



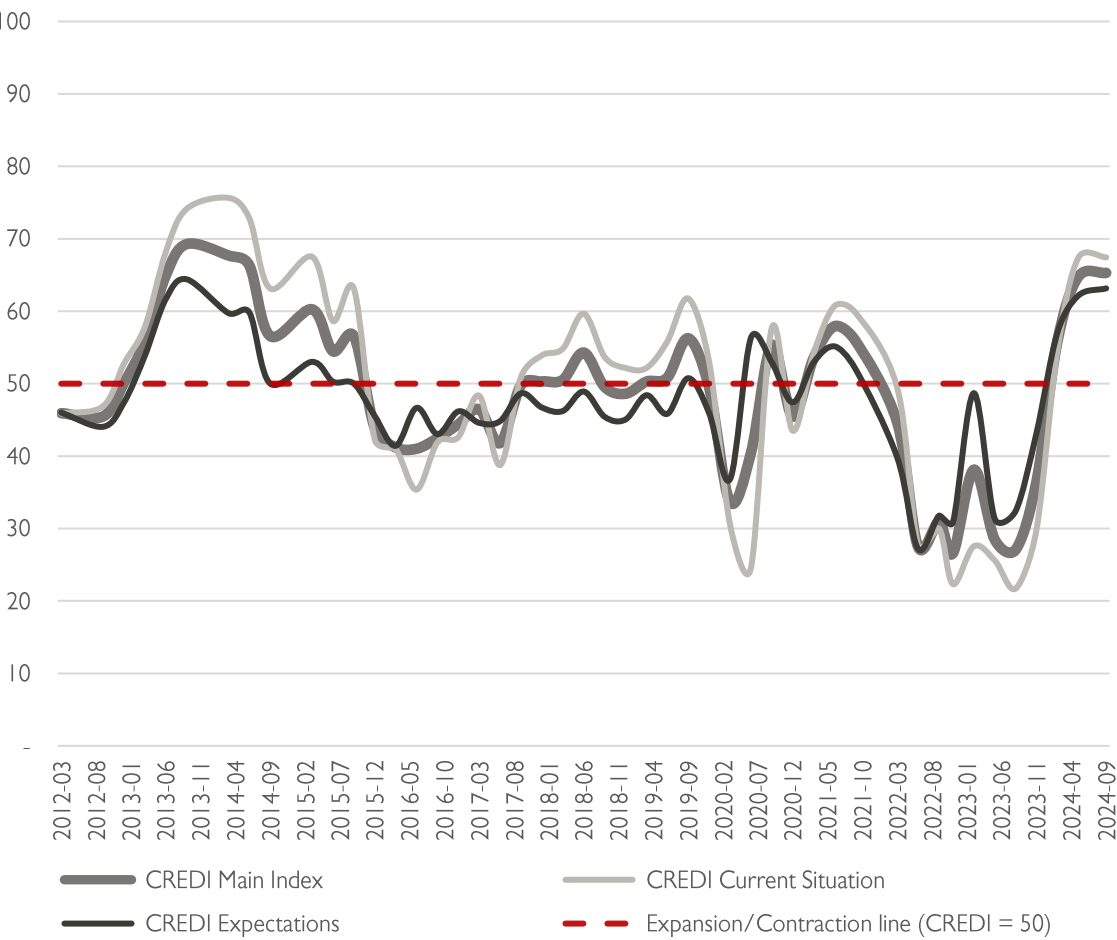
CREDI – September 2024

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THE CREDI INDEX



COMMENTS TO THE CREDI INDEX

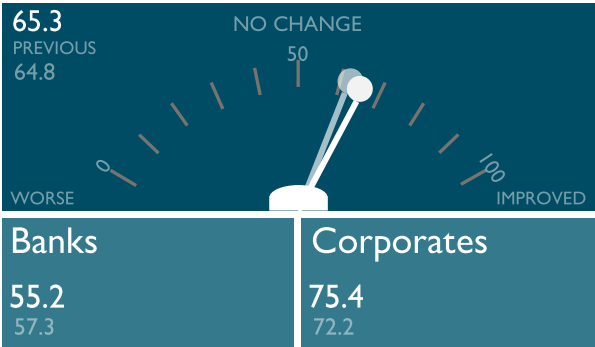
- The CREDI Index remained fairly unchanged compared to the previous quarter indicating that the positive atmosphere in the loan markets continues.
- The sub-index for Current Situations remained unchanged, while the sub-index for Expectations improved marginally.
- The sub-index for Banks fell somewhat due to a less positive sentiment with regards to the Current Situation. The sub-index for Corporates increased due to a more positive sentiment with regards to the Current Situation.

