

# VICTORIA PARK AB

## INTERIM REPORT 2019 JANUARY – MARCH

- Revenues increased by 11 percent, to SEK 314 M (284).
- Profit from property management increased by 11 percent to SEK 99 M (89).
- Profit after tax amounted to SEK 490 M (274), equal to SEK 1.99 per share (1.11).
- Net asset value growth increased by 20 percent till SEK 37.27 per share (31.08).
- The Swedish competition authority approved the acquisition of 2,340 flats.
- A new report shows a significant positive development in Rosengård, Malmö.

Victoria Park is a property company listed on Nasdaq Stockholm, Mid Cap, with a focus on residential properties in growth cities across Sweden. At 31 March 2019, the market value of Victoria Park's property portfolio was SEK 18.8 Bn (16.2).



In the event of discrepancies between this Interim Report and the Swedish Interim Report, the Swedish Interim Report shall prevail.



## Quarter in brief

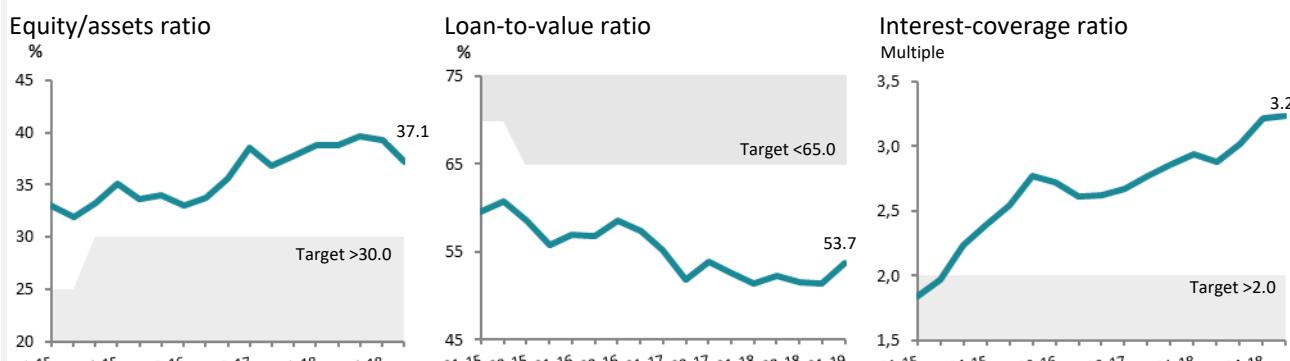
- Revenues increased by 11 percent, to SEK 314 M (284).
- Profit after tax amounted to SEK 490 M (274), equal to SEK 1.99 per share (1.11).
- Net asset value growth increased by 20 percent to SEK 37.27 per share (31.08).
- The loan-to-value ratio was 53.7 percent (51.4).
- The Swedish competition authority approved the acquisition of 2,340 flats in Stockholm and Gothenburg.
- A sharp decrease in criminality, more people in work and higher voter turn-out are some of the results of Victoria Park's work and partnership with the authorities and civil society in Herrgården a part of Rosengård, Malmö. These were the conclusions of a report that highlights the development in the area since 2013.

## Events after the end of period

- The acquisition of 2,340 flats in Stockholm and Gothenburg with an underlying property value of SEK 4.7 Bn closed on 1 April 2019.

	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	2018 Rolling 12 mths Apr-Mar	2018 12 mths Jan-Dec	2017 12 mths Jan-Dec	2016 12 mths Jan-Dec
Revenues, SEK M	314	284	1,221	1,190	1,062	832
Net operating income, SEK M	163	148	688	672	570	419
Profit from property management, SEK M	99	89	417	406	328	220
Profit after tax, SEK M	490	274	1,440	1,224	1,901	1,217
Earnings per share, SEK	1.99	1.11	5.84	4.95	7.83	5.20
Net asset value per share, SEK	37.27	31.08	37.27	34.66	29.65	20.08
Cash flow from operating activities before changes in working capital, SEK M	102	98	410	406	342	230
Equity/assets ratio, %	37.1	38.7	37.1	39.3	37.8	33.8
Loan-to-value ratio, %	53.7	51.4	53.7	51.4	52.5	57.3
Interest-coverage ratio, multiple	3.2	2.9	3.2	3.2	2.9	2.6

## Financial objectives and fulfilment



## Statement from CEO Per Ekelund:

### Significant societal impact of our property management model

- » Continuing favourable value growth.
- » Significant social values generated by positive development in Rosengård.
- » Net asset value grows by 20 percent to SEK 37.27 per share.
- » The aquisition of 2,340 flats in Haninge and Mälndal closed on 1 April.

#### Closing of largest acquisition to date

After the period, on 1 April, we closed the aquisition of two portfolios of 9 properties with a total of 2,340 flats in Haninge and Mälndal from Akelius Residential Property. This is our largest acquisition to date and we have strengthened our property portfolio and presence in Sweden's two largest regions, and achieved economies of scale in our property management.

The acquisition was conducted at an underlying property value of SEK 4.7 Bn and was financed with internal funds and loans in accordance with the Group's financial policy. Furthermore, it means that we have now achieved our long-term goal of a property portfolio of SEK 20 Bn.

#### Value-creating investments...

Through our rolling ROT programme, we are steadily improving housing environments and extending the service life of our properties, while creating safer and more attractive residential areas. During the first quarter of the year, we renovated and completed 225 flats, which means almost 1,100 flats over the past 12-month period.

We continue to have significant development potential in our portfolio, as the proportion of renovated flats is only 37 percent. At the same time, we can see strong growth in demand for renovated flats, which attract residents with a stable economic situation who provide social capital to the area.

#### ...contribute to favourable value trend

At the end of the quarter, we conducted an external valuation of the entire portfolio where the yield requirement was set at 4.12 percent, compared with 4.16 percent at 31 December 2018. The value increase amounted to approximately SEK 500 M during the first quarter, and is linked in equal parts to value-creating investments, higher annual rent increases and the lower yield requirement.

Accordingly, on 31 March, the value of our total portfolio amounted to SEK 18.8 Bn, compared with SEK 16.2 Bn one year earlier. Over the past 12 months, the net asset value therefore increased by a full 20 percent to SEK 37.27.

#### Central customer centres

During the autumn 2018, we conducted a Group-wide tenant survey, which encompassed our entire portfolio of just over 14,000 flats, with a response rate of more than 50 percent. The results show, for example, that our residents would increasingly like the possibility to contact us outside our current opening times. One reason is that the rate of employment among our residents has increased.

In April, we therefore launched a central customer centre offering direct case handling, quality assurance and increased accessibility and efficiency. We are starting in Stockholm and Gothenburg and will expand to the entire portfolio within this year.

#### Significant societal values generated in Rosengård

When we acquired Herrgården in Rosengård in December 2012, the area was characterised by criminality, high unemployment, run-down outdoor environment and dilapidated flats. The area has since been gradually transformed through systematic efforts in partnership with the police, emergency services, the municipality and civil society. Our property management model and social sustainability work has played an important role, and includes job creation for residents who are long-term unemployed, relationship building with residents and renovation of vacant flats.

