, the Group comprised 114 limited companies with Cibus Nordic Real Estate AB (publ) as the Parent Company. All properties are owned by subsidiaries and 20 of the subsidiaries are mutual real estate companies (MRECs). This is a common partnership arrangement in Finland that allows direct ownership of a specified part of a property.

OWNERSHIP STRUCTURE

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

As of 30 June 2018, the largest shareholders were:

	Percentage	No. of shares
SFC Holding S.à r.l.	41.3	12,844,443
Amiral Gestion	6.9	2,150,859
Carnegie Fonder	4.1	1,288,993
Pareto Securities AS	3.7	1,157,618
PGIM Investments	2.5	792,268
Oy Sirius Capital Partners Ab	1.6	500,000
Göran Gustafssons Stiftelser	1.5	460,000
Håkan Roos	1.1	350,000
Nordnet Pensionsförsäkring	1.1	335,401
Fjärde AP-Fonden	1.0	300,000
Total	**64.9**	**20,179,582**
Other	35.1	10,920,418
Total	**100,0**	**31,100,000**

PARENT COMPANY

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

AUDITOR

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

SIGNIFICANT EVENTS DURING THE PERIOD

Cibus was founded in late 2017 and during the period, the company acquired a property portfolio consisting of 123 properties in Finland, anchored by grocery and daily-goods sector tenants. The properties comprise a total lettable area of 437,860 square metres.

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

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

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

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

OUTLOOK

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

RISKS AND UNCERTAINTIES

Properties

Changes in property values

The property portfolio is measured at fair value. Fair value is based on a market valuation performed by an independent valuation institute, which was Newsec for this reporting period.
The value of the properties was largely influenced by the cash flows generated in the properties in terms of rental income, operating and maintenance expenses, administration expenses and investments in the properties. Therefore, a risk exists in terms of changes in property values due to changes in cash flows as well as changes in yield requirements and the condition of the properties. Risk to the company includes the risk of vacancies in the portfolio as a consequence of tenants terminating existing leases and the financial position of the tenants.

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

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

Rental income

Cibus's results are affected by the portfolio's vacancy rate, customer losses and possibly by the loss of rental income. The occupancy rate at the end of the financial year was around 95% and the WAULT was 5.1 years. About 76.6% of the company's income stems from three tenants in the grocery and the daily-goods sector. The risk of vacancies, lost customers and a loss of rental income is impacted by tenants' inclination to continue renting the property and by tenants' financial positions as well as other external market factors.

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

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

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

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

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

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

Corresponding rules for the deduction of interest will also be introduced in Finland. However, the proposal has not been finalised as yet. Indications point to a ceiling being set for interest expenses on external loans. Should the ceiling be set at the proposed level, all of Cibus's interest expenses will be fully deductible. The company's assessment remains that the new proposal for interest-rate deductions will have little impact on earnings under the prevailing interest rate conditions.

DIVIDEND AND APPROPRIATION OF PROFITS
The Board of Directors has proposed that the Annual General Meeting (AGM) approve a dividend of EUR 0.6 per share. The proposed dividend corresponds to a yield of 8.16% on the share price at 30 June 2018.

Proposed appropriation of profit
The Board of Directors has proposed that the Annual General Meeting (AGM) approve a dividend of EUR 0.2 per share per quarter, corresponding to EUR 0.8 per share for the full year. Since the Board has also proposed to the AGM that the financial year be changed to the calendar year, the next AGM will be held in spring 2019. Since the AGM cannot resolve on a dividend that will take place on a date after the next AGM, the Board has proposed that at this point in time the AGM resolve on three quarterly payments of EUR 0.2 EUR per share each, meaning a total of EUR 0.6 EUR per share. Moreover, the Board has proposed that the shareholders authorise the Board to set the record dates for dividends as 22 October 2018, 28 December 2018 and 29 March 2019, with the following payment dates: 29 October 2018, 8 January 2019 and 5 April 2019, respectively.

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

Unrestricted equity	300,761,864
Profit for the year	2,991,106
	303,752,970

The Board proposes that the earnings be appropriated as follows:

to be distributed to shareholders	18,660,000
to be carried forward	285,092,970
	303,752,970

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

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

Consolidated income statement

Amounts in thousand euro (TEUR)	Note	23 Nov 2017 – 30 Jun 2018*
Rental income	5	14,756
Service income	5	2,748
Operating costs	6	-2,772
Property tax		-618
Net operating income		**14,114**
Administration costs	7, 8	-1,451
Financial income		229
Financial costs	9	-4,695
Profit from property management		**8,197**
Unrealised change in value of investment properties	12	30,275
Unrealised change in value of interest-rate derivatives	10	-199
Profit before tax		**38,273**
Current tax	11	-70
Deferred tax	11	-5,302
Profit for the year		**32,901***
Earnings per share before and after dilution, EUR	**16**	**1.1**

Consolidated statement of comprehensive income

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

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

Consolidated statement of financial position

Amounts in thousand euro (TEUR)	Note	30 Jun 2018
ASSETS		
Non-current assets		
Investment properties	12	767,879
Deferred tax assets	11	1,922
Other non-current receivables		136
Total non-current assets		**769,937**
Current assets		
Other current receivables	13	3,088
Prepaid expenses and accrued income	14	1,452
Cash and cash equivalents	15	17,408
Total current assets		**21,948**
TOTAL ASSETS		**791,885**
EQUITY AND LIABILITIES		
Equity attributable to Parent Company shareholders	16	
Share capital		311
Other contributed capital		300,762
Retained earnings including profit for the year		32,901
Total equity		**333,974**
Non-current liabilities		
Borrowings	17	440,007
Deferred tax liabilities	11	7,252
Financial derivatives		1,354
Other non-current liabilities		183
Total non-current liabilities		**448,796**
Current liabilities		
Accounts payable		815
Current tax liabilities	11	419
Other current liabilities	18	3,718
Accrued expenses and deferred income	19	4,163
Total current liabilities		**9,115**
Total liabilities		**457,911**
TOTAL EQUITY AND LIABILITIES		**791,885**