ABOUT THE CREDI SURVEY

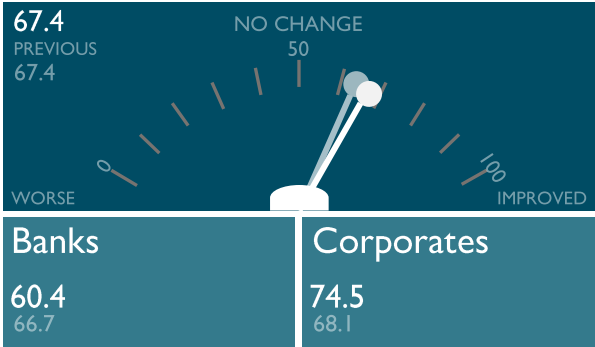
CREDI is a market sentiment indicator for the Swedish real estate debt market. The indicator is based in part on a quarterly current and forward-looking survey of Swedish listed property companies, and banks providing real estate financing on the Nordic market. This part of the indicator is called the CREDI survey. The CREDI survey contains four questions about recent changes in credit availability and credit conditions, and four questions about expectations regarding changes in credit availability and credit conditions in the next three months. The CREDI survey results are computed as separate diffusion indices per question, where answers are weighted according to their direction of change in the variable. As such, the final index figure represents an average of all weighted answers. Weights are applied such that a “no change”-answer equals 50 index points. Consequently, the turning point in sentiment is 50 and any reading below this level indicates more difficult financing conditions while any reading above indicates less difficult financing conditions. Separate indices are aggregated per respondent category. The Main index and its components are then computed as an unweighted average of these two categories – ensuring that the answers of borrowers and lenders are equally weighted in the Main index.



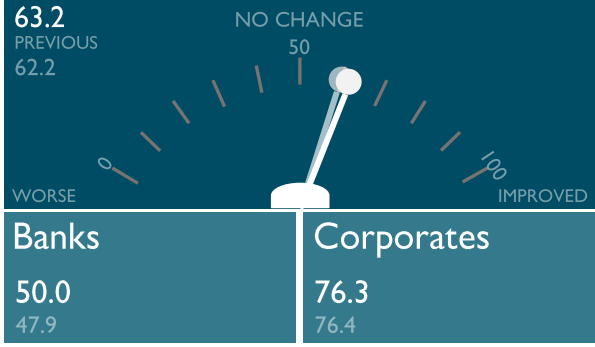
CREDI MAIN INDEX



CREDI CURRENT SITUATION



CREDI EXPECTATIONS



COMMENTS TO THE SUB-INDICES

- The view on Credit Availability was very positive as in the previous CREDI.
- The view on Credit Margins and Leverage was also in line with the previous CREDI, with credit margins decreasing, while leverage is fairly unchanged.
- Terms for Duration are improving slightly.

CREDI Sub-indices

The CREDI sub-indices present survey data question by question. The bars represent the distribution of actual answers per question, separated into the components Current Situation and Expectation for the coming three months.

