

Press release

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CREDI: Easing of credit terms ahead of 2013

The December issue of Catella's Real Estate Debt Indicator, CREDI, indicates increased credit availability and contracting loan margins on property financing during the past three months. This represents a marked improvement over the September sentiment, where respondents on average expected financing terms to worsen slightly in the coming three months.

Since September, Catella has observed several signs of an improving credit market. The funding costs for the major Swedish property lenders have continued to contract, as indicated by falling CDS spreads. In recent transactions, and current negotiations, offered credit terms have improved slightly, and loan ticket sizes have increased in prime transactions.

"We believe that the CREDI results, alongside current market sentiment, indicate that the listed sector will see an improvement in terms and availability of loan financing in 2013. This implies increasing activity on the transaction market." says Daniel Anderbring, Research Analyst at Catella.

The observation of improved credit terms have also been echoed by the Swedish listed property sector in their third quarter results presentations. The CREDI Indices, tracking the Swedish listed property sector, show a continued increase in average fixed interest term in Q3 2012. The current reading is the highest since the start in Q1 2000. The average actual paid interest rate by the listed sector remained stable around 4 per cent in Q3 2012.

The emergence of debt funds targeting the Nordic markets follows the trend in UK and mainland Europe. On the Swedish market alternative financing is still linked primarily to corporate bonds and preference shares.

"The current outstanding volume of bonds for the Swedish listed property sector has almost tripled year-on-year. We believe that this alternative financing trend will continue in 2013." says Niclas Forsman, Capital Markets Analyst at Catella.

The third edition of CREDI is attached and can be downloaded from catellaproperty.se. The next CREDI will be published in March, 2013.

The Catella Real Estate Debt Indicator, CREDI, is a market sentiment indicator for the Swedish real estate debt financing market. CREDI consists of two parts: firstly a quarterly current and forward-looking survey of Swedish listed property companies and banks providing real estate financing on the Nordic market; and secondly a set of indices based on publicly available data

illustrating the aggregate change in credit conditions such as leverage, duration and cost of debt for the Swedish listed property sector.

Catella Corporate Finance is a leader on the Swedish market for advisory services in connection with property transactions and property-related services within debt and equity capital markets. Catella Corporate Finance has some 50 employees and offices in Stockholm, Gothenburg and Malmö. The company is a part of the Catella Group.

For more information, please contact:

Daniel Anderbring
Research Analyst, Catella Corporate Finance
+46 8 463 33 60

Press contact:

Viktorija Ejenäs
Communications Officer, Catella
+46 8 463 33 34, +46 72 726 33 34