Consolidated statement of changes in equity

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

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

Consolidated cash-flow statement

Amounts in thousand euro (TEUR)	23 Nov 2017 – 30 Jun 2018
Operating activities	
Profit before tax	38,273
Non-cash items	
Interest paid	-1,819
Interest received	–
Unrealised changes in value, investment properties	-30,275
Unrealised changes in value, interest-rate	199
Cash flow from operating activities before changes in working capital	**6,378**
Cash flow from changes in working capital	
Increase/decrease in other current receivables	-1,885
Increase/decrease in other current liabilities	579
Cash flow from operating activities	**5,072**
Investing activities	
Property acquisitions	-214,205
Investments in new builds, extensions and redevelopments	-609
Acquisition of financial fixed assets	-136
Cash flow from investing activities	**-214,950**
Financing activities	
Formation of the company	60
Impairment of share capital	-60
New issue	311,000
Issue costs	-9,927
Borrowings	135,000
Loan arrangement fees	-2,041
Repayment of debt	-206,746
Cash flow from financing activities	**227,286**
Cash flow for the year	**17,408**
Cash and cash equivalents at the start of the financial year	**–**
Cash and cash equivalents at the close of the financial year	**17,408**

Parent Company income statement

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

Parent Company statement of comprehensive income

Amounts in thousand euro (TEUR)	23 Nov 2017 – 30
Profit for the year	2,991
Other comprehensive income	–
Total comprehensive income	**2,991**

Parent Company balance sheet

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

Parent Company statement of changes in equity

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

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

Parent Company cash-flow statement

Amounts in thousand euro (TEUR)	23 Nov 2017– 30 Jun 2018
Operating activities	
Loss after financial items	-526
Adjustment for non-cash items	
Interest received	-1,877
Interest paid	516
Arrangement fees	43
Cash flow from operating activities before changes in working capital	**-1,844**
Cash flow from changes in working capital	
Increase/decrease in other current receivables	-825
Increase/decrease in other current liabilities	697
Cash flow from operating activities	**-1 972**
Investing activities	
Acquisition of subsidiaries	-6
Shareholder contributions paid	-128,444
Loans made to Group companies	-302,853
Cash flow from investing activities	**-431,303**
Financing activities	
Formation of the company	60
Impairment of share capital	-60
New issue	311,000
Issue costs	-9,927
Borrowings	135,000
Loan arrangement fees	-2,041
Cash flow from financing activities	**434,032**
Cash flow for the year	**757**
Cash and bank balances at the start of the financial year	**–**
Cash and bank balances at the close of the financial year	**757**

ACCOUNTING POLICIES AND NOTES

Note 1 General information

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

Note 2 Significant accounting policies

The consolidated financial statements for Cibus have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) together with the interpretations issued by the IFRS Interpretations Committee (IFRIC) valid for periods starting 1 July 2017 or later.

Moreover, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups, have been applied. Assets and liabilities are recognised at cost, other than investment properties and interest-rate derivatives, which are measured at fair value. Subsidiaries are companies in which the Parent Company exercises a direct or indirect controlling influence over the operational or financial position. Cibus owns 100% of the capital and votes in 73 of its 93 subsidiaries and is a partner in 20 subsidiaries. The part-owned subsidiaries are mutual real estate companies (MRECs). An MREC is the most common vehicle for property ownership in Finland. In an MREC, each class of shares entitles the holder to exclusive possession of specific premises and no rights of possession to the other premises. The premises possessed with specific shares are set out in the various MRECs' articles of association. Since the shareholder is letting the shareholder's own premises, the rent accrues exclusively to the shareholder and not the MREC. The MREC is responsible for defraying the property's operating costs and charges the shareholders a monthly fee to cover these costs with the aim of producing a zero net result. Standard practice at Cibus is to re-invoice the tenant for these costs. If the MREC has a debt, this debt is normally allocated to the respective owners in such a manner that allows each owner to pay its share of the debt. Accordingly, owners are not responsible for other owners' share of the debt. A group of companies recognises/includes its assets, liabilities, income and expenses as well as its shares of joint assets, liabilities, income and expenses.

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

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

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

The significant accounting policies that have been applied follow below.

New or amended IFRS and new interpretations that have yet to come into effect

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

IFRS 9 *Financial Instruments* will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 contains new principles regarding the classification and measurement of financial assets. The valuation category to which a financial asset relates depends on the company's business model (the reason for holding the financial asset) and the contractual cash flows of the financial asset. The new standard also includes new rules for the impairment testing of financial assets, which entail the replacement of the previous "incurred loss method" with a new "expected loss method." The standard also includes a simplified approach for accounts receivable and lease receivables. IFRS 9 is to be applied for financial years starting on or after 1 January 2018. In management's assessment, application of IFRS 9 will have a limited impact on Cibus's financial reporting. From a historic perspective, the two acquired groups have not suffered any losses on receivables. Hedge accounting is not used in legal entities. The standard does, however, entail increased documentation requirements.

IFRS 15 *Revenue from Contracts with Customers* will replace IAS 18 *Revenues* and IAS 11 *Construction Contracts*. IFRS 15 entails a model for revenue recognition (five-step model) that is based on when control of a product or service is transferred to the customer. The core principle is that an entity is to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 is to be applied for financial years starting on or after 1 January 2018. On the transition to IFRS 15, the Group will apply the prospective approach, which means that the figures for comparative periods will not be restated. Cibus's revenue primarily comprises rental income, but also includes service income in the form of supplementary billing for electricity grid fees and insurances. A diligent review has been conducted, whereby Cibus has concluded that, in its role as property owner, the company is the principal in terms of these services. Therefore, management has concluded that the standard will have no material impact on total revenue or recognised earnings.

IFRS 16 *Leases* will replace IAS 17 *Leases*. For the lessee, IFRS 16 entails that essentially all leases have to be recognised in the statement of financial position as assets or liabilities. Therefore, leases are no longer to be classified as operating or financial. For lessors, IFRS 16 entails no major differences compared with IAS 17. IFRS 16 is to be applied for financial years starting on or after 1 January 2019. The standard has not yet been adopted by the EU.