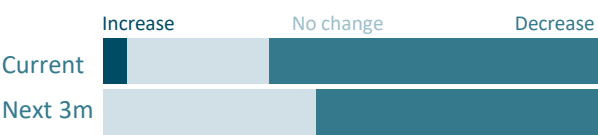
CREDIT AVAILABILITY



LEVERAGE



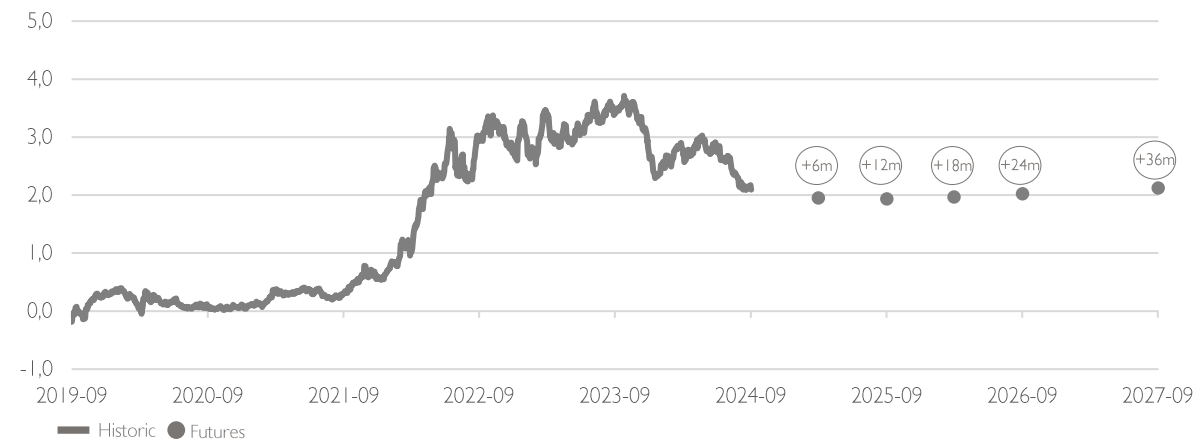
CREDIT MARGINS



DURATION



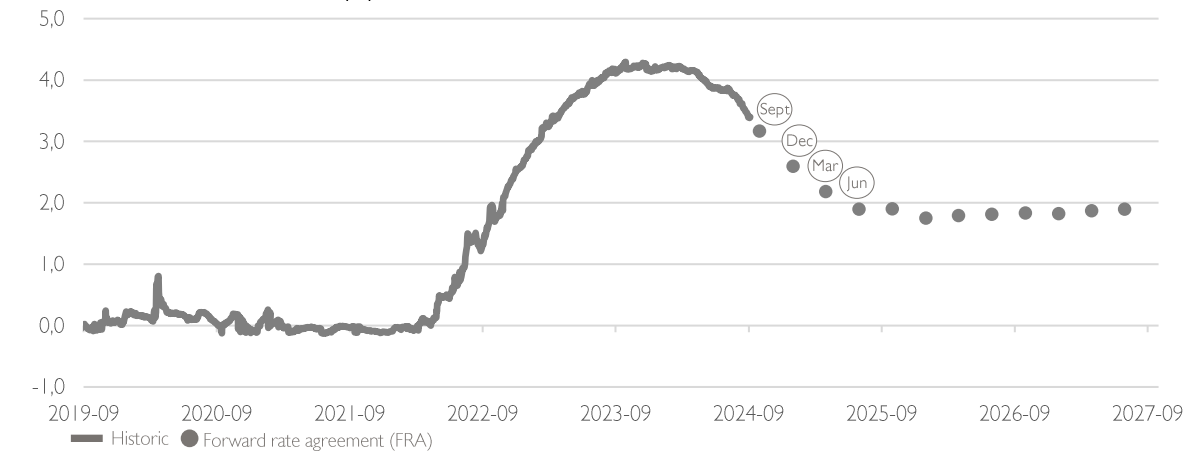
5-YEAR SWAP RATES, HISTORIC AND FUTURES (%)



BALDER (MATURITY APRIL 2027, SEK), CREDIT MARGINS (%)



STIBOR, HISTORIC AND FRA (%)