The transformation we can see in the area over the past five years has highly positive commercial and socioeconomic effects. Not least, through more people in work and the reduction in social tension. We have also noted less criminality, such as fewer car fires, less violence and a reduction in vandalism, which are vital in our efforts to create an attractive residential area.

We look forward to continuing on our established route and thereby consistently create value for our owners, residents and society in general.

Malmö, 23 April 2019

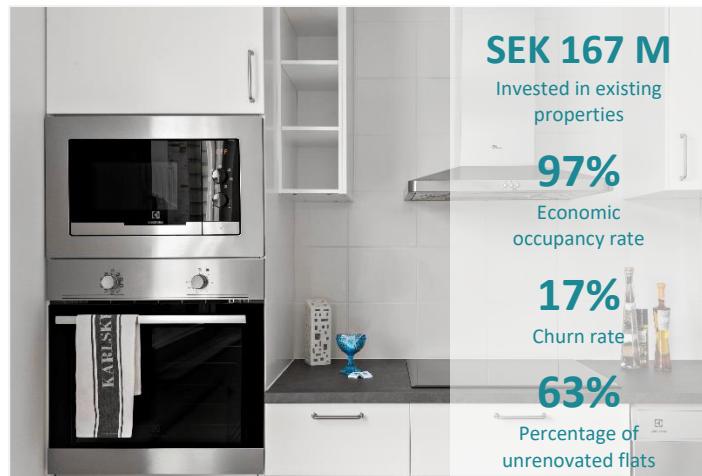
Per Ekelund, Chief Executive Officer

## Property portfolio

At 31 March 2019, Victoria Park's property portfolio amounted to 1,128,000 sqm (1,083,000), comprising 14,287 flats, with a market value of SEK 18.8 Bn (16.2), of which SEK 273 M (230) relates to building rights.

The economic occupancy rate was 97.0 percent (97.1) and remaining vacancies mainly comprised unleased parking spaces and turnover vacancies.

Turnover vacancies mainly occur in connection with renovation of the existing portfolio with ROT renovation. This means that flats are renovated when tenants terminate their leases and move out, after which renovation continues for four to six weeks before the next tenant moves in. During the renovation period, the flat is reported as vacant. Demand for newly renovated flats has been, and remains, very strong.



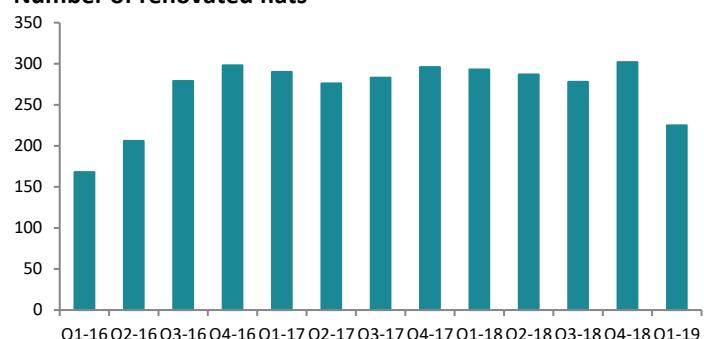
### Flat renovations

A total of 5,300 flats, of the portfolio's 14,287 flats have so far been renovated, with subsequent rent adjustment. During the quarter 225 flats were renovated.

Victoria Park's objective is to raise the standard of all flats in the portfolio in connection with turnover. With an average turnover rate of 17 percent and 63 percent of flats still to be renovated, the rate of investment will remain high in the future.

At the end of the accounting period, another 392 flats have been approved for renovation.

### Number of renovated flats



### Change in the property portfolio

During the period, a total of SEK 167 M (133) was invested in existing properties. Most of the investments are rent-driven but investments are also made in the portfolio in order to reduce energy consumption.

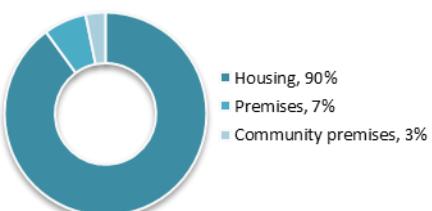
During the year, the property portfolio, including building rights, changed according to the table shown.

SEK M	2019	2018	2018
	3 mths	3 mths	12 mths
<b>Opening value of property portfolio</b>	<b>18,086</b>	<b>15,440</b>	<b>15,440</b>
Investments in existing properties	167	133	729
Acquisitions		333	1,001
Unrealised changes in value	541	267	917
<b>Closing value of property portfolio</b>	<b>18,794</b>	<b>16,173</b>	<b>18,086</b>

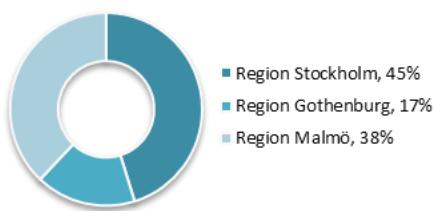
### Property portfolio at 31 March 2019

Management regions	Number of			Lettable area, '000 sqm			Rental- revenues,		Economic		
	Prop	Flats	Ren. Flats	Total	Housing	Prem.	SEK M	SEK/sqm	SEK M	occupancy rate, %	Churn rate, %
Region Stockholm	98	6,260	2,562	510	482	28	581	1,140	559	96	18
Region Gothenburg	17	2,371	580	190	154	36	217	1,143	213	98	11
Region Malmö	111	5,656	2,158	429	380	49	488	1,137	476	97	17
<b>Total</b>	<b>226</b>	<b>14,287</b>	<b>5,300</b>	<b>1,128</b>	<b>1 015</b>	<b>113</b>	<b>1,286</b>	<b>1,139</b>	<b>1,247</b>	<b>97</b>	<b>17</b>

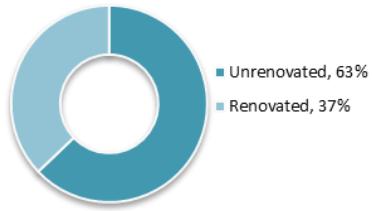
### Lettable area, %



### Rental value per region, %



### Percentage of unrenovated flats, %



## Densification projects

In addition to value-creating investments and social sustainable management, densification projects are conducted on existing land to increase the lettable area and attractiveness of the areas. The densification process takes place in different phases and may last for several years, which is why it should take place in close collaboration with municipalities and other stakeholders.

At present, the total densification potential of 3,194 flats, with a market value of SEK 273 M (230), distributed between the categories of land ready for development, planning in process and preparation of new zoning plan.

In Växjö, construction is in progress of 30 new rental flats and the project is expected to be completed in autumn 2019. In Linköping, construction of 87 new rental flats is scheduled to commence in May 2019, with occupancy set to begin in December 2020.