The standard entails that lessees are to recognise assets and liabilities attributable to leases with contract periods of longer than 12 months. Lessor accounting will remain essentially unchanged. The standard is not expected to have any material effect on the accounting for Cibus.

Consolidated accounts

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

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

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

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

Segment reporting

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

Income

The Group's income primarily consists of rental income from operating leases (rent for the provision of premises). See below for more information on leases. Rental income has been allocated in a straight line in accordance with IAS 17. In cases where a lease entails a discounted rent during a period of the lease that is offset by a higher rent at other times, the resulting deficit or surplus is distributed over the term of the lease. Prepayments of rent are recognised as deferred rental income in the balance sheet. Interest income is recognised in the period it which it arises. Dividends received are recognised as financial income.

Leases

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

The Group as lessor

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

Currency

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

Borrowing costs

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

Employee benefits
The Group has two employees. Employee benefits are recognised at the rate at which employees have provided services in exchange for employee benefits.

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

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

Investment properties are measured in accordance with level 3 under IFRS 13 (fair value is determined using valuation models where material inputs are based on unobservable data).

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

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

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

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

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

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

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

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

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

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

Fair value of financial instruments
The Group's interest-rate derivatives comprise an interest-rate cap with a total nominal amount of around TEUR 212,000. The total premium for the interest-rate cap was set when the derivative was procured and is paid each quarter during its tenor. Accordingly, the value of the interest-rate cap comprises a negative item, corresponding with the remaining part-payments, and a neutral or positive item arising from the interest-rate cap's relation to the floating interest rate linked to the cap. The latter part of the value can never be negative. In accordance with IAS 39, the interest-rate derivative is measured at market value and the change in value is recognised in profit or loss. The Group measures all derivatives based on inputs in accordance with level 2 of the fair value hierarchy. In practice, this is carried out through reconciliation with a third party. The derivative agreements

(ISDA agreements) allow for netting of obligations toward the same counterparty. At 30 June 2018, the value of the interest-rate cap was TEUR 1,354. The entire amount has been recognised as an expense and a liability in the consolidated accounts. The changes in value impact recognised profit and equity, but do not affect cash flow or the LTV ratio.

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

Offsetting financial assets and liabilities

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

Cash and cash equivalents

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

Accounts payable

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

Borrowings

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

Provisions

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

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

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

Parent Company accounting policies

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

Decided amendments to RFR 2 that have yet to come into effect

The Parent Company has yet to begin applying the amendments to RFR 2 Accounting for Legal Entities that entered force on or after 1 January 2018. The standards and interpretations that are expected to impact the Parent Company’s financial statements in the period in which they are first applied are described below.

IFRS 9 Financial Instruments

The new standard for financial instruments addresses the classification, measurement and recognition of financial assets and liabilities. RFR 2 contains an exception to the application of IFRS 9 as a legal entity, and introduces rules for the recognition of financial instruments in RFR 2 to be applied by companies that choose to apply said exception. Application of the amendment is to start concurrent to the application of IFRS 9 in the consolidated financial statements, meaning for financial years starting on or after 1 January 2018. In management’s assessment, application of IFRS 9 will have limited impact on the company’s financial reporting. From a historic perspective, the Parent Company has not had any losses on receivables and there are no indications of any change in the tenants’ payment capacity. The company does not apply hedge accounting. The standard does, however, entail increased documentation requirements.

Management is of the view that other changes in RFR 2 that have yet to enter force will not have any material impact on the Parent Company’s financial statements when they are applied for the first time.

Financial instruments

The Parent Company does not apply IAS 39 and instead uses a cost-based method pursuant to the Annual Accounts Act.

The Parent Company recognises financial assets and financial liabilities when it becomes a party to the contractual terms of the financial instrument. On initial recognition, financial instruments are recognised at cost, which refers to the amount corresponding to the cost of the asset’s acquisition with the addition of transaction costs directly attributable to the acquisition.

At subsequent reporting dates, financial instruments included in current assets are measured at the lower of cost or net realisable value. Financial instruments that comprise non-current assets are recognised at cost less any depreciation.

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

Classification and structure

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

Subsidiaries

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

Group contributions

A Group contribution from a subsidiary to the Parent Company is recognised as an appropriation under the alternative rule. The same applies for Group contributions from the Parent Company to a subsidiary, or between subsidiaries.

Note 3 Important estimates and assessments

Key sources of uncertainty in estimates

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

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

Valuation of properties

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

Acquisition of companies

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

Loss carryforwards

When valuing loss carryforwards, an assessment is made of the likelihood that the deficit can be utilised. Established loss carryforwards that can be offset with a high degree of certainty against future profits are used for calculating the deferred tax receivable. The loss carryforwards are estimated to amount to around TEUR 8,824 as of 30 June 2018.

Note 4 Financial risk management and financial instruments

Through its operations, the Group is exposed to various types of financial risks. These mainly relate to liquidity and financing risks which are described in a separate paragraph. The company's Board has ultimate responsibility for the exposure, management and follow-up of the Group's financial risks. The Board monitors the frameworks that apply for exposure, management and follow-up of financial risks on an ongoing basis; see the "Liquidity, interest-rate and financing risk" section below regarding the management of capital risk.

Liquidity, interest-rate and financing risk

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

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

At 30 June 2018, the Group had loans of around TEUR 308,000 with a weighted-average floating interest margin of 2.11% + EURIBOR 3m and a weighted-average tenor of 2.3

years. The loans are free of amortisation payments. In addition to the bank loans, Cibus Nordic Real Estate AB (publ) has issued an unsecured bond amounting to TEUR 135,000. The bond matures on 26 May 2021 and carries a floating coupon rate of 4.50% + EURIBOR 3m. The bond was listed on the Nasdaq First North Bond Market, and the first day of trading was 3 May 2018. The Group has also contracted an interest-rate cap for a nominal amount of TEUR 212,000 and with a remaining tenor of about 2.3 years, which corresponds to the maturity of the bank loans.