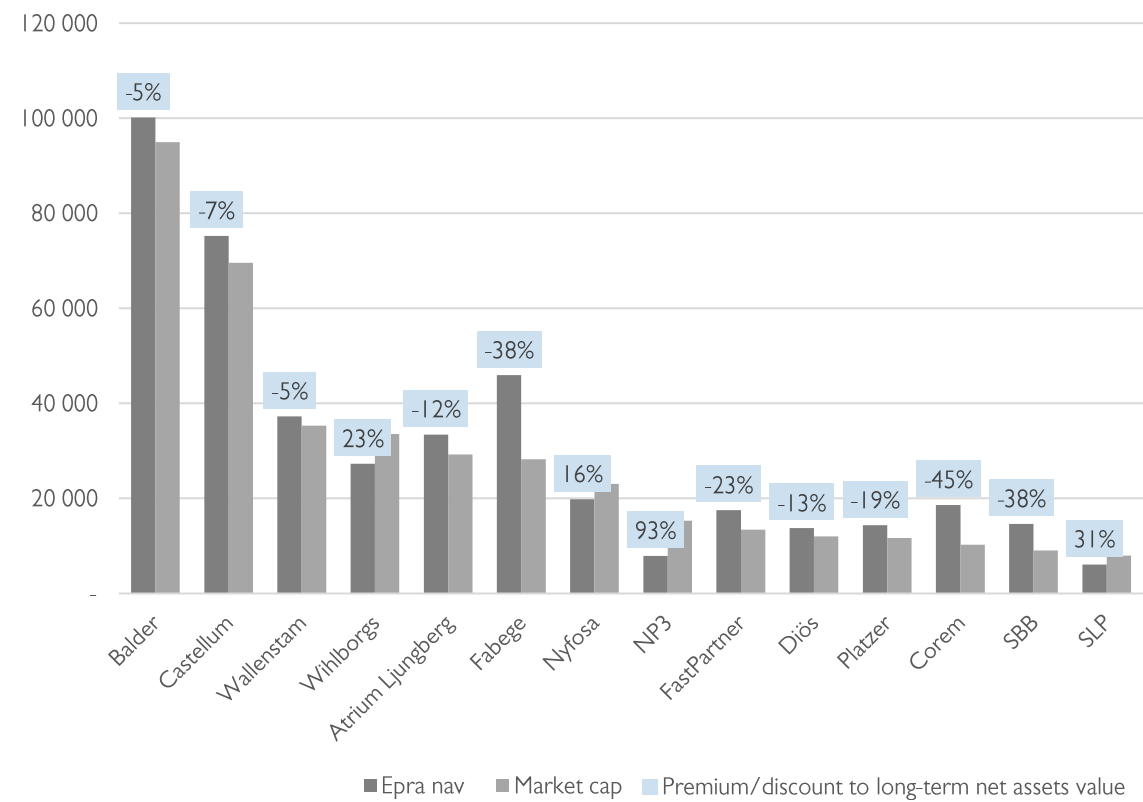
CASTELLUM (MATURITY APRIL 2027, SEK), CREDIT MARGINS (%)