### List of current densification projects at 31 March 2019

Region	Municipality	No. of flats	GFA sqm	Category
Stockholm	Linköping	570	50,000	Land ready for development
Stockholm	Stockholm	172	14,500	Land ready for development
Gothenburg	Gothenburg	146	11,500	Land ready for development
Gothenburg	Gothenburg	70	7,000	Land ready for development
Gothenburg	Borås	16	1,000	Land ready for development
Malmö	Växjö	30	2,500	Land ready for development <sup>1)</sup>
Malmö	Malmö	24	1,600	Land ready for development
<b>Land ready for development, total</b>		<b>1,028</b>	<b>88,100</b>	
Stockholm	Eskilstuna	400	30,000	Planning in process
Stockholm	Eskilstuna	150	12,000	Planning in process
Stockholm	Linköping	200	20,000	Planning in process
Stockholm	Nyköping	60	4,000	Planning in process
Stockholm	Nyköping	30	3,000	Planning in process
Malmö	Karlskrona	250	20,000	Planning in process
<b>Planning in process, total</b>		<b>1,090</b>	<b>89,000</b>	
Stockholm	Eskilstuna	750	55,000	Zoning plan required
Stockholm	Linköping	200	15,000	Zoning plan required
Malmö	Växjö	96	6,500	Zoning plan required
Malmö	Kristianstad	30	2,000	Zoning plan required
<b>New zoning plan required, total</b>		<b>1,076</b>	<b>78,500</b>	
<b>Densification projects, total</b>		<b>3,194</b>	<b>255,600</b>	

1) Construction is ongoing.

## 1 January-31 March 2019

The income statement and cash flow items below refer to the period January-March 2019. Comparisons within parentheses pertain to the equivalent period in the preceding year.

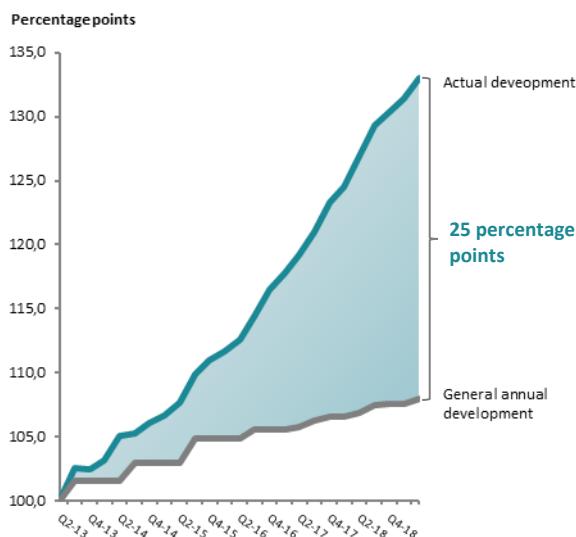
### Revenues

Revenues for the quarter increased to SEK 314 M (284). The increase in revenues is mainly due to the possession of new portfolios in Malmö and Örebro, the impact of a higher rate of investment in standard-enhancement measures and the annual general rental negotiations.

During the period, a total of 225 flats were renovated and optional upgrades were also conducted.

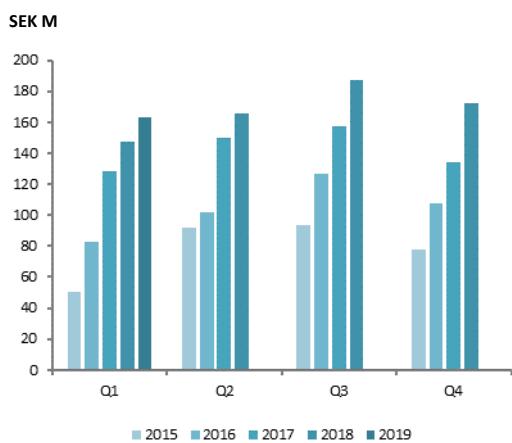
The annual general rental negotiations for 2019 were finalised for most of the portfolio with an average outcome of about 2.0 percent, where the majority affect revenues starting in the second quarter.

### Rental value growth for housing units



*Due to value-creating investments and completed utility valuation, Victoria Park's rental value per sqm since year-end 2012 has increased by 33 percentage points, compared with 8 percentage points, which is the general annual increase.*

### Net operating income growth



### Net operating income

The quarter's property costs amounted to SEK -151 M (-136). The increased costs were largely due to possession of new properties, which was partly offset by lower costs resulting from energy investments undertaken.

Costs associated with the property management operation include operating costs, maintenance expenses, property tax and insurance, as well as other administrative expenses. Operating costs mainly comprised use of heating, water and electricity, and waste management. Due to seasonal variation regarding heating, the operating costs vary during the year, with greatest impact in the first quarter.

The net operating income for the period was SEK 163 M (148), representing a surplus ratio of 51.9 percent (52.3).

### Profit from property management

Administrative costs amounted to SEK -17 M (-15) and mainly consist of personnel costs, Group-wide costs and marketing and selling expenses.

Net financial items for the period amounted to SEK -47 M (-44). The increase was mainly associated with the expanded financing in connection with acquisitions during previous year, which was partly offset by lower interest expenses in conjunction with the refinancing of existing loans and a bond redemption.

Profit from property management for the period amounted to SEK 99 M (88).

### Profit from property management trend



## Changes in value of properties/derivatives

At the end of the accounting period, all properties have been externally valued by Savills Sweden and Bryggan Fastighets-ekonomi.

The residual value was calculated using an average yield requirement of 4.12 percent, which is 4 points lower compared to 4.16 percent at the beginning of the year. The unrealised change in value was SEK 541 M (276), of which most was attributable to rent-driven measures.

To reduce sensitivity to market interest rate fluctuations, the Group has hedged its loan portfolio using a range of derivative instruments, including interest rate swaps and interest rate caps. Derivatives are recognised each period at market value, with changes recognised through profit or loss. In addition to derivatives, the Group has loan agreements with fixed interest rates.

Market interest rates for hedged interest periods have fallen slightly during the period. This has affected the market value of the derivative portfolio with an unrealized profit effect of SEK -13 M (-5). The change in the market value is not cash flow influencing, and the value of the derivatives is zero at the end of the derivatives.

## Tax

The tax effect for the period was SEK -137 M (-78), and comprised both deferred tax attributable to changes in the value of properties and derivatives, and changes in the Group's remaining tax loss carryforwards.

Current tax only occurs in exceptional circumstances, due to opportunities for tax depreciation, tax deductions for certain investments, the utilisation of existing tax loss carryforwards and for making Group contributions.

Changes to rules concerning restrictions on interest deduction are primarily expected to impact deferred tax. The Group's financial expenses will not be fully tax deductible, which means the tax rate for the consolidated Group companies will increase.

## Profit

Profit for the period after tax amounted to SEK 490 M (274), equal to SEK 1.99 per ordinary share (1.11), adjusted for a dividend payment of SEK -5 M (-5) on preference shares during the period.

## Comments on the segment information

The Group's reporting is done by segment. The net operating income for segments and the Group, respectively, does not differ. The difference between net operating income and profit before tax is presented in the consolidated statement of comprehensive income.

Segment reporting for the management operation is divided into the following geographic regions: Stockholm, Gothenburg and Malmö.