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

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

If the interest rate rises 1%, the effect on the Group's profit before tax would be about TEUR 2,600. If the increase in the interest rate was 2%, the effect would be around TEUR 4,900. However, 69% of the company's loans are hedged with an interest-rate cap and, accordingly, interest-rate risk is limited.

The terms and conditions for the company's external bond financing include covenants stipulating that the Group's LTV ratio is not permitted to exceed 70% and that the Group's interest coverage ratio must always be higher than 1.75. As of 30 June 2018, the company met all of these covenants. If the company does not meet these covenants, it would constitute a breach of the loan agreement.

The Group has three separate senior loans, which were entered into by three Finnish subsidiaries. These loan agreements contain additional covenants pertaining to the LTV ratio and the interest coverage ratio. As of 30 June 2018, all three borrowers met all of these covenants.

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

The maturity breakdown of the contractual payment commitments pertaining to the Group's and the Parent Company's financial liabilities is presented in the following tables according to the loan terms as of 30 June 2018.

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

Parent Company 30 Jun 2018	**In 3 months**	**In 3–12 months**	**In 1–3 years**	**More than 4–5 years**
Borrowings	-	-	135,000	-
Interest rates	1,425	4,278	11,440	-
Accounts payable	542	-	-	-
Other current liabilities	27	-	-	-
Total	**1,994**	**4,278**	**146,440**	**-**

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

The Group's undertakings in terms of financial liabilities are covered by the cash flow from the contracted rental agreements. Ongoing liquidity forecasts are prepared to secure short- and long-term liquidity and to minimise liquidity risk. Illustrated below are the changes in the company's financing activities pursuant to IAS 7 *Statement of Cash Flows*.

Summary of liabilities arising from financing activities

Group	**Borrowings**	**Financial derivatives**	**Total**
OB 23 Nov 2017	-	-	-
Borrowings raised	458,913	1 460	**460,373**
Cash flow from financing activities	-15,884	-136	**-16,020**
Non-cash items	-	30	**30**
CB 30 Jun 2018	**443,029**	**1 354**	**444,383**

Parent Company	Borrowings	Financial derivatives	Total
OB 23 Nov 2017	-	-	-
Borrowings raised	135,000	-	135,000
Cash flow from financing activities	-	-	-
Non-cash items	-	-	-
CB 30 Jun 2018	135,000	1,354	135,000

Credit and counterparty risk

Credit risk refers to the risk that a transaction counterparty causes a loss for the Group by failing to meet its contractual obligations. The Group's credit risk exposure arises mainly with regard to rental receivables. The economic occupancy rate in the property portfolio is currently about 95%, which based on historical levels in the portfolio, is in line with the expected long-term vacancy rate for the portfolio. The company therefore depends on the tenants' finances, financial positions and ability to pay, because the company's income consists entirely of rental income.

The company's risk profile is based on the counterparty and contract term, which results in short lease agreements having a different risk profile than longer lease agreements. Credit risk is managed by the Group continuously following up on overdue rent receivables.

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

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

The carrying amounts for other financial assets and financial liabilities are assessed as providing a good approximation of the fair values. No significant effects arise from discounting based on current market conditions, since operating receivables and operating liabilities mature in less than three months. The credit risk on long-term loans has not changed significantly since the loans were raised. The risk attributable to financial counterparties is assessed as being limited.

Categorisation of financial instruments

The carrying amounts for financial assets and liabilities broken down by valuation category in accordance with IAS 39 are shown in the following table.

Financial assets, Group (TEUR)	30 Jun 2018
Financial assets measured at fair value through profit or loss	624
Loans and receivables	22,313
Other liabilities	444,539
Total financial assets	**467,476**

Financial assets, Parent Company (TEUR)	30 Jun 2018
Financial assets measured at fair value through profit or loss	-1,247
Loans and receivables	309,819
Other liabilities	134,188
Total financial assets	**442,760**

Fair value measurement

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

Management of capital risk

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

Debt/equity ratio	**Group 30 Jun 2018**
Total liabilities	457,911
Equity	333,974
Debt/equity ratio, multiple	**1.4**

Interest coverage ratio	**Group 30 Jun 2018**
Net operating income – Admin. Costs + Financial income	12,892
Financial costs	4,695
Interest coverage ratio, multiple	**2.7**

DSCR	**Group 30 Jun 2018**
Net operating income – Admin. costs + Financial income	12,892
Financial costs + amortisations	4,695
DSCR, multiple	**2.7**

LTV ratio	**Group**
	30 Jun 2018
Liabilities to credit institutions	443,029
Market value of properties	767,879
LTV ratio, %	**57.7**

Equity/assets ratio	**Group**
	30 Jun 2018
Equity	333,974
Total assets	791,885
Equity/assets ratio, %	**42.2**

Note 5 Rental income

	Group
	2017/2018
Rental income excl. additional charges	14,756
Additional rental charges and discounts	2,748
Total	**17,504**

Maturity structure, rental value	
<1 year	50,356
>1 year but <5 years	147,926
>5 years	60,521

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

Note 6 Operating costs

	Group
	2017/2018
Property upkeep and service agreements	533
Technical administration	258
Tariff-related costs	1,099
Insurance premiums	106
Ongoing maintenance	776
Total	**2,772**

Note 7 Administration costs and fees and remuneration to auditors

	Group	**Parent Company**
	2017/ 2018	**2017/ 2018**
Financial administration	400	273
Technical administration	297	–
Other administration	754	239
Total	**1,451**	**512**

Fees and remuneration to auditors

	Group	**Parent Company**
	2017/ 2018	**2017/ 2018**
Deloitte AB	53	53
KPMG	183	–
Total	**236**	**53**

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

Note 8 Number of employees, salaries, other benefits and social security costs

The Group has two employees, of which the CEO is employed in the Parent Company.

