

Better than owning

A blurred photograph of two men walking in a hallway. The man on the left is wearing a dark jacket and dark pants, carrying a large white bundle. The man on the right is wearing a brown jacket and dark pants, also carrying a large white bundle. The background is a bright, white wall, and the floor is a light-colored, reflective surface. The overall image has a motion blur effect, suggesting they are walking quickly.

Nordisk Renting

Business aims and benefits to society

OUR RENTING CONCEPT is crystal clear. Being able to offer the client to sell and buy back the same property is a sustainable approach which Nordisk Renting has been making a reality for decades.

We are proud to say that we have been, and continue to be, successful because the prime success factor is our customers. Long-term collaboration and strong partnerships are our primary hallmarks. Stable, high-quality corporations and secure, long-term public sector organisations are the foundation of Nordisk Renting's existence.

“Our driving force is to add client value.”

Our business concept is and remains to be to acquire, own and – alongside the customer – refine properties for the client's long-term use. This applies both for existing and sometimes new buildings.

The unique aspect of our solution is that customers can buy back the properties they operate in at a predetermined option price. One natural conclusion to our collaboration is therefore that ownership of the property returns to the customer.

Flexibility for the customer is a key issue. Having relationships that are mutually beneficial requires us to be adaptable as customers' operations evolve. Additional investments and development projects are normal over the course of an agreement, as are other types of adaptation.

For private sector companies, the main driving force behind a renting solution is to achieve

commercial goals and increase the return on equity by focusing on their core business.

For national, regional and local authorities, it is an attractive alternative to raising taxes, increasing debt or selling properties in the conventional way. The latter can create uncertainty regarding premises that are needed to provide public services.

BY CREATING LONG-TERM sustainable customer solutions in the public sector, Nordisk Renting can also contribute to greater social benefit, where capital released is invested in core operations like schools, health care and elderly care.

Our renting concept itself is simple, but it does require know-how. Cutting-edge expertise in real estate, tax, financing, accounting and legal issues make Nordisk Renting a leading knowledge company in property renting, with dedicated, highly focused employees.

By doing business with financially sound organisations we minimise our business risks, and customers are primarily themselves responsible for managing the properties. This lays a good foundation for attractive, competitive lease terms.

Our driving force is to add value to clients. We look forward to developing solutions for more private sector companies and public sector organisations. X



Reinhold Geijer
President and CEO

Freed up capital and flexibility

IN A RENTING DEAL, a company or public sector body sells its property to Nordisk Renting and then continues to use it. The concept can also be applied in connection with new builds. A purchase option gives the customer the opportunity to buy the property back. In our renting concept, the customer has continuing control of key aspects of the property. The tenant retains access to and influence over strategically important premises. Capital is freed up for investment in their core operation. The debt/equity ratio decreases and the access to bank finance remains intact.

The solution is ideal for financially sound companies and public sector organisations with properties that are of great strategic importance to their operations.

Clients retain access to and influence over strategically important premises.

Nordisk Renting milestones

1986

Nordisk Renting is founded in Stockholm by PKfinans, SIAB, Montagu and Wasa.

1998

3i Group Plc and The Sixth AP Fund come in as owners, alongside Nordea.

1999

Office opens in Helsinki.

2001

Partnerships are added in Norway and Denmark.

2003

RBS acquires Nordisk Renting.

2010

Successful external financing raised of € 240m.

2013

68 per cent of customers have the top credit rating, investment grade.

2015

The start of a new phase, with increased activity and a higher rate of investment.

PROPERTY RENTING

You don't have to own it to use it

Nordisk Renting helps to capture the long-term value of real estate. Our partnerships combine stability and flexibility in a way that creates benefits for both business and society.

What does a renting deal entail?

A renting deal with us involves selling, using and buying back the same property. The arrangement is a combination of a strategic leasing solution, which gives the tenant control over their premises in the long term, and a financing structure.