The lifestyle property operation consists of a service operation was divested in the first quarter in 2018.

## Comments on the consolidated cash-flow statement

Operating activities before changes in working capital generated cash flow of SEK 102 M (98). Cash flow from operating activities amounted to SEK 42 M (61).

During the period, investing activities had an impact of SEK -167 M (-365) and mainly comprised acquisitions and investments in standard-enhancement measures.

Cash flow from financing activities was SEK -1,699 M (-118), attributable to the admission of refinancing for the closing of 2,340 flats in Stockholm and Gothenburg on 1 April, repayment of loans and the approved dividend to preference shareholders of SEK -5 M (-5).

At the end of the period, consolidated cash and cash equivalents amounted to SEK 1,880 M (344).

## Parent Company

The operations mainly consist of Group-wide services including sales, market and accounting/finance. The Parent Company has overall responsibility for strategy-related issues and business development, financial control and

monitoring, and planning. Parent Company sales totalled SEK 6 M (7), and mainly consisted of invoiced management fees.

Profit for the period after tax amounted to SEK -25 M (-10).

# Comments on the consolidated statement of financial position

The amounts and comparative figures of balance-sheet items refer to the position at the end of the period. Comparisons within parentheses pertain to the equivalent period in the preceding year.

## Properties

Properties are valued on a quarterly basis and properties are recognized at fair value in accordance with IFRS 13 Level 3. It is company policy to have the entire portfolio valued externally at least once per year.

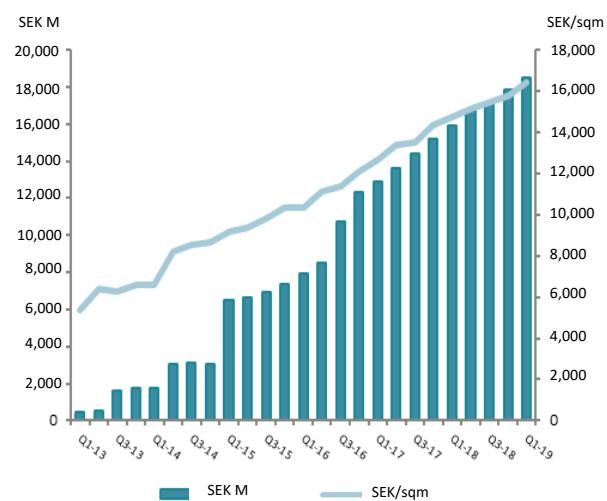
At the end of the accounting period, all properties have been externally valued by Savills Sweden and Bryggan Fastighets-ekonomi. The primary method used is cash flow estimates in which the present value of operating net, investments and residual values are calculated. The calculation period is adjusted according to the remaining term of existing leases, and varies between 5 and 20 years.

The residual value was calculated using an average yield requirement of 4.12 percent, representing 4-points decrease compared with 4.16 percent at the beginning of the year.

At 31 March, Victoria Park's property portfolio, excluding building rights, comprised 1,128,000 sqm (1,083,000) with a rental value of SEK 1,286 M (1,193) and a market value of SEK 18,521 M (15,943), equal to SEK 16,412/sqm (14,721).

According to the summary on page 5, Victoria Park's building rights were valued at SEK 273 M. Victoria Park regularly evaluates the progress of the planning processes.

## Market value growth, excluding building rights



## Right-of-use assets

The application of right-of-use assets in IFRS 16 commenced on 1 January 2019. Agreements that permit a lessee the right to use an asset during a lease term are recognised as a right-of-use asset. The Group's right-of-use assets consist in all material respects of right-of-use linked to site leaseholds.

## Financial assets

On 1 October 2017, possession was taken of 1,660 flats in Malmö through the acquisition of an associated company, of which Victoria Park holds 25 percent. The value includes, in addition to the cost of the assets SEK 72 M, an accumulated positive share in profit of SEK 45 M (18).

## Cash and cash equivalents

Consolidated liquidity amounted to SEK 1,880 M (344) at the end of the period. The high liquidity level is due to refinancing of existing loans prior to the possession of 2,340 flats in Stockholm and Gothenburg on 1 April. During the period, investments amounted to SEK 167 M (133) and mainly related to value-enhancing investments in existing portfolios.

## Equity

As of 31 March 2019, consolidated equity amounted to SEK 7,775 M (6,454), with an equity/asset ratio of 37.1 percent (38.7). During the period, profit of SEK 490 M (274) for the year had a positive impact on equity.

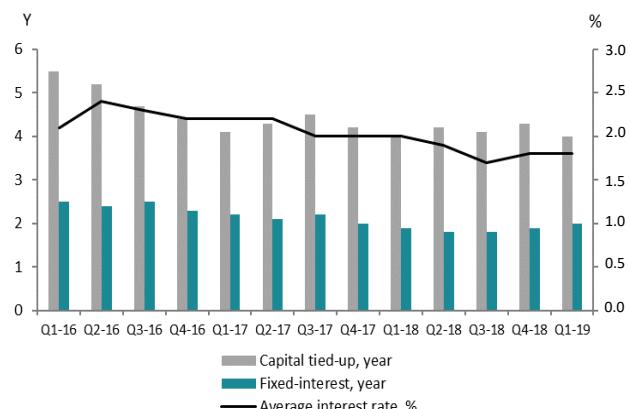
## Deferred tax liability

A deferred tax liability of SEK 1,525 M (1,358) attributable to changes in the value of properties and derivatives, and a deferred tax asset attributable to the Group's tax loss carryforwards.

## Interest-bearing liabilities

The Group's interest-bearing liabilities amounted to SEK 11,239 M (8,564). Loan-to-value ratio was 53.7 percent (51.4) and far below the maximum long-term objective of 65 percent. At the end of the accounting period, the capital tie-up period was 4.0 years (4.0). The average interest rate for the Group's total interest-bearing liability, including interest rate swaps, interest rate caps and interest rate floors was 1.8 percent (2.0). The fixed-interest period, including interest rate swaps and interest rate caps, was 2.0 years (1.9). The share of interest rate hedged loans via derivatives or fixed interest was 63.4 percent (50.2).

## Loan portfolio



## Condensed consolidated statement of comprehensive income

SEK M	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	Rolling		2018 12 mths Jan-Dec
			12 months	Apr-Mar	
Revenues	314	284	1,221	1,190	
Property costs	-151	-136	-533	-518	
<b>Net operating income<sup>1)</sup></b>	<b>163</b>	<b>148</b>	<b>688</b>	<b>672</b>	
Administrative costs	-17	-15	-85	-83	
<b>Profit before net financial items</b>	<b>146</b>	<b>133</b>	<b>603</b>	<b>589</b>	
Net financial items	-47	-44	-185	-182	
<b>Profit from property management</b>	<b>99</b>	<b>89</b>	<b>417</b>	<b>406</b>	
Change in the value of properties	541	267	1,190	917	
Change in value of derivatives	-13	-5	-18	-10	
Share of profit after tax from associated companies	2	1	27	25	
<b>Profit/loss before tax</b>	<b>628</b>	<b>352</b>	<b>1,616</b>	<b>1,338</b>	
Tax expense	-137	-78	-174	-115	
<b>Profit for the period</b>	<b>490</b>	<b>274</b>	<b>1,441</b>	<b>1,224</b>	
<b>Other comprehensive income</b>	-	-	-	-	
<b>Comprehensive income for the period</b>	<b>490</b>	<b>274</b>	<b>1,441</b>	<b>1,224</b>	
Profit per share, SEK	1.99	1.11	5.84	4.95	

Comprehensive income for the period/year accrues entirely to Parent Company shareholders.

