

Interim report

Slättö

Value
Add I

Q2

January-June

2022

Org.number: 556994-4464



SLÄTTÖ

The period in summary

About Slättö Value Add I

Slättö Value Add I AB is a Swedish public limited liability company registered with the Swedish Financial Supervisory Authority as a Swedish Alternative Investment Fund. The fund is managed by Slättö Förvaltning AB.

The fund is focused on development of residential properties with a clear emphasis on rental apartments, with the addition of investments in cash flow generating industrial and logistics properties.

Quarter April – June 2022

- Divested the project Slagsta Strand to Magnolia Bostad. The project consists of approximately 35,000 sqm residential building rights in Botkyrka
- Signed a 10-year lease agreement with the last mile operator Budbee for letting approximately 4,400 sqm with an annual rent of SEK 4.9 million within the property Vägghyveln 1 in Örebro. Turnkey contract was signed for construction of approximately 20,000 sqm on the property.
- Signed a 10-year lease agreement for rental of approximately 3,700 sqm with an annual rent of SEK 5.6 million within the property Botvidsgymnasiet 8 in Botkyrka. Turnkey contract was signed for construction of approximately 17,000 sqm on the property.
- Commenced construction of a logistics facility of 30,000 sqm in Klinga Logistikpark. The building is expected to be completed during the first half of 2023.

Events after the end of the period

- Slättö has divested the logistics properties Stenvreten 6:17 in Enköping and part of Botvidsgymnasiet 8 in Botkyrka to BlackRock Real Assets. The sale is carried out in a forward funding structure where Slättö is responsible to carry out the development and the buyer is responsible for financing it. The deal is strategically important for Slättö Value Add I AB and is expected to generate high investment returns.
- New zoning plan has gained legal force for the property Beryllen 1 in Norrköping, which enables the construction of approximately 150 residential units and 3,500 sqm of commercial premises.

Related party transactions

The group purchases management services from Slättö Förvaltning AB. The transaction of two residential projects in Barkarby and Örebro with Sveaviken Bostad is classified as a related party transaction. All related party transactions were conducted on commercial terms and in accordance with the arm's length principle.

Period January – June 2022

- Closed the transaction of two residential projects in Barkarby and Örebro with Sveaviken Bostad. Slättö Value Add I transferred its ownership in both projects to Sveaviken Bostad, as of 31 March 2022. The transaction was carried out at an underlying property value of SEK 1,393 million.
- Swedish Logistic Property AB was listed on Nasdaq Stockholm in March 2022. Slättö Value Add I AB owns approximately 6 million shares.
- Botvid Holding (publ), where Slättö Value Add I AB owns 22 per cent, has divested a residential project in Slagsta Strand, Botkyrka to NREP.
- Acquired a plot in Österåker for the construction of a preschool of approximately 680 sqm. Ground work started during the period.
- At the end of February 2022, the Parent Company issued a repurchase offer of up to SEK 100 million of the company's outstanding listed bonds. The repurchase offer expired on 30 March 2022 and the bonds were repurchased in accordance with the provisions and conditions set out in a repurchasing document dated 25 February 2022.
- An extraordinary general meeting on 18 March 2022 approved a dividend totaling SEK 110 million, corresponding to accrued preference share interest for 2021.
- An extraordinary general meeting on 30 March 2022 approved an additional dividend totaling SEK 250 million, corresponding to accrued preference share interest and repayment of investors' contribution. The dividend was paid out in June.
- Annual General Meeting was held on 30 June 2022.

Notable risks and uncertainties

The group is exposed to different financial risks through its business. Financial risks are fluctuations in the group's profit and loss and cash flow that arise from changes in e.g. changes in the rate of interests. The group is mainly exposed to commercial risks, refinancing risks, project risks, interest rate risks and tax risks.