Our customer sells their property to us and signs a long-term agreement which stipulates the usage of the property. The agreement includes an option to buy the property back. The concept can also be applied in connection with new builds.

“The buy-backs are proof that our business model works.”

Lennart Ingefeldt

Is Nordisk Renting a property company?

No, but it is a property-owning company. We are good at putting together well-considered solutions to customers' problems, i.e. we do more than meet traditional needs related to premises. At the same time we have the resources to do property deals ourselves. In this sense you could say that we're consultants with our own wallet.

“There is great potential for national, regional and local authorities in freeing up capital for upcoming major investments.”

Claes Richter

What are the benefits of our solutions?

Our approach is an alternative to selling your property and handing it over to a new owner. The difference is that our solution gives the client continued control of key aspects of your property. The client retains access to and influence over strategically important premises. The risk of ending up in a disadvantageous position with the property owner is minimal, because the terms of the contract are known for the entire lease period.

Capital is freed up for investment in the core business. The debt/equity ratio decreases and access to bank finance remains intact.

What is unique about this solution?

The option to buy back the property at certain set points. There is always a chance to resume ownership at a predetermined price and, for example, to sell the property to realise its value.

Is this approach suitable for everyone?

Our renting solution is a tailor-made product. We design solutions based on

the individual customer's needs and circumstances, rather than general lease agreements as in conventional approaches.

So which customers is it suitable for?

Customers who are not only looking for premises, but a solution; primarily large companies and national, regional and local authorities. For the model to be mutually attractive, our customers must be financially sound. The partnership with the customer is by far the most important aspect for us. Our focus is on matching the customer's needs, irrespective of property cycles.

What can the public sector gain from this?

There is great potential in freeing up capital for upcoming major investments. The renting solutions have the advantage of being politically neutral. On one hand they meet the needs of those who want to sell assets to release capital, while on the other hand the taxpayers retain control. Thanks to their versatility, our renting solutions create benefits to society.



Answering questions about renting. Some of Nordisk Renting's key personnel at a round-table meeting. Pictured here: Katarina Sonnevi, Ian Harcourt and Claes Richter.

A strong customer focus is important for Nordisk Renting's personnel, including Lennart Ingefeldt.



Katarina Sonnevi, an expert in property transactions, personifies the expertise at Nordisk Renting.

Experience and fresh perspectives are on hand. Left: Johan Salin.

“The principle behind renting solutions is simple, but the model does place demands on the parties.”

Johan Salin

What types of property are suitable?

Special properties are good examples, properties that are closely linked with the company's brand or that house important public services. They should be properties that are strategically important to the customer. Their location, however, is less important.

What makes Nordisk Renting a good partner?

We believe in what we're doing. We are convinced that our financing solution based on properties is excellent for our customers and for their stakeholders alike. We offer a niche product and we are a niche company, in the most positive

sense. We are specialists at what we do. Nordisk Renting has emerged strong from three periods of uncertainty: the property crisis of the early 1990s, the dotcom crash at the turn of the millennium, and the financial crisis that began in 2008. Through all this we have retained our financial strength and cutting-edge expertise.

If the buy-back option is taken, that means the customer is choosing not to work with you any more. Is this a failure?

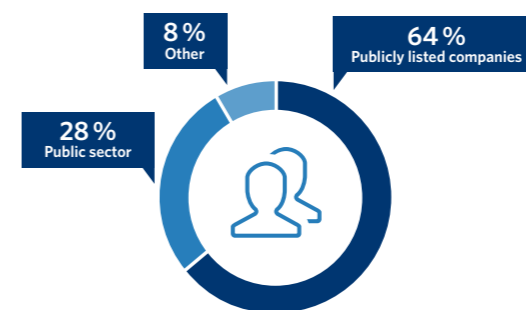


Pictured: Johan Salin, Katarina Sonnevi, Ian Harcourt, Claes Richter and Lennart Ingefärdt.