1) Operating net also includes earnings from the service operation until February 2018, which should not be confused with the earnings from the management operation. See the segment reporting for a detailed description.

## Income statement by segment

SEK M	Management operation						Lifestyle property <sup>1)</sup>				TOTAL			
	Region Stockholm		Region Gothenburg		Region Malmö		2019		2018		2019		2018	
	2019 Jan-Mar	2018 Jan-Mar	2019 Jan-Mar	2018 Jan-Mar	2019 Jan-Mar	2018 Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
Revenues	141	129	53	51	120	103					1	314	284	
Costs	-68	-60	-24	-24	-58	-51					-1	-151	-136	
<b>Net operating income</b>	<b>73</b>	<b>68</b>	<b>29</b>	<b>27</b>	<b>61</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>163</b>	<b>148</b>		

1) The lifestyle property with service operation was divested during February 2018.

## Consolidated statement of financial position, condensed

SEK M	2019 31 Mar	2018 31 Mar	2018 31 Dec
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible fixed assets	2	0	1
Tangible fixed assets	2	2	2
Right-of-use assets	87	0	0
Financial assets	117	91	115
Investment properties	18,794	16,173	18,086
<b>Total non-current assets</b>	<b>19,002</b>	<b>16,266</b>	<b>18,205</b>
<b>Current assets</b>			
Receivables	59	56	37
Cash and cash equivalents	1,880	344	306
<b>Total current assets</b>	<b>1,939</b>	<b>400</b>	<b>343</b>
<b>TOTAL ASSETS</b>	<b>20,941</b>	<b>16,666</b>	<b>18,548</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>7,775</b>	<b>6,454</b>	<b>7,285</b>
Deferred tax liability	1,525	1,358	1,387
Lease liabilities	87	0	0
Non-current interest-bearing liabilities	10,074	7,858	9,209
Derivatives	45	29	31
<b>Total long-term liabilities</b>	<b>11,730</b>	<b>9,245</b>	<b>10,627</b>
Current interest-bearing liabilities	1,165	706	332
Other liabilities	271	262	304
<b>Total current liabilities</b>	<b>1,436</b>	<b>967</b>	<b>636</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20,941</b>	<b>16,666</b>	<b>18,548</b>

## Consolidated statement of changes in equity, condensed

Attributable to Parent Company shareholders, SEK M	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	2018 12 mths Jan-Dec
<b>Opening equity</b>			
<b>Opening equity</b>	<b>7,285</b>	<b>6,180</b>	<b>6,180</b>
Comprehensive income for the period	490	274	1,224
Dividend, ordinary shares			-97
Dividend, preference shares			-21
<b>Closing equity</b>	<b>7,775</b>	<b>6,454</b>	<b>7,285</b>

## Consolidated statement of cash flow, condensed

SEK M	2019 3 mths Jan-Mar	2018	2018
		3 mths Jan-Mar	12 mths Jan-Dec
<b>Operating activities</b>			
Net operating income	163	148	672
Administrative costs	-17	-15	-83
Interest paid	-45	-35	-184
Tax paid	0		-4
Adjustments for non-cash items	1	1	6
<b>Cash flow from operating activities before changes in working capital</b>	<b>102</b>	<b>98</b>	<b>406</b>
<b>Cash flow from changes in working capital</b>			
Increase(-)/ Decrease (+) in operating receivables	-22	-24	-2
Increase(+)/decrease(-) in operating liabilities	-38	-13	20
<b>Cash flow from operating activities</b>	<b>42</b>	<b>61</b>	<b>424</b>
<b>Investing activities</b>			
Acquisition of properties		-232	-722
Investments in existing properties and land	-167	-133	-729
Acquisition of tangible fixed assets			0
Purchase of financial non-current assets			0
Acquired cash balance			35
<b>Cash flow from investing activities</b>	<b>-167</b>	<b>-365</b>	<b>-1 416</b>
<b>Financing activities</b>			
Loans raised	2,472		1,423
Repayment of debt	-767	-112	-772
Dividend paid	-5	-5	-118
<b>Cash flow from financing activities</b>	<b>1,699</b>	<b>-118</b>	<b>533</b>
<b>Cash flow for the period</b>	<b>1,574</b>	<b>-421</b>	<b>-459</b>
Cash and cash equivalents at beginning of the period	306	765	765
<b>Cash and cash equivalents at end of the period</b>	<b>1,880</b>	<b>344</b>	<b>306</b>

## Parent Company income statement, condensed

SEK M	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	2018 12 mths Jan-Dec
Net sales	6	7	20
Costs	-2	-4	-10
<b>Gross profit</b>	<b>4</b>	<b>4</b>	<b>10</b>
Administrative costs	-15	-12	-72
<b>Operating profit/loss</b>	<b>-11</b>	<b>-8</b>	<b>-62</b>
Net financial items	-19	-5	-36
<b>Profit/loss before tax</b>	<b>-30</b>	<b>-13</b>	<b>-98</b>
Group contributions paid	0	0	-50
Tax	5	3	25
<b>Profit/loss for the period after tax</b>	<b>-25</b>	<b>-10</b>	<b>-124</b>

Comprehensive income for the period is the same as earnings for the period.

## Parent Company balance sheet, condensed

SEK M	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	2018 12 mths Jan-Dec
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible fixed assets	2		
Equipment	1	1	1
Participations in Group companies	316	316	316
Long-term receivables	2,896	2,502	2,896
Deferred tax asset	155	128	150
<b>Total non-current assets</b>	<b>3,369</b>	<b>2,946</b>	<b>3,362</b>
<b>Current assets</b>			
Current receivables	490	624	559
Cash and cash equivalents	1,798	315	155
<b>Total current assets</b>	<b>2,288</b>	<b>939</b>	<b>715</b>
<b>TOTAL ASSETS</b>	<b>5,657</b>	<b>3,885</b>	<b>4,077</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>587</b>	<b>842</b>	<b>611</b>
Derivatives	36	17	21
Non-current interest-bearing liabilities	4,662	2,196	3,031
<b>Total long-term liabilities</b>	<b>4,698</b>	<b>2,213</b>	<b>3,052</b>
Current interest-bearing liabilities	0	400	0
Other current liabilities	373	430	414
<b>Total current liabilities</b>	<b>373</b>	<b>830</b>	<b>414</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,657</b>	<b>3,885</b>	<b>4,077</b>