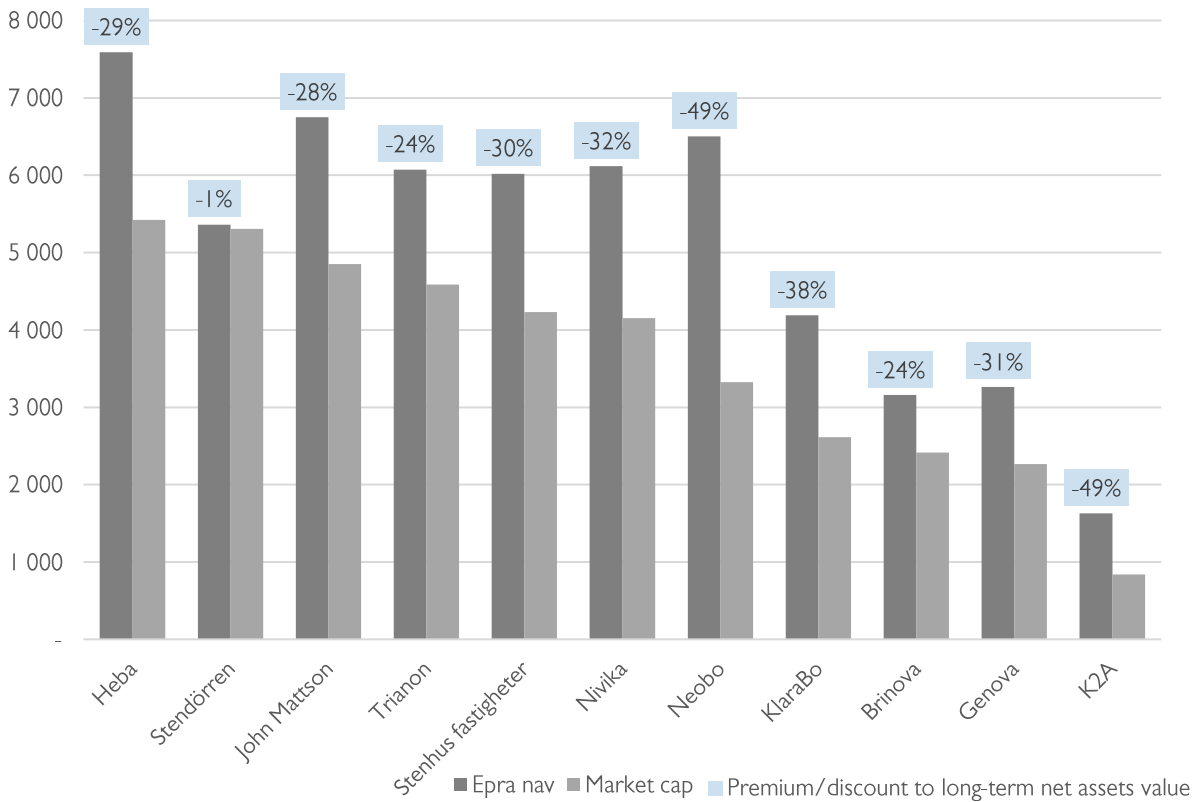
The interest derivate market expect 3-month STIBOR to stabilize around 2.0% and longer-term swap rates are expected to fall slightly to the same level. The bond market has also improved, easing refinancing risks for the Swedish property market.

Equity market premium/discount to long-term net asset value

SEKm (Companies with a market cap exceeding ~ SEK 8 billion)