PHOTO: FREDRIK STEN

Customers in focus

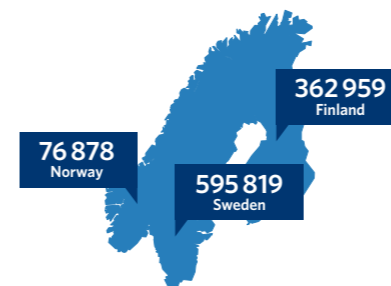
Strong, close and long. Nordisk Renting's relationships with its customers are what carry the company. Customers can be found in Sweden, Finland and Norway. All business partners are stable organisations, primarily large companies and government.



Type of customer by book value.

93%

of our customers have used their option since 2003.

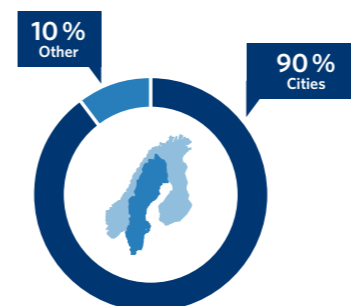


Property area in m².

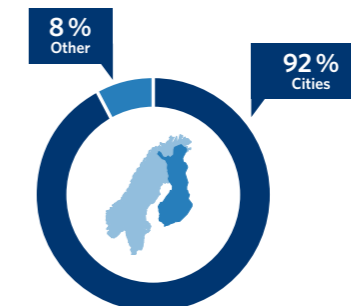


Properties by sector.

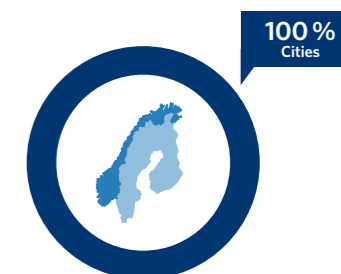
Geographic distribution by book value



Sweden



Finland



Norway

“We offer a niche product and we are a niche company, in the most positive sense.”

Ian Harcourt

Quite the reverse. The buy-backs are proof that our business model works. The customer is able to benefit from the future value of the property.

What is the current cost for the client?

Our solutions are financially oriented, and that also applies to how the current expenditure is set. It can be set using a reference interest rate, such as STIBOR, plus a financing supplement and our own margin, which is calculated based on the acquisition cost. Then there is a loan repayment portion. The customer can choose between variable and fixed interest. It is also possible to set the cost as a fixed amount, with clauses stating that changes relate to interest rate fluctuations.

Who are your competitors?

We are the leading player when it comes to property renting solutions of this kind. There are investors who are interested in investing in real estate, but a straightforward sale combined with

a conventional leasing solution does not give the vendor the same control over the property because there is no entitlement to buy the property back.

“We are looking for interesting collaborations, regardless of location, in Sweden, Finland and Norway.”

Katarina Sonnevi

Which geographical markets do you cover?

The focus is on Sweden and Finland, but we also work actively in Norway. We are looking for interesting collaborations, regardless of location.

Why are there not more of this kind of renting solution around?

The principle behind renting solutions is

very simple, but the model does place some demands on the parties. There has to be a good match between vendor and buyer. The renting company takes on a great financial responsibility, and needs a strong owner or group of owners. The expertise necessary to offer these solutions has been diluted, since a number of the major Nordic banks have made strategic decisions to exit the property market as direct owners.

What expertise is required?

The renting company must understand the customer, be an expert in real estate and property development, be able to structure transactions, and have first-rate expertise when it comes to tax, financing, accounting and legal affairs.

Nordisk Renting offers attractive conditions. How does this combine with the company's own profitability? Our margins primarily reflect the fact that our invested capital must generate a return. Since our business model is based on long-term commitments from financially sound tenants, our exposure to risk is low. Also, the overheads are low. Altogether this means that our margins may be limited, but Nordisk Renting can still run a profitable operation. X

Renting in practice

The renting deal itself is not the most important aspect. The point of every agreement is what it adds in practical terms to the operation involved. Here are a few examples.