	Group	**Parent Company**
	2017/ 2018	**2017/ 2018**
Salaries and benefits to employees	40	37
Social security costs	15	15
Pension costs	13	13
Total	**68**	**65**

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

Board of Directors
Fees are paid to the Chairman and Board members in accordance with the resolution passed by the Extraordinary General Meeting on 7 March 2018.

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

	2017/2018			
	Salaries, fees and benefits	**Pension costs**	**Social security costs incl. payroll tax**	**Total**
Chairman of the Board Rickard Backlund*	8	–	3	**11**
Patrick Gylling	–	–	–	**–**
Elisabeth Norman	8	–	2	**10**
CEO, Lisa Dominguez Flodin	37	13	15	**65**

*Chairman of the Board Rickard Backlund stepped down on 27 August 2018.

Note 9 Financial costs

	Group	**Parent Company**
	2017/ 2018	**2017/ 2018**
Interest expenses	4,043	1,831
Other financial expenses	652	60
Total	**4,695**	**1,891**

All interest expenses are attributable to financial liabilities measured at amortised cost and interest pertaining to derivative agreements (excluding unrealised changes in value). Other financial expenses pertain to the accrual of arrangement fees, which are accrued according to the tenor of the loan. For 2017/2018, other financial expenses pertain to transaction costs that arose in conjunction with raising external finance.

Note 10 Unrealised changes in value, derivatives

	Group
	2017/2018
Unrealised loss on interest-rate cap	-199
Total	**-199**

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

Note 11 Taxes

	Group	Parent Company
Current tax	**2017/ 2018**	**2017/ 2018**
Current tax on profit for the year	-70	0
Total	**-70**	**0**
Deferred tax		
Deferred tax attributable to unutilised loss carryforwards	–	1,888
Deferred tax attributable to temporary differences*	-5,302	–
Total	**-5,302**	**1,888**

*Temporary differences are attributable to the difference between the carrying amounts and fiscal values of the properties.

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

Summary, tax expense for the year

	Group	Parent Company
	2017/ 2018	**2017/ 2018**
Profit before tax	38,273	1,103
Tax expense for the year	-5,372	1,888
Tax according to the Swedish tax rate (22%)	-8,420	-243
Difference in foreign tax rates	765	–
Tax effect of non-deductible expenses	-24	–
Uncapitalised loss carryforwards	2,127	2,124
Other adjustments	180	7
Total	**-5,372**	**1,888**

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

Tax recognised directly against equity

	Group	Parent Company
	2017/ 2018	**2017/ 2018**
Issue costs	2,702	2,702
Total	**2,702**	**2,702**

Note 12 Investment properties

The Group owns 123 properties, which are measured at fair value. Fair value is based on market valuations. The properties were acquired on 7 March 2018 at a price agreed between two independent parties and therefore deemed to constitute the market value. An external valuation was performed by the independent valuation institute Newsec to assess the market value on the balance-sheet date, 30 June 2018. All of the objects were inspected in the 2016–2018 period. Inspections are conducted as three separate geographical sub-portfolios, which mean that one third of the objects are inspected each year. New acquisitions are inspected in conjunction with the acquisition. External valuations are conducted quarterly by independent valuation institutes.

	Group	Parent Company
	2017/ 2018	2017/ 2018
Acquisition	736,996	–
Unrealised changes in value	30,275	–
New builds, extensions and redevelopments	608	–
Total	**767,879**	**–**

Valuation assumptions

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

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

Annual inflation, %	1.9%
Average interest rate, %	7.6%
Yield requirement, %	5.8%
Average long-term vacancy, %	5.0%

Sensitivity analysis, property valuation

Valuation parameters	Assumption	Average (TEUR)
Rental income	+/- 10%	76,087 / -77,362
Yield requirement	+/- 0.25%	-32,342 / 33,923
Long-term vacancy rate	+/- 2%	-16,790 / 15,515

Note 13 Other current receivables

	Group	Parent Company
	30 Jun 2018	30 Jun 2018
VAT receivables	1,974	417
Other	1,114	3
Total	**3,088**	**420**

Note 14 Prepaid expenses and accrued income

	Group	Parent Company
	30 Jun 2018	30 Jun 2018
Prepaid expenses	1,452	281
Total	**1,452**	**281**

Note 15 Cash and cash equivalents

	Group	Parent Company
	30 Jun 2018	30Jun 2018
Cash and bank balances	17,408	757
Total	**17,408**	**757**

Cash and cash equivalents consist of immediately available bank balances.

Note 16 Equity

Share capital

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

Earnings per share

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

	30 Jun 2018
Earnings attributable to Parent Company shareholders	32,901
Average number of shares, thousand	31,100
Earnings per share, SEK*	1.1

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

Unrestricted equity

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

Note 17 Borrowings

	Group	Parent Company
	30 Jun 2018	30 Jun 2018
Non-current liabilities to credit institutions	443,029	135,000
Arrangement fees	-3,022	-1,999
Total	**440,007**	**133,001**

Note 18 Other current liabilities

	Group	Parent Company
	30 Jun 2018	30 Jun 2018
VAT liabilities	3,160	–
Other	558	27
Total	**3,718**	**27**

Note 19 Accrued expenses and deferred income

	Group	Parent Company
	30 Jun 2018	30 Jun 2018
Prepaid rent	223	–
Accrued interest	2,006	517
Other	1,934	128
Total	**4,163**	**645**

Note 20 Shares in subsidiaries

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

From 27 December 2017, only Cibus Sweden Real Estate AB is directly owned by Cibus Nordic Real Estate AB (publ); see below. The other Group companies are owned by Cibus Sweden Real Estate AB, directly or indirectly through its subsidiaries. These subsidiaries are not recognised separately in the Parent Company's annual accounts, since no subsidiary is of a significant size. However, information about the subsidiaries is available in the form of the respective subsidiary's annual report. The stated share of equity includes shares owned by other Group companies. There are a total of 114 limited companies in the Group, of which 20 are part-owned subsidiaries.