## Key figures

	2019-03-31 3 mths Jan-Mar	2018-03-31 3 mths Jan-Mar	2019-03-31 Rolling 12 months Apr-Mar	2018 12 mths Jan-Dec	2017 12 mths Jan-Dec	2016 12 mths Jan-Dec
<b>Property-related</b>						
Revenues, SEK M	314	284	1,221	1,190	1,062	832
Net operating income, SEK M	163	148	688	672	570	419
Profit from property management, SEK M	99	89	417	406	328	220
Profit for the period, SEK M	490	274	1,440	1,224	1,901	1,217
Share of unrenovated flats, %	62.9	69.3	62.9	64.5	71.5	79.5
Rental value of residential units full-year, SEK/sqm	1,135	1,087	1120	1,121	1,064	1,013
Economic occupancy rate, %	97.0	97.1	97.1	97.2	97.0	97.4
Yield, %	3.9	4.2	3.9	4.0	4.2	4.3
Surplus ratio, %	52.0	52.3	56.5	56.7	54.4	51.2
Market value, SEK/sqm	16,412	14,721	16,412	15,793	14,319	12,108
Lettable area, '000 sqm	1,128	1,083	1,128	1,128	1,062	1,016
<b>Financial</b>						
Return on equity, %	9.7	7.6	-	18.6	37.7	36.1
Equity/assets ratio, %	37.1	38.7	37.1	39.3	37.8	33.8
Interest-coverage ratio, multiple	3.2	2.9	3.2	3.2	2.9	2.6
Loan-to-value ratio, %	53.7	51.4	53.7	51.4	52.5	57.3
Loan-to-value ratio, properties, %	56.6	46.8	56.6	49.4	49.0	51.6
Cash flow from operating activities before changes in working capital, SEK M	102	98	410	406	342	230
<b>Share-related</b>						
Profit from property management per share, SEK	0.41	0.36	1.79	1.67	1.37	0.96
Earnings per share, SEK	1.99	1.11	5.84	4.95	7.83	5.20
Net asset value (EPRA NAV) per share, SEK	37.27	31.08	37.27	34.66	29.65	20.08
Equity per share, SEK	30.96	25.49	30.96	28.96	24.36	16.91
Cash flow per share, SEK	0.42	0.40	1.69	1.67	1.43	1.00
Total market capitalisation at end of period, SEK M	9,276	8,030	9,276	9,071	7,460	5,668
Dividend per ordinary share, SEK	-	-	-	- <sup>1)</sup>	0.40	0.30
Dividend per preference share, SEK	-	-	-	20.00 <sup>1)</sup>	20.00	20.00
Number of shares at end of period, million	243.9	243.9	243.9	243.9	243.9	241.1
Number of shares at end of period after dilution, million	246.3	243.9	246.3	246.3	243.9	243.9
Number of preference shares at end of period, million	1,0	1.0	1.0	1.0	1.0	1.0
Number of shares during the period after dilution, million	243.1	242.9	243.1	243.0	240.2	230.1

1) Based on proposed dividend.

# Definitions

## PROPERTY-RELATED

### Percentage of renovated flats

The number of flats that have undergone a bathroom renovation at a minimum by the end of the accounting period in relation to the total number of flats.

### Yield, %

Net operating income on a yearly basis in relation to the properties' average market value over the past 12-month period, adjusted for the holding period of the properties during the period.

### Economic occupancy rate, %

Contracted rent relative to rental value at the end of the period.

### Profit from property management, SEK M

Earnings before changes in value and tax.

### Rental value, SEK M

Contracted rent and assessed market rent for unlet areas at the end of the period.

### Market value per sqm

The market value of the properties excluding building rights relative to lettable area in sqm.

### Churn rate, %

Number of removals relative to the number of flats over the past twelve-month period, adjusted for the holding period of the properties during the period.

### Surplus ratio, %

Net operating income relative to the period's rental revenues for property management.

## FINANCIAL

### Return on equity, %

Profit/loss after tax in relation to average equity, adjusted for dividends on preference shares and preference capital.

### Loan-to-value ratio, %

Interest-bearing liabilities in relation to total assets at the end of the period.

### Loan-to-value ratio, properties, %

Covered interest-bearing liabilities relative to the market value of the investment properties at the end of the period.

### Interest-coverage ratio, multiple

Profit/loss before tax (12-month rolling) with reversal of interest expense, changes in the value of properties and derivatives, relative to interest expense.

### Equity/assets ratio, %

Equity relative to total assets at the end of the period.

## SHARE-RELATED

### Equity per share, SEK

Equity at the end of the period in relation to the number of ordinary shares after dilution at the end of the period, adjusted for capital for preference shares.

### Profit from property management per share, SEK

Earnings before changes in value and tax, in relation to the average number of ordinary shares after dilution during the period.

### Average number of shares

Number of outstanding ordinary shares at the beginning of the period, adjusted by shares issued during the period weighted by the number of days the shares were outstanding in relation to the total number of days. In the case of bonus issues and rights issues that incorporate bonus issues, the number of outstanding shares before the issue is recalculated as though the event occurred at the beginning of the earliest period reported in order to achieve comparability.

### Cash flow per share, SEK

Cash flow from operating activities before changes in working capital, relative to the average number of ordinary shares after dilution during the period.

### Earnings per share, SEK

Profit for the period after tax, in relation to the average number of ordinary shares after dilution, adjusted for dividends on preference shares for the period.

### Net asset value (EPRA NAV), SEK

Equity, with reversal of preference shares, derivatives and deferred tax in relation to the number of ordinary shares at the end of the period.

## The share and shareholders

Victoria Park has three types of shares: Class A and B ordinary shares, and preference shares. The shares are listed on the Nasdaq Stockholm Mid Cap segment. At 31 March 2019, the company's total market capitalisation was SEK 9,276 M (8,030). At the end of the period, the company had 4,623 shareholders (10,654), of whom 3,048 were ordinary shareholders of Class B (7,097). During the period, a total of 2 million shares (18) were traded at a value of SEK 87 M (557).

### Share capital

During the period, 293,414 Class A ordinary shares were converted to 293,414 Class B ordinary shares, which reduced the total number of votes with 264,072.6.

Victoria Park's share capital amounted to SEK 26.8 M at 31 March 2019 comprising 243,906,359 aktier, of which 76,781,815 are Class A ordinary shares, 166,092,497 Class B ordinary shares and 1,032,047 preference shares with a total number of votes of 93,494,269.40. Victoria Park has no holdings of its own ordinary or preferential shares.

The quotient value per share is SEK 0.11. Each Class A share carries one voting right and each Class B or preference share carries one tenth of a voting right. Each qualified voter may vote for all owned and represented shares at the AGM.

### Warrants

Victoria Park has a warrant programme adopted by the 2017 AGM. The options were sold at market value in accordance with the Black & Scholes' pricing model.