PHOTO: HÅKAN LINDGREN

The properties aim to attract buyers of Volkswagen, Skoda, Audi, Seat and Porsche. Stefan Johansson, CFO of Din Bil Sweden.

CASE STUDY: DIN BIL SWEDEN

Din Bil rebuilds for its brand

Sales of cars are high in Sweden. At the same time, the sector has to invest in its brands for the future. Din Bil is rebuilding its properties as it introduces new concepts.

THE SHOWROOM IN HAMMARBY, southern Stockholm, is one of Din Bil's 37 dealerships which sell Volkswagen, Skoda, Audi, Seat and Porsche.

It is the car brands that are marketed to customers, rather than the name of company. One important part of the profiling is the premises, with showroom and workshop, and the marketing concept is evolving all the time. The site has recently been refurbished.

"The new concept for our showrooms

is modular and links to Volkswagen's flexible production engineering platform," says Stefan Johanson, CFO of Din Bil Sweden.

The refurbishment took place simultaneously at all sites and is a major investment.

"The process was made easier by the fact that this property, and six others we use, are owned by Nordisk Renting. Our relationship with them goes back a long way."

THE COLLABORATION with Nordisk Renting relates to Din Bil's largest sites and began in 2004.

"We were facing major changes and needed to invest heavily. When

RBS Nordisk Renting stepped in as the owner of both existing and newly built sites, we were able to free up the necessary capital," says Johanson.

"At the same time we retained strategic control, which is extremely important. The properties play a pivotal role in our operation. We can't just relocate."

In total Din Bil has over 450,000 square metres of premises, half of which are owned by Nordisk Renting. X

CUSTOMER: Din Bil Sweden

PROPERTY: Car showroom

LOCATION: Seven sites across Sweden



PHOTO: FANCY

Selling properties to Nordisk Renting enabled Gnesta to build a new pre-school.

CASE STUDY: GNESTAHEM

Successful buy-back for Gnestahem

Gnestahem sold its property when investment pressures were at their greatest and then repurchased when the peak had passed.

THE OPTION TO buy back is unique to Nordisk Renting's financing solutions. Customers who sell their property have an opportunity to buy it back at a predetermined time and price. This is exactly what Gnestahem, the municipal property company in Gnesta outside Södertälje, did.

"Having the option to buy back built into the agreement is very positive indeed.

After 10 years our situation had changed and it suited us to buy the pro-

erties back. The flexibility is a major asset," says Hans Persson, Managing Director of Gnestahem.

WHEN GNESTA MUNICIPALITY signed the agreement with Nordisk Renting it was in a phase of strong expansion. Its investment needs were so high that regular borrowing would put too much of a strain on the equity ratio.

"The need for municipal services increased sharply in a short space of time and we needed capital. The solution was to sell two homes for the elderly to Nordisk Renting, but with continuing rights to use them. We released funds which we could use to build a new pre-school and new housing for people with

special needs, as well as just over 50 apartments, for instance," says Persson.

"Our municipality is still expanding but at a slower rate, and our finances are more balanced. We have caught up and are now expanding services in smaller steps. In this situation it suits us to have the properties back under our own ownership. It was great for us that the deal had a built-in checkpoint where we could re-evaluate the situation." X

CUSTOMER: Gnestahem

PROPERTY: Homes for the elderly

LOCATION: Gnesta, Sweden

CASE STUDY: KESKO

Flexibility for Kesko's stores

Real estate plays an important strategic role for retailer Kesko. Thanks to a collaboration with Nordisk Renting, Kesko retains control over its stores.

RETAILER KESKO HAS long been working with Nordisk Renting on its strategic properties. Its property portfolio is constantly evolving, led by consumers' buying habits.

"Nordisk Renting has recently made an investment for us in Kokkola, which helps us exploit strategically important opportunities on a growing market," says Juhani Rontu, Property Manager at Kesko Food.