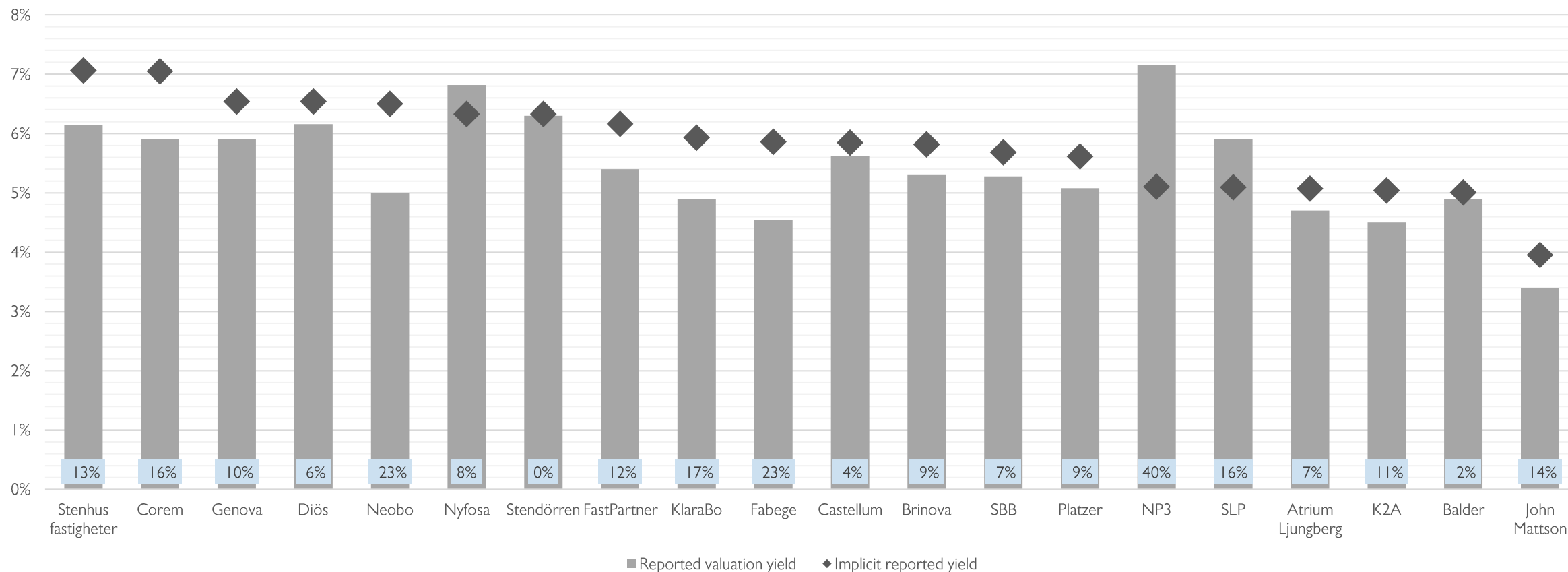


SEKm (Companies with a market cap under ~ SEK 8 billion)



Despite recent improvements in the equity market, the average discount among the selected companies still amounts to 15 percent. The larger companies (market cap exceeding SEK 8 billion) trade at a discount of 3 percent, while the smaller companies trade at a discount of 30 percent.

Reported valuation yields, implicit reported valuation yields and equity market premium/discount on property values

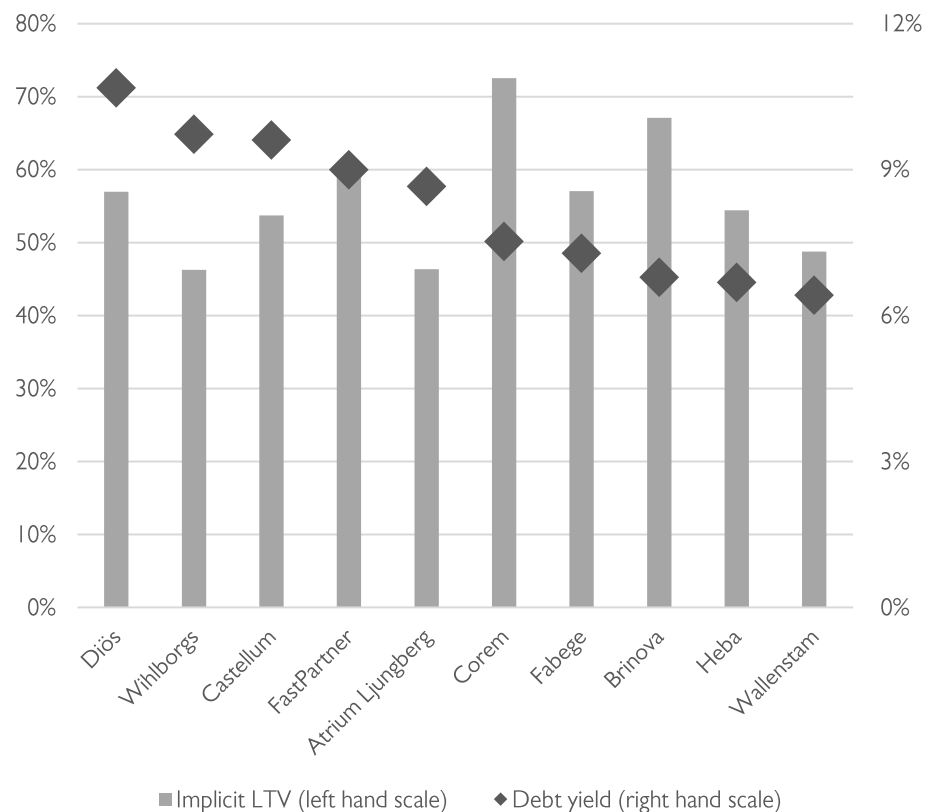


The average discount on property values amounts to 6 per cent, indicating that the equity market is expecting property values to decrease further. The average reported valuation yield of the selected companies is 5.4 per cent and the average implicit (adjusting for premium/discount in the equity market) market valuation yield is 5.8 per cent.