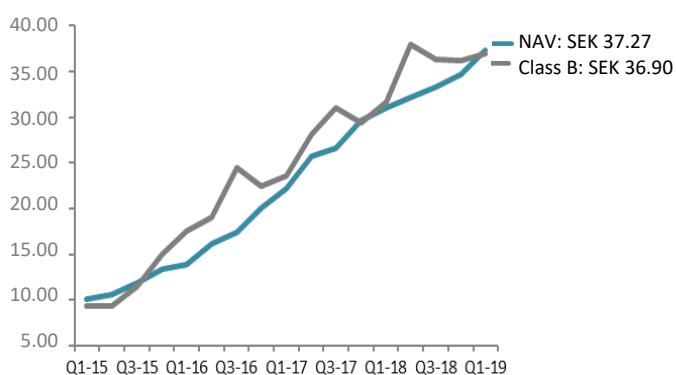
Following the Vonovia SE becoming the largest owner of Victoria Park due to its takeover bid, Vonovia offered and acquired the total of 2,361,000 warrants.

The options entitle holders to subscribe to Class B ordinary shares in the spring of 2020 for SEK 33.80 per share. If all warrants are exercised, the number of ordinary shares will increase by a total of 2,361,000 Class B shares.

### The Victoria Park share

	Price paid, SEK		No. of shareholders	
	2019 31 Mar	2018 31 Mar	2019 31 Mar	2018 31 Mar
Class A shares	36.80	31.80	1,399	2,988
Class B shares	36.90	31.70	3,048	7,097
Preference shares	312.00	313.00	685	1,935

### Net asset value per share, SEK



### Shareholder register at 31 March 2019

The information refers to holdings belonging to shareholders and/or related parties, known changes.

Name	Number of shares				Share, %	
	Class A shares	Class B shares	Pref. shares	Total	Capital	Voting
DEUTSCHE ANNINGTON ACQUISITION <sup>1)</sup>	35,967,384	102,134,569	772,063	138,874,016	56.9	49.5
HOMESTAR INVESTCO AB <sup>1)</sup>	27,074,397	32,486,304		59,560,701	24.4	32.4
DANIR AB <sup>2)</sup>	8,435,198	10,764,946		19,200,144	7.9	10.2
LANSFORSAKRINGAR FASTIGHETSFOND		6,661,278		6,661,278	2.7	0.7
NINALPHA AB <sup>2)</sup>	1,800,000	3,500,000		5,300,000	2.2	2.3
HANDELSBANKEN SVERIGEFOND, INDEX		854,343		854,343	0.4	0.1
CLEARSTREAM BANKING S.A., W8IMY		792,185		792,185	0.3	0.1
PEG CAPITAL PARTNERS AB	309,923	362,862		672,785	0.3	0.4
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	365,027	260,541	12,819	638,387	0.3	0.4
SEB SVERIGE INDEXFOND		607,788		607,788	0.2	0.1
OTHERS	2,829,886	7,667,681	247,165	10,744,732	4.4	3.9
<b>TOTAL</b>	<b>76,781,815</b>	<b>166,092,497</b>	<b>1,032,047</b>	<b>243,906,359</b>	<b>100.0</b>	<b>100.0</b>

1) Wholly-owned subsidiary of Vonovia SE.

2) Danir AB and Ninalpha AB have issued call options to Vonovia SE regarding a total of 24,500,144 ordinary shares, under which Vonovia SE has the right to acquire the shares. The call options can be exercised in the period 15-29 May 2019.

# Other disclosures

## Sustainable development

To meet the objective of long-term profitable growth, Victoria Park is to be a responsible business, based on its contribution to sustainable development. Victoria Park's sustainability efforts are described in the 2018 Annual Report on p. 30-41.

## Employees

At the end of period, the company had 189 (163) employees. Women accounted for 26 percent (30).

## Bonds

In 2016, a bond of SEK 600 M was issued with a variable interest rate of Stibor 3M + 450 points and maturity date of 17 June 2020.

## Risks and uncertainties

The Group's earnings and financial position could change either positively or negatively due to the risks and uncertainties described in the 2018 Annual Report on pages 44-47.

## Transactions with related parties

The former Chairman of the Board, now a Board member, is billing for services rendered. The payment is estimated at market price.

## Accounting policies

Victoria Park follows the EU-approved International Financial Reporting Standards (IFRS) and interpretations thereof (IFRIC), as well as the Swedish Annual Accounts Act. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Unless otherwise indicated below, the accounting policies applied for the Group and Parent Company conform to the accounting policies used to prepare the latest Annual Report.

Application of IFRS 15 commenced on 1 January 2018. The Group's revenues essentially comprise rental revenues recognised according to IAS 17 Leases. Other revenues, service revenues, encompassed by IFRS 15 do not constitute any material amount and are recognised once the service has been rendered.

IFRS 9 (Financial Instruments), which took effect on 1 January 2018, has only entailed a change in terminology. The Group previously classified its Cash and bank balances, Other receivables, Accrued income and Accounts receivable and rent receivables as Loans and receivables, which are now Financial assets recognised at amortised cost. The Group previously impaired receivables only if there was objective evidence that a financial asset or group of financial assets required impairment. The change to the new principle has not entailed any substantial differences.

Application of IFRS 16 Leases commenced on 1 January 2019. The main effect will be from the Group's holding of site leaseholds. IFRS 16 is applied in the Group without restating comparable information. Lease contracts that expire in 2019 are classified as short-term leases. A minor increase in the Group's total assets will therefore gradually take place in 2019 as the new leases replace expiring short-term leases. The effect on the Group's profit from property management and EBIT is deemed to be marginal.

In Net financial items, interest income and interest expense are reported as net. The item comprises interest expense of SEK -47 M (-44) and interest income of SEK 0 M (0).

## Items measured at fair value

Investment properties are measured at fair value on a running quarterly basis. The valuation is performed by external valuation institutions and by using internal valuation models.

All properties are valued externally at least once per year. Investment properties are valued in accordance with IFRS 13 Level 3. The carrying amount of financial instruments recognised at accrued acquisition value is consistent with their fair value at the end of the accounting period. Derivative instruments are at level 2 under IFRS 13.

Level 2 refers to financial instruments where fair value is determined on the basis of valuation models based on other observable data for the asset or the liability.

## Dividends

In the first quarter a dividend of SEK 5.00 per preference share, totalling SEK 5 M (5), was paid.

For the financial year 2018, the Board of Directors has decided to propose to the AGM a dividend of SEK 20.00 per preference share (20.00). The Company's dividend policy states that the board shall, when proposing a dividend on ordinary shares, consider inter alia acquisition opportunities and financial position. Due to signed agreement for the company's largest acquisition to date with closing in 1 April 2019, the Board proposes that no dividend be paid on the ordinary shares for the 2018 financial year (SEK 0.40).

The dividend to holders of preference shares is considered to be in accordance with the Articles of Association, entailing an annual dividend of SEK 20.00 per preference share in quarterly payments of SEK 5.00.

## Forecast for 2019

Victoria Park have published a forecast for profit from property management of SEK 500-550 M for full-year 2019, assuming that Victoria Park will acquire properties corresponding to SEK 250 M per quarter. The forecast was adjusted by a further SEK 95 M as a result of the full-year effect of the acquisition with closing in April 2019. The forecast is made as a result of Victoria Park being part of the Vonovia Group.

