

# Q&A

## FROM SWEDISH CONFERENCE CALL

Q1 2019, 2019-05-02

NICKLAS HÖGLUND, NORDEA

**1. How does it look regarding the renegotiations of rents for apartments in Gothenburg?**

Is it line with what you have forecast?

Is it reasonable to assume the same level as in Stockholm of 2 percent?

Answer: Wait for answer.

**2. How does it look on the commercial side? Have we calculated based on the gross amount in the renegotiations or is it the net figure we see on page 4. How large a proportion of the commercial stock is being renegotiated this year?**

Answer: Approx. 25 percent, the same level, no exception this year.

**3. Do you have any awareness of terminations on the commercial side?**

Answer: No, we have a vacancy rate of 2 percent, which is extremely low. But the terminations are slightly larger than the net lets.

**4. With regard to management and administrative expenses you have 7 more people in the company, which means a higher cost level. Is the first quarter a level that you can expect for the rest of the year?**

Answer: Yes, I think it is.

**5. You have extended the fixed interest terms as we know. Can we get an idea of the term for capital tied-up?**

**How sensitive are you to more expensive financing costs? Can you see a tendency towards an uptick in interest rates since year-end?**

Answer: I will not go into more detail about the agreements with the banks here. We have a short term for capital tied-up of 15 months on average in our portfolio. We will maintain our strategy of having a short term for capital tied-up.

**6. Was there any financial impact in the quarter from the transaction with Jämtkraft since you are selling all of your electricity customers?**

Answer: There will be an extremely small impact on our future profit. However, if had we retained this business, it would have meant more administration for us in the future due to changed regulations for electricity sales.

**TOBIAS KAJ, ABG**

**1. You started a lot of production during the first quarter. Can you say something about the trend regarding construction starts for the rest of the year?**

Answer: All I can say is that we will not have 770 apartment starts every quarter. We will have some starts each quarter and there were many starts during the first quarter in particular.

**2. Are the 50 apartments that started in the New York block during the first quarter the only cooperative apartments?**

Answer: Yes, that's right. In other words, most of the apartments under construction are for our own management operations.

**3. I noticed that you have a book value of SEK 3.1 billion for new production in progress. Can you give any indication of how much the total investment is for the 2,900 apartments you have under construction now?**

Answer: We invest an average of SEK 3 billion per year. These projects in progress are in different phases and many of them have just started so they still have a very low investment cost in the balance sheet.

**4. Do you need to increase the number of units in production in order to maintain this investment volume of SEK 3 billion?**

Answer: We will have an approximate investment volume of SEK 3-4 billion per year. We have a future project portfolio of 11,000 apartments, which will gradually come into our production operations.

**ERIK GRANSTRÖM, CARNEGIE**

**1. The investment rate that you had in the first quarter, is this a rate that we can expect you will have every quarter?**

Answer: It is roughly at that level, because it is difficult to say exactly in view of the fact that some projects can take longer than planned.

**2. You mentioned that you are very satisfied with the surplus ratio. Do you plan to maintain this level or is it exceptionally high right now?**

Answer: Absolutely, our ambition is to gradually raise it as our new production comes into our management operations, but previously we obtained a bigger impact when we sold older properties and replaced them with new production. Now when new production comes into operation, the effect is seen more in terms of decimals.

**3. Is there any major impact from the new IFRS 16 standard with regard to the surplus ratio that you have taken into consideration?**

Answer: It is the SEK 3 million in site leasehold rights that have been moved to net financial items instead, but also the higher property tax that increases both current costs and revenue, but impacts negatively on the surplus ratio. Overall, this will have an effect of 0.1 percentage points.