Debt yield and implicit LTV (including hybrids)

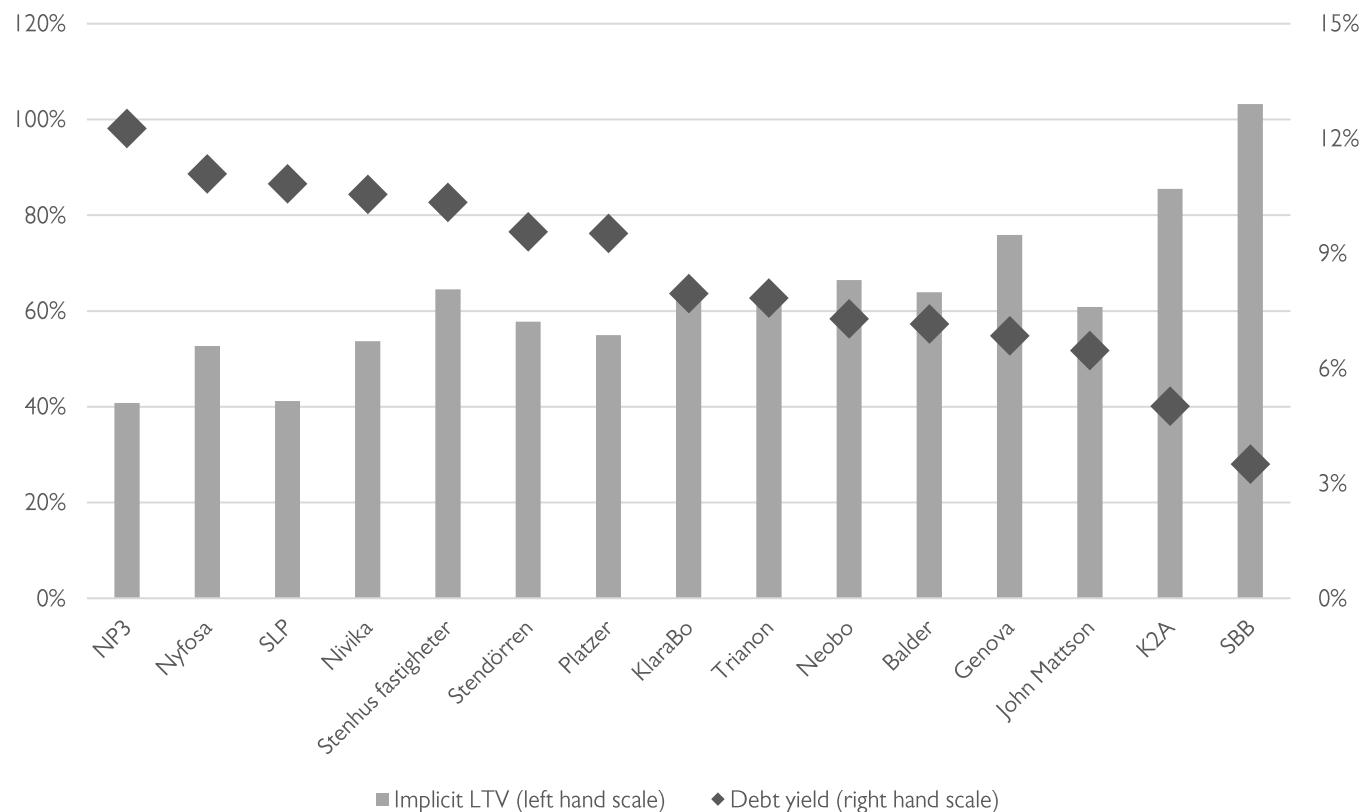
DEBT YIELD AND IMPLICIT LTV

Debt yield based on reported LTM NOI



DEBT YIELD AND IMPLICIT LTV

Debt yield based on reported income capacity



About half of the 25 companies in our sample have either debt yields at or below 7.5% and/or implied LTV ratios above 60% indicating that the process of repairing balance sheets have further to go in the listed Swedish property market.



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