The investment relates to a retail building in central Kokkola, which has been renovated and made available for Kesko. A hypermarket has been converted to a supermarket, and room has been created for other players in the Kesko chain.

"We established a new hypermarket



PHOTO: FANCY

outside the town centre, with better parking. The old hypermarket was converted into a large supermarket and retail premises for other Kesko players, which are better suited to a central location. Overall we are increasing our presence in Kokkola," Rontu explains.

THE COLLABORATION BETWEEN Kesko and Nordisk Renting is constantly developing. Nordisk Renting is helping enable the customer to adapt its premises to market conditions for its own core

business. Several additional investments and projects have been carried out by both companies together.

KESKO SELLS GROCERIES, building materials, sporting goods, home furnishings, agricultural products and cars, for example. The company has around 2,000 stores in Finland, Sweden, Norway, Estonia, Latvia, Lithuania, Russia and Belarus.

The stores are often given a central role where Kesko sets up business, and are therefore strategically important not only to the company but also the local community. X

CUSTOMER: Kesko OY

PROPERTY: Stores selling food and consumer durables

LOCATION: Nine sites across Finland

CASE STUDY: REGIONARKIVET

Focus on climate in Västra Götaland

Gnestahem sold its property when its investment need was at its highest, and bought back when things had calmed down. Solar panels should always be an option for properties in the Västra Götaland region. At Regionarkivet (the regional archives) in Vänersborg, owned by Nordisk Renting, the solar panels came afterwards.

THE VÄSTRA GÖTALAND region has an ambition to always work systematically with climate related matters. The alternative solar energy shall always be considered.

In 2014 the large Regionarkivet archives in Vänersborg had one thousand square metres of solar panels installed

on the roof. The investment in one of Sweden's biggest roof-mounted solar panel installations should pay for itself in 10 years.

Regionarkivet primarily stores healthcare-related material, mainly on paper, although there are also X-ray film and LTO tape for long-term storage of digital material, among other things.

EVERY YEAR THE amount of shelving increases – patient journals, logged documents, personnel files, school grades and so on. The region has decided to save patient journals in perpetuity, which is longer than required by law. This benefits research, as well as residents directly. When

someone seeks treatment for a bad knee, the doctor can look at X-ray images from the patient's motorcycle accident 25 years earlier.

The archive is the result of a collaboration between Region Västra Götaland and the City of Gothenburg. The property is owned by Nordisk Renting and used by archive authority Arkivnämnden. X

CUSTOMER: Region Västra Götaland and the City of Gothenburg

PROPERTY: Archives

LOCATION: Vänersborg, Sweden



PHOTO: ILJA C. HENDEL

Flexible collaboration on properties helps Saint-Gobain to grow. Jan G. Vere, Logistics Director, Brødrene Dahl.

CASE STUDY: BRØDRENE DAHL

Logistics strategic for Brødrene Dahl

Growth is in focus for Norwegian plumbing wholesaler Brødrene Dahl. The logistics have to be ultra-efficient. The new high warehouse in Oslo doubles the capacity.

BRØDRENE DAHL'S CENTRAL warehouse in Langhus, outside Oslo, is a massive warehouse with a land area of 110,000 square metres. The facility is the hub of the far-reaching logistical system that is the company's operation in Norway.

"Our deliveries used to go out from regional warehouses, but now all goods are centralised here. Operations and purchasing are now more efficient," says Jan G. Vere, Logistics Director at Brødrene Dahl.

Incoming deliveries, storage, picking and outgoing deliveries take place in a finely honed system that is growing

all the time. Three million orders are handled every year, many of them small, and this calls for a lot of handling.

"We're focused on expansion, partly because the operation demands such large volumes."

Norwegian company Brødrene Dahl is part of the major French group Saint-Gobain.

Recent years have seen extensive investment in expanding the central warehouse and installing an automation system.

The most recent expansion has doubled capacity at the high warehouse.

"We wanted to build as high as possible. The cranes cost the same whatever the height, but the benefit is greater if the