Keydata

TSEK	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Result from property management, TSEK	-99,820	47,491	21,263	37,517	115,963
Profit before tax, TSEK	81,129	46,304	197,004	69,488	361,540
Shareholders' equity, TSEK	2,157,179	2,018,433	2,157,179	2,018,433	2,352,307
Total assets, TSEK	3,567,546	4,273,579	3,567,546	4,273,579	3,666,884
Equity ratio, %	60.5	47.2	60.5	47.2	64.2

Financial reports

CONSOLIDATED INCOME STATEMENT

TSEK	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Rental income	2,126	18,153	4,471	30,570	63,352
Other income	712	5,324	921	5,965	9,952
Operating costs	-1,802	-10,120	-3,574	-16,406	-35,514
Operating earnings	1,036	13,357	1,818	20,129	37,790
Central administration	-11,912	-14,071	-29,231	-28,372	-58,085
Results from associated companies/joint ventures	43,039	33,372	82,832	29,740	76,321
Results from other financial assets	-145,907	21,979	-42,705	31,022	87,074
Results from sale of properties	22,080	-424	21,573	-1,391	2,884
Financial income	7,360	7,165	14,801	14,146	29,123
Financial expenses	-15,516	-13,887	-27,825	-27,757	-59,144
Result from property management	-99,820	47,491	21,263	37,517	115,963
Income, residential development	9,077	170,920	11,445	370,091	387,787
Costs, residential development	-8,705	-166,626	-10,641	-354,477	-387,747
Result before changes in value	-99,448	51,785	22,067	53,131	116,003
Changes in value, properties	180,577	-5,481	175,444	16,357	245,030
Changes in value, derivatives	-	-	-507	-	507
Profit before tax	81,129	46,304	197,004	69,488	361,540
Taxes	-39,316	-11,493	-32,219	-16,679	25,143
Profit for the period	41,813	34,811	164,785	52,809	386,683
Consolidated report of comprehensive income					
Other comprehensive income	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Net comprehensive income for the period	41,813	34,811	164,785	52,809	386,683
Attributable to:					
Parent Company shareholders	40,943	33,666	125,921	42,116	322,387
Non-controlling interest	870	1,145	38,864	10,693	64,296

CONSOLIDATED BALANCE SHEET

TSEK	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Fixed assets			
Investment properties	1,700,013	1,788,289	1,393,689
Land lease agreements	-	1,877	-
Participations in associated companies/joint ventures	388,145	557,717	641,107
Participations in other companies	154,143	-	-
Receivables from associated companies/joint ventures	-	97,957	3,482
Derivatives	-	-	507
Other long-term receivables	1,106	58,054	57,429
Total fixed assets	2,243,407	2,503,894	2,096,214
Current assets			
Properties classified as current assets	220,640	894,032	61,477
Accounts receivable	21,115	12,701	22,499
Receivables from group companies	7,330	92	-
Receivables from associated companies/joint ventures	534,388	370,088	465,639
Other current receivables	203,334	287,609	492,822
Prepaid expenses and accrued income	22,282	16,020	4,404
Liquid funds	315,050	189,143	523,829
Total current assets	1,324,139	1,769,685	1,570,670
TOTAL ASSETS	3,567,546	4,273,579	3,666,884

CONSOLIDATED BALANCE SHEET

TSEK	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Equity			
Share capital	556	556	556
Other capital contributed	1,049,177	1,049,177	1,049,177
Retained profits including net profit for the year	609,860	563,581	843,852
Shareholders' equity attributable to the Parent Company's shareholders	1,659,593	1,613,314	1,893,585
Non-controlling interest	497,586	405,119	458,722
Total shareholders' equity	2,157,179	2,018,433	2,352,307
Long-term liabilities			
Deferred tax liability	93,335	105,970	61,116
Long-term interest-bearing liabilities	504,660	935,612	899,087
Other long-term liabilities	75,077	77	75,077
Leasing liabilities	-	1,877	-
Total long-term liabilities	673,072	1,043,536	1,035,280
Current liabilities			
Short-term interest-bearing liabilities	455,463	781,886	46,443
Accounts payable	42,703	35,815	30,886
Current liabilities to associated companies/ joint ventures	6,755	2,327	6,755
Tax liability	214	-	849
Current liabilities to group companies	6,169	4,781	7,568
Other current liabilities	175,701	353,230	149,428
Accrued expenses and prepaid income	50,290	33,571	37,368
Total current liabilities	737,295	1,211,610	279,297
Total liabilities	1,410,367	2,255,146	1,314,577
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,567,546	4,273,579	3,666,884

