SWIRISH
PROPERTY

Name: Kristall Property AB

Property Description: Kristall Property AB purchased an industrial property in Torslanda in Spring 2013 for circa 61 MSEK (approx. €7M) including costs. Torslanda is located 15 km northwest of Goteborg. The total plot area is 18,155 sq.mt, while the total building area is 13,994 sq.mt, divided into office space (2,357 sq.mt) and production/storage (11,637 sq.mt). There are parking spaces both at the front and the back of the building.

The property is in good condition and is currently fully rented. Torslanda is the home of Volvo cars who are believed to be investing almost €2Bn in their plant up to 2015. The 155 road connecting Torslanda to Goteborg central is being rebuilt to motorway standard at present.

The building area is flexible/adjustable and suited both for industrial production and storage facilities, with high ceilings and large loading portals and is located adjacent to the E6 linking Oslo to Copenhagen. A large part of the office and staff areas have recently been renovated.

Investment Criteria: The directors of Kristall Property AB engaged Swirish to source an investment property with solid tenants and strong cash flow. The main tenant in this property occupies 74% of the building, is listed on the Swedish stock exchange and employs circa 40,000 people worldwide. The remainder of the tenants are local well established businesses.

The deal is attractive as the income generated by this property has the ability to sustain the rapid repayment of the debt. In addition, the building location is excellent, being adjacent to the E6 motorway in the suburbs of Sweden's second largest city, Goteborg. Furthermore, the building quality is good and main tenant is very strong.

Investment Outlook: While it is very early days in this investment, the property has performed as expected since the handover. Kristall Property AB plan to hold this investment for a number of years, and use the positive cash flow from the rent to pay down the loans as quickly as possible.

It is currently anticipated that this property will be retained for a minimum of 5 years. Assuming it is sold for the same rental multiplier as for what it was purchased for in 2013, it is budgeted to provide an IRR on equity invested in excess of 10%. This is as a result of high gearing, buying cash in the company and rapid repayment of debt.