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

Subsidiary	Corp. Reg. No.	Reg. office
Cibus Sweden Real Estate AB	559121-3284	Stockholm

Note 21 Pledged assets and contingent liabilities

	Group	Parent Company
	30 Jun 2018	30 Jun 2018
Pledged cash and cash equivalents	10	5
Property deeds	558,941	–
Total	**558,951**	**5**
Contingent liabilities	**None**	**None**

Note 22 Related-party transactions

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

Procurement of services

	Group	Parent Company
	2017/2018	2017/2018
Pareto Securities AB	13,272	13,272
Pareto Business Management AB	324	324
Sirius Asset Management Oy	532	–
Total	**14,128**	**13,596**

Cibus has entered into a property portfolio management agreement with Sirius Retail Asset Management, the parent company of which owns 500,000 Cibus shares and has Board member Patrick Gylling as majority shareholder.

Under this agreement, Sirius has been engaged to manage the Group's property-owning subsidiaries by driving property development issues, handling add-on acquisitions and conducting regular dialogues with the technical and financial managers. The fee to Sirius amounted to TEUR 532 during the period. Cibus has also entered into an agreement with Pareto Business Management AB for the company's administration. In accordance with the agreement, Pareto is responsible for the company's administration, business development and information issues in terms of the Board, shareholders and general public. Cibus has also entered into an agreement with Pareto Business Management AB ("PBM") for the company's administration. PBM is part of the same group as Pareto Securities AS, which owns 1,157,618 shares in Cibus. The fee amounted to TEUR 324 during the period. Pareto Securities AB is part of the same group of companies as Pareto Securities AS and, during the year, performed services for the Parent Company for fees amounting to TEUR 13,272.

Note 23 Definitions

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

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

Return on equity
Profit for the year divided by average equity.

Loan-to-value (LTV) ratio
Liabilities to credit institutions divided by the market value of the properties.

Interest coverage ratio
Net operating income less administration costs and plus financial income in relation to financial expenses.

Equity/assets ratio
Adjusted equity divided by total assets.

Debt/equity ratio
Total liabilities divided by equity.

Debt service coverage ratio (DSCR)
Net operating income less administration costs and plus financial income in relation to the sum of financial expenses and principal repayments.

Surplus ratio
Net operating income in relation to total income.

Economic occupancy rate
Rental income in relation to rental value.

Note 24 Events after the balance sheet date

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

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

Note 25 Proposed appropriation of profit

The Board of Directors has proposed that the Annual General Meeting (AGM) approve a dividend of EUR 0.2 per share per quarter, corresponding to EUR 0.8 per share for the full year. Since the Board has also proposed to the AGM that the financial year be changed to the calendar year, the next AGM will be held in spring 2019. Since the AGM cannot resolve on a dividend that will take place on a date after the next AGM, the Board has proposed that at this point in time the AGM resolve on three quarterly payments of EUR 0.2 EUR per share each, meaning a total of EUR 0.6 EUR per share. Moreover, the Board has proposed that the shareholders authorise the Board to set the record dates for dividends as 22 October 2018, 28 December 2018 and 29 March 2019, with the following payment dates: 29 October 2018, 8 January 2019 and 5 April 2019, respectively.

Signing of the Annual Report

The Annual Report was adopted by the Board of Directors and approved for publication on 20 September 2018.

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

Stockholm, 20 September 2018

Patrick Gylling
Chairman of the Board

Elisabeth Norman
Board member

Lisa Dominguez Flodin
External CEO

Our Auditors' Report was submitted on 20 September 2018
Deloitte AB

Jan Palmqvist
Authorised Public Accountant

AUDITOR'S REPORT

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

This is a translated version of the auditor's report. The signature is on the Swedish original and the page numbers are updated to reflect the translated version of the annual accounts and consolidated accounts.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Cibus Nordic Real Estate AB (publ) for the financial year 2017-11-23-2018-06-30. The annual accounts and consolidated accounts of the company are included on pages 21-45 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of June 30, 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of June 30, 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the pages 1-20 and 49-53 but does not include the annual accounts, consolidated accounts and our auditor's report thereon.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Cibus Nordic Real Estate AB (publ) for the financial year 2017-11-23-2018-06-30 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

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

Stockholm September 20, 2018

Deloitte AB

Signature on Swedish original

Jan Palmqvist
Authorized public accountant

CORPORATE GOVERNANCE

BOARD OF DIRECTORS, CORPORATE MANAGEMENT AND AUDITORS

Board of Directors

Patrick Gylling – Chairman of the Board

Mr. Gylling has played a key role in putting the Finnish real estate market on the map of global investors. Mr. Gylling has long-standing experience from the real estate sector in Finland and the UK and has been involved in real estate transactions totalling approximately EUR 3 billion during his career. Mr. Gylling is currently CEO of Sirius Capital Partners, the fund managing the properties.

Previously:

- ✓ Partner at Sveafastigheter
- ✓ Co-founder and CEO of HGR Property Partners
- ✓ Real estate advisory at Advium
- ✓ Analyst at Morgan Stanley
- ✓ Holds a Master of Science in Economics and Business from Hanken School of Economics in Helsinki

Ownership in the company: 500,000 shares (1.6%)*
Dependent in relation to the company and major shareholders
**Mr Gylling is the CEO of the parent company of the Asset Manager Finland, which owns 500,000 shares in the company.*

Elisabeth Norman – Member of the Board

Mrs. Norman has 30 years of experience from the construction and real estate industry. She is engaged in a number of boards, such as the listed real estate companies NP3 Fastigheter AB, Bygga Bo i Pajala AB (owned by Balder and PEAB)Amasten AB and ByggPartner i Dalarna AB. Further, Mrs. Norman is the current chairman of the board in the unlisted real estate company Nivika Fastigheter AB. Mrs. Norman has experience from Nasdaq Main List and First North. Ms. Norman has also many years of experience of implementing sustainability programs.