CONSOLIDATED CASH FLOW STATEMENT

TSEK	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Current operations					
Result before changes in value	-99,448	51,785	22,067	53,131	116,003
Adjustment for items not included in the cash flow	80,969	-70,886	-61,519	-86,086	-183,244
Difference between paid interest and financial expenses	2,924	-1,666	4,585	4,625	10,452
Difference between received interest and financial income	-5,959	5,064	-10,715	-1,917	-24,272
Income tax paid	2,418	-4,046	-3,407	-7,648	-14,112
Cash flow from current operations before changes in working capital	-19,096	-19,749	-48,989	-37,895	-95,173
Changes in working capital					
Change in properties classified as current assets	-141,452	136,300	-159,344	95,836	54,900
Change in operating receivables	128,212	3,778	222,319	15,545	66,763
Change in operating liabilities	110,383	-92,521	47,700	17,705	-123,389
Cash flow from current operations	78,047	27,808	61,686	91,191	-96,899
Investment operations					
Acquisition of properties	-	-	-	-	-24,000
Investment in properties	-51,067	-95,445	-123,020	-179,336	-438,713
Divestment of properties	-3,747	159,299	4,774	159,823	1,892,931
Acquisition and divestment of associated companies/joint ventures	179,891	546	179,891	546	-50,000
Acquisition of subsidiary, net cash effect	-	-	-	-	-47,453
Repayment of contributions from associated companies/joint ventures	-	-	-	-	546
Loans to associated companies/joint ventures	-47,539	-	-110,148	-	-111,044
Repayment of loans from associated companies/joint ventures	3,482	-	53,482	-	107,283
Dividends from associated companies/joint ventures	72,100	-	72,100	-	-
Repayment other loans	-	-	-	-	500
Divestment of other shares	-	-	-	-	75
Change of other long-term receivables	-	-4,500	-	-4,500	-
Cash flow from investment operations	153,120	59,900	77,079	-23,467	1,330,125
Financing operations					
Paid dividend	-250,001	-54,957	-359,914	-54,957	-109,913
Realized derivative	-	-	466	-	-
Proceeds from borrowing	41,754	71,317	111,904	354,363	705,206
Repayment of borrowing	-100,000	-125,157	-100,000	-317,182	-1,443,885
Cash flow from financing operations	-308,247	-108,797	-347,544	-17,776	-848,592
Total cash flow	-77,080	-21,089	-208,779	49,948	384,634
Liquid funds at the beginning of the period	392,130	210,232	523,829	139,195	139,195
Liquid funds at the end of the period	315,050	189,143	315,050	189,143	523,829

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

TSEK	Shareholders' equity attributable to the parent company's shareholders				Non-controlling interest	Total shareholders' equity
	Share capital	Other capital contributed	Retained profits including net profit for the year	Total		
Total equity January 1, 2021	556	1,049,177	631,410	1,681,143	394,369	2,075,512
Net comprehensive income for the year						
Profit for the period	-	-	322,387	322,387	64,296	386,683
Other comprehensive income	-	-	-	-	-	-
Total net comprehensive income for the year	-	-	322,387	322,387	64,296	386,683
Contributions from and transfers of value to the company's owners						
Dividend	-	-	-109,913	-109,913	-	-109,913
Total contributions from and transfers of value to the company's owners	-	-	-109,913	-109,913	-	-109,913
Transactions with non-controlling interests						
Changes in non-controlling interests	-	-	-32	-32	57	25
Total transactions with non-controlling interests	-	-	-32	-32	57	25
Shareholders' equity December 31, 2021	556	1,049,177	843,852	1,893,585	458,722	2,352,307
Total equity January 1, 2022	556	1,049,177	843,852	1,893,585	458,722	2,352,307
Net comprehensive income for the year						
Profit for the period	-	-	125,921	125,921	38,864	164,785
Other comprehensive income	-	-	-	-	-	-
Total net comprehensive income or the year	-	-	125,921	125,921	38,864	164,785
Contributions from and transfers of value to the company's owners						
Dividend	-	-	-359,913	-359,913	-	-359,913
Total contributions from and transfers of value to the company's owners	-	-	-359,913	-359,913	-	-359,913
Transactions with non-controlling interests						
Total transactions with non-controlling interests	-	-	-	-	-	-
Shareholders' equity June 30, 2022	556	1,049,177	609,860	1,659,593	497,586	2,157,179

PARENT COMPANY INCOME STATEMENT

TSEK	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Net sales	14	483	56	494	721
Sales	14	483	56	494	721
Central administration	-10,714	-9,459	-22,267	-20,158	-39,288
Operating earnings	-10,700	-8,976	-22,211	-19,664	-38,567
Profit/loss from participations in group companies	22,080	-824	21,573	-1,113	-14,930
Results from other financial assets	0	-	-	-	71
Financial income	6,547	8,123	14,082	16,290	33,449
Financial expenses	-15,549	-11,863	-27,809	-23,385	-48,235
Net financial items	13,078	-4,564	7,846	-8,208	-29,645
Earnings before tax	2,378	-13,540	-14,365	-27,872	-68,212
Taxes	-12,921	4,513	-10,067	6,376	10,181
Net profit/loss for the period	-10,543	-9,027	-24,432	-21,496	-58,031

PARENT COMPANY BALANCE SHEET

TSEK	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Assets			
Fixed assets			
<i>Financial fixed assets</i>			
Participation in group companies	100,454	12,137	100,454
Participation in associated companies	513	531	506
Participation in other companies	103	-	-
Other long-term receivables	-	57,096	56,471
Deferred tax assets	6,035	12,297	16,102
Total financial fixed assets	107,105	82,061	173,533
Total fixed assets			173,533
Current receivables			
Receivables from group companies	1,245,065	1,653,568	1,592,407
Receivables from associated companies	2,523	-	2,500
Other current receivables	43,564	1,613	1,505
Prepaid expenses and accrued income	1,916	240	53
Total current receivables	1,293,068	1,655,421	1,596,465
Liquid funds	100,902	74,410	19,320
Total current assets	1,393,970	1,729,831	1,615,785
TOTAL ASSETS	1,501,075	1,811,892	1,789,318

PARENT COMPANY BALANCE SHEET

TSEK	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Equity and liabilities			
Equity			
Restricted equity			
Share capital	556	556	556
Unrestricted equity			
Share premium reserve	1,049,257	1,049,257	1,049,257
Profit brought forward	-492,424	-74,481	-74,481
Profit for the period	-24,432	-21,496	-58,031
Total equity	532,957	953,836	917,301
Long-term liabilities			
Long-term interest-bearing liabilities	391,397	488,119	489,758
Total long-term liabilities	391,397	488,119	489,758
Current liabilities			
Accounts payable	74	558	260
Current liabilities to group companies	511,012	309,038	376,113
Other current liabilities	59,406	54,972	15
Accrued expenses and prepaid income	6,229	5,369	5,871
Total current liabilities	576,721	369,937	382,259
TOTAL EQUITY AND LIABILITIES	1,501,075	1,811,892	1,789,318

NOTES

Note 1 Accounting principles

The interim report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34, Interim Financial Statements and, in the case of the Parent Company, in accordance with the Annual Accounts Act. Information according to IAS 34.16A is available not only in the financial reports and their notes but also in the rest of the interim report.

Note 2 Significant estimates and assessments

Estimates and assessments are evaluated continuously and are based on experiences and other circumstances, including expectations on future events which are considered reasonable during current conditions.

The group makes assessments and assumptions about the future that affect the reported value of asset and liability and income and expense items. Actual outcomes can then differ from these assessments if other conditions arise. The estimates and assumptions that have a material impact on the reported values of assets and liabilities are described in note 2 in the annual report of the group.

Note 3 Financial assets and liabilities valued at fair value

For assets and liabilities measured at amortized cost, this is assumed to be a reasonable estimate of the fair value. For some of these items, however, there is a fair value that marginally differs from the carrying amount due to changes in interest rates. For other loans, fair value is deemed to agree with the carrying amount as the credit margins agreed are still market based.

Note 4 Operating segments

The Group's operations comprise one operating segment, that is to say, the Group's operations comprise a business that generates income and expenses and whose operating profit is regularly assessed by the company's chief operating decision maker as a basis for monitoring earnings and allocating resources.

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

Stockholm August 30, 2022

Johan Karlsson
Chairman

Erik Dansbo
Board member

Staffan Unge
Board member

Christian Bratt
CEO

SLÄTTÖ