## Significant events after the end of the period

The acquisition of 2,340 flats in Stockholm and Gothenburg with an underlying property value of SEK 4.7 Bn closed on 1 April 2019.

Malmö, 23 April 2019

The Board of Victoria Park AB (publ)

This interim report has not been subject to review by Victoria Park's auditors.

# This is Victoria Park

Victoria Park is a property company listed on Nasdaq Stockholm, Mid Cap, with a focus on residential properties in growth cities across Sweden. The property portfolio amounts to 1,128,000 sqm, comprising 14,287 flats, with a market value of SEK 18.8 Bn. Through long-term management and social responsibility for more attractive residential areas, Victoria Park aims to create and increase value in a growing residential property portfolio for residents, employees, shareholders, society and other stakeholders.

## Mission and business model

Victoria Park's mission is to acquire, develop and manage residential properties in growth cities across Sweden.

Victoria Park acquires residential properties with high development potential. The company improves the property portfolio to increase the net operating income through value-creating property improvements, and densifications through new construction. In addition, Victoria Park conducts socially sustainable management to increase the long-term attractiveness of the residential area, which leads to lower yield requirements and thereby increases property value.

## Management operation

Victoria Park's management operation runs in 12 cities, divided into three geographic regions. The regions are Stockholm (*Eskilstuna, Linköping, Nyköping, Stockholm and Örebro*), Gothenburg (*Borås and Gothenburg*) and Malmö (*Karlskrona, Kristianstad, Malmö, Markaryd and Växjö*). Victoria Park has locally based personnel in each city. The company sees benefits in employing people who live in the immediate area, who are therefore well-acquainted with the areas. This contributes to a better living environment and reduces costs.

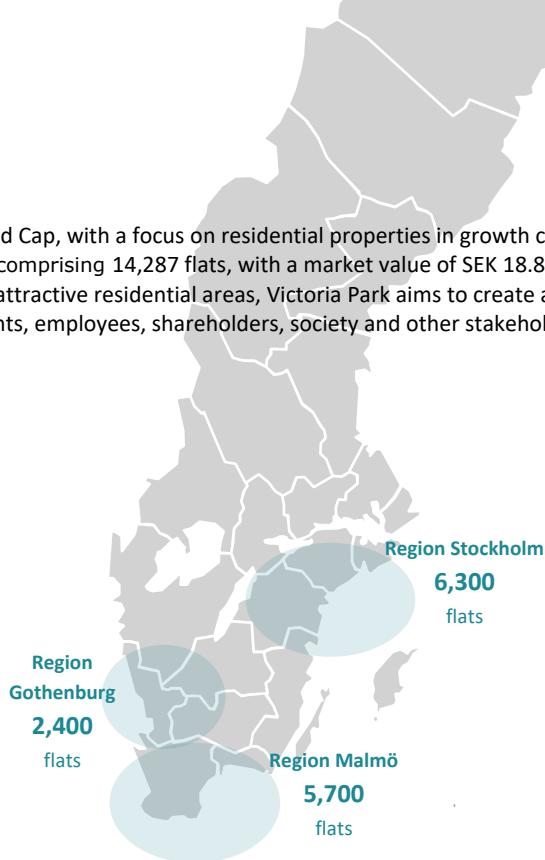
## Market

Due to a major housing shortage and limited new production, Victoria Park is able to develop the company's properties in growth centres with a subsequent increase in rental revenues. A central part of Victoria Park's management is value growth due to socially sustainable management and investments in both the residential areas and the properties. The property market remains extremely favourable, with high demand for residential portfolios. Low interest rates and good access to capital, as well as the limited supply, continue to drive property prices and market values upward.

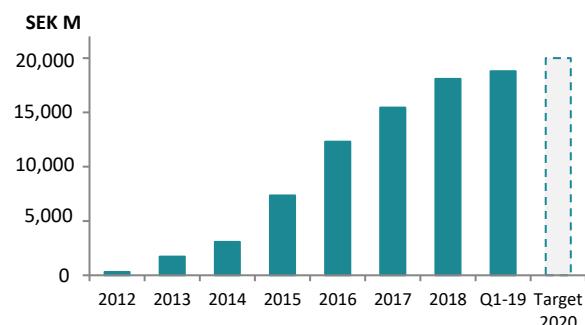
## Significant social values generated by positive development in Rosengård, Malmö

A sharp decrease in criminality, more people in work and higher voter turn-out are some of the results of systematic work by Victoria Park in partnership with the authorities and civil society in Herrgården, part of Rosengård in Malmö. These were the conclusions of a report that highlights the development in the area since 2013.

Victoria Park's social sustainability work has had an important role, and includes job creation for residents who are long-term unemployed, relationship building with residents and renovation of vacant flats. Together with practical physical measures in the indoor and outdoor environments and interaction with other private and public players, a major change is taking place in Herrgården with highly positive socioeconomic effects.



## Market value growth, including building rights



## Strong positive trend, Herrgården 2013-2018

- Threats against emergency services personnel: down from 12 to 6, per year
- Fires: down from 150 to 70, per year
- Number of crimes: minus 38%
- Grave narcotics crime: down from 70 to 30, per year
- Crime of violence: down from 111 to 67, per year
- Theft and damage: down from 223 to 142, per year
- Police reports: minus 43%
- Voter turnout: plus 11%-points
- Financial aid: minus 18%
- Employment rate: plus 10%-points

*Statistics from the Electoral Authority, the Emergency Services, Police and Malmö City.*

The English summary of the Swedish Report "Droppen som urholkar stenen – Utvecklingen av Herrgården" [Constant dropping wears away a stone – the trend in Herrgården] and the full report in Swedish are available for download on the company's website.

## Calendar

AGM	23 April 2019
Interim report January-June 2019	12 July 2019
Interim report January-September 2018	23 October 2019

Visit Victoria Park's website, [www.victoriapark.se](http://www.victoriapark.se) for more information about the operations, Board of Directors and Group Management, financial reporting and press releases.

## Contacts

<b>Per Ekelund, VD</b>
+46 (0)70 867 66 57, <a href="mailto:per.ekelund@victoriapark.se">per.ekelund@victoriapark.se</a>
<b>Tommy Åstrand, CFO</b>
+46 (0)70 545 59 97, <a href="mailto:tommy.astrand@victoriapark.se">tommy.astrand@victoriapark.se</a>

This constitutes information that Victoria Park AB is legally obliged to publish according to the EU Market Abuse Regulation. The information was issued for publication by Per Ekelund on 23 April 2019 at 15.30 CET.

Victoria Park AB (publ)  
Org. nr 556695-0738  
Stora Varvsgatan 13 A  
Box 2, 201 20 Malmö

Tfn +46 40 16 74 40

[info@victoriapark.se](mailto:info@victoriapark.se)  
[www.victoriapark.se](http://www.victoriapark.se)



VICTORIA PARK®