Previously:

- ✓ Property Manager of TV4
- ✓ Partner and CEO of RSD & Shopping Centre Development
- ✓ Director at NP3 Fastigheter AB
- ✓ Director at Amasten AB
- ✓ Holds a Bachelor of Arts from Uppsala University

Ownership in the company: 1,500 shares
Independent in relation to the company and major shareholders

Corporate management

Lisa Dominguez Flodin – CEO

Mrs. Dominguez Flodin has extensive experience within auditing and real estate, with several management and board assignments. Lisa is also a Board member and Chairman of the Audit Committee at Nyfosa AB (publ).

Previously:

- ✓ Board member and Audit Committee at NP3 Fastigheter
- ✓ CFO and acting CEO of Cityhold Property AB
- ✓ CFO of Grön Bostad AB,
- ✓ CFO of London & Regional Properties and TK Development Sweden
- ✓ Head of Commercial Real Estate at Oscar Properties
- ✓ Mandamus and Grant Thornton
- ✓ Bachelor of Science in Economics from Mid Sweden University
- ✓ MBA from San José State University

Corporate administration

Corporate administration is managed by Pareto Business Management AB ("PBM")

Local asset management

Local asset management is managed through agreements with Oy Sirius Capital Partners AB ("Sirius") and Colliers International, formerly Ovenia Oy

Auditors

Jan Palmqvist, Deloitte AB

Since its inception, the company has engaged the audit firm Deloitte AB with the Authorised Public Accountant Jan Palmqvist as the company's Chief Accountant Auditor.

OTHER

PROPERTY LIST

REGION	ADDRESS	TYPE	ANCHOR TENANT	LET AREA (SQM)	CONSTRUCTION YEAR
Espoo	Lähderannantie 20	Supermarket	Kesko	2,803	2012
Espoo	Oxfotintie 1	Market	Kesko	503	2008
Espoo	Kuurinmäki 1	Market	Kesko	595	2016
Forssa	Kartanonkatu 11	Supermarket	Kesko	9,005	1976
Hattula	Tallitie 4	Supermarket	Kesko	2,646	2011
Helsinki	Rukatunturintie 2	Market	Kesko	1,008	2010
Helsinki	Tunnelitie 3-5	Supermarket	Kesko	1,598	1972
Helsinki	Mannerheimintie 160	Supermarket	Kesko	7,486	1993
Helsinki	Junonkatu 6	Market	Kesko	341	2013
Helsinki	Suomenlinna C6	Market	Kesko	450	2013
Helsinki	Nummitie 2	Market	Kesko	539	2008
Helsinki	Pertunpellontie 4	Market	Kesko	737	2007
Helsinki	Roihuvuorentie 24	Market	Kesko	834	2006
Helsinki	Käpyläntie 8	Market	Kesko	993	1982
Hyvinkää	Munckinkatu 37	Market	Kesko	690	1968
Hämeenkyrö	Kyreltie 2	Supermarket	Kesko	6,68	2008
Iisalmi	Kisatie 1	Market	Kesko	1,052	1986
Iisalmi	Eteläntie 4	Hypermarket	Kesko	9,465	2010
Ikaalinen	Karhoistentie 3	Supermarket	Kesko	6,527	2014
Joutsa	Keskustie 1	Supermarket	Kesko	4,756	2012
Jyväskylä	Koivutie 2	Market	Kesko	1,248	1980
Kaarina	Hovirinnantie 5	Supermarket	Kesko	7,595	1970
Kajaani	Kehräämöntie 24	Hypermarket	Kesko	7,809	2009
Kajaani	Kehräämöntie 22	Hypermarket	Kesko	13,458	2007
Kaustinen	Terveystie 1	Market	Kesko	1,378	1999
Keuruu	Keuruuntie 17	Supermarket	Kesko	2,088	1997
Kotka	Keskuskatu 11	Supermarket	Kesko	3,789	1976
Kuopio	Sammakkolammentie 6	Market	Kesko	1,562	1971
Lahti	Kauppakatu 13	Hypermarket	Kesko	8,577	1971
Lahti	Sipurantie2	Market	Kesko	567	2008
Lappeenranta	Myllymäenkatu 35	Supermarket	Kesko	3,766	2014
Laukaa	Laukaantie 25	Market	Kesko	2,802	1986
Liminka	Tupoksentie 12	Market	Kesko	1,078	1980
Muhos	Valtatie 18	Supermarket	Kesko	1,464	1998
Muhos	Valtatie 20	Supermarket	Kesko	2,04	2007
Naantali	Venekuja 5	Supermarket	Kesko	2,54	1980
Naantali	Alppilankatu 2	Supermarket	Kesko	2,773	1992
Nastola	Muurarintie 3	Supermarket	Kesko	2,856	1985
Orimattila	Erkontie 3	Supermarket	Kesko	2,637	1983
Oulainen	Oulaistenkatu 15-17	Supermarket	Kesko	1,948	2001
Parainen	Kirkkoesplanadi	Supermarket	Kesko	4,348	1991
Pielavesi	Puustellintie 21	Market	Kesko	1,766	2011
Polvijärvi	Jääskeläntie 2	Market	Kesko	1,22	1982

REGION	ADDRESS	TYPE	ANCHOR TENANT	LET AREA (SQM)	CONSTRUCTION YEAR
Pori	Isolinnankatu 18	Supermarket	Kesko	4,222	1986
Porvoo	Runeberginkatu 33	Hypermarket	Kesko	7,911	1988
Raasepori	Raaseporintie 14	Supermarket	Kesko	1,941	1977
Raasepori	Ratakatu 59	Supermarket	Kesko	3,252	1993
Riihimäki	Peltosaarenkatu 1	Supermarket	Kesko	1,891	2008
Riihimäki	Keskuskatu 15	Supermarket	Kesko	4,076	1980
Ristiina	Kitereentie 1	Market	Kesko	790	1968
Savonlinna	Tulliportinkatu 6-10	Hypermarket	Kesko	11,071	1967
Siilinjärvi	Sorakuja 4	Supermarket	Kesko	2,32	2000
Simpele	Roihankatu 8	Market	Kesko	1,7	1985
Suomussalmi	Risteentie 12	Supermarket	Kesko	5,626	2008
Suonenjoki	Rautalammintie 17	Supermarket	Kesko	1,771	1975
Sysmä	Särkilahdentie 4	Market	Kesko	1,427	1996
Taalintehdas	Hertsbölentie 1	Market	Kesko	746	1984
Taivalkoski	Talonpojantie 1	Market	Kesko	843	1980
Tampere	Peltolamminkatu 10	Market	Kesko	1,118	1970
Tampere	Ratakistonkatu 7	Supermarket	Kesko	1,672	2011
Tampere	Kokinpellonrinne 2	Market	Kesko	421	2014
Tampere	Pohtolankatu 47-49	Market	Kesko	840	1969
Uusikaarlepyy	Sollefteåkatu 9	Market	Kesko	712	1979
Vaala	Vaalantie 26	Supermarket	Kesko	1,565	1982
Vaasa	Kuusilahdentie 2	Market	Kesko	370	2014
Valtimo	Käpyläntie 2	Market	Kesko	1,154	1982
Vantaa	Minkkikuja 4	Supermarket	Kesko	2,27	1989
Vantaa	Ulkoniitynkuja 4	Supermarket	Kesko	2,381	1988
Vantaa	Laukkarinne 4-6	Supermarket	Kesko	3,244	1982
Vantaa	Hagelstamintie26	Market	Kesko	607	2013
Vantaa	Rekolantie 53-55	Market	Kesko	735	2016
Varkaus	Relanderinkatu 30	Hypermarket	Kesko	8,145	1990
Ylivieska	Savarinkatu 2	Hypermarket	Kesko	6,087	1990
Ylöjärvi	Mastontie 2	Supermarket	Kesko	3,014	1999
Helsinki	Hitsaajankatu 16	Supermarket	S Group	2,089	1999
Hämeenlinna	Tuulosentie 1(2)	Supermarket	S Group	3,064	2004
Kangasala	Puusepäntie 31	Supermarket	S Group	2,368	1992
Kouvola	Kauppakatu 1	Supermarket	S Group	7,858	2009
Kuopio	Sammakkolammentie 6	Supermarket	S Group	1,648	1971
Rusko	Myllymäentie 2	Supermarket	S Group	1,235	2006
Turku	Gregorius IX tie 8-12	Supermarket	S Group	3,825	1998
Turku	Kirjurinkatu 3	Market	S Group	1,154	1976
Turku	Metallikatu 2	Supermarket	S Group	1,135	2006
Turku	Jyrkkälänkatu 1	Market	S Group	1	1990
Turku	Jäkärlän Puistokatu 20	Market	S Group	695	1975
Turku	Vakka-Suomentie 82	Market	S Group	467	1964
Tuusula	Haukantie 2	Market	S Group	2,31	2006
Vantaa	Mäyräkuja 2	Supermarket	S Group	1,818	1979
Forssa	Miemolantie 2	Discount	Tokmanni	5,443	2008

REGION	ADDRESS	TYPE	ANCHOR TENANT	LET AREA (SQM)	CONSTRUCTION YEAR
Hamina	Rautatienkatu 14	Discount	Tokmanni	4,347	1980
Hollola	Keskikankaantie 4	Discount	Tokmanni	6,264	2005
Hämeenlinna	Tuulosentie 1(1)	Discount	Tokmanni	10,972	2008
Iisalmi	Meijerikatu 3	Discount	Tokmanni	6,823	2002
Ilmajoki	Huhdantie 1	Discount	Tokmanni	3,922	2007
Järvenpää	Helsingintie 43	Discount	Tokmanni	10,018	2006
Kajaani	Kasarminkatu 18	Discount	Tokmanni	7,244	1999
Kiuruvesi	Tulotie 10	Discount	Tokmanni	3,755	1975
Kouvola	Kiltatie 10	Discount	Tokmanni	5,703	1987
Kouvola	Spännärintie 2	Discount	Tokmanni	4,6	2009
Kuhmo	Rajakatu 36	Discount	Tokmanni	1,937	1988
Kuopio	Volttikatu 4	Discount	Tokmanni	9,115	2009
Lapinlahti	Juhani Ahontie 13	Discount	Tokmanni	1,934	1989
Loviisa	Heskerintie 17	Discount	Tokmanni	4,295	1988
Mäntsälä	Maisalantie 9	Discount	Tokmanni	4,544	1990
Mänttä	Pohjaväreenkuja 1	Discount	Tokmanni	4,233	2008
Mäntyharju	Keskustie 18	Discount	Tokmanni	2,712	2009
Nastola	Kauppakaari 1	Discount	Tokmanni	9,99	2009
Nurmijärvi	Viirintie 8	Discount	Tokmanni	4,988	1976
Orimattila	Lahdentie 109	Discount	Tokmanni	4,586	2008
Sotkamo	Ratatie 37	Discount	Tokmanni	4,326	2002
Sysmä	Ohrasaarentie 2	Discount	Tokmanni	2,303	2008
Tuusula	Sulantie 1	Discount	Tokmanni	5,61	2005
Uusikaupunki	Ketunkalliontie 5	Discount	Tokmanni	4,919	2008
Heinola	Vuohkalliontie 18	Other	Jysk	2,34	2008
Helsinki	Heikkiläntie 4	Supermarket	Lidl	2,78	2008
Iisalmi	Pohjolankatu 21	Other	Jysk	3,437	2009
Kerava	Kerananpolku 1	Market	M-Group	1,649	2010
Kirkkonummi	Asematie 3	Other	H&M	4,289	1991
Kuopio	Kartanonkatu 4B	Other	Vepsäläinen	3,025	2007
Kuopio	Leväsentie 5	Supermarket	Wihuri	9,19	1974
Mäntyharju	Reissutie 2	Discount	Minimani	1,506	1978
Savonlinna	Ilokallionkatu 4	Supermarket	Lidl	1,671	1983
Vantaa	Kielotie 20	Other	Hietala Rest	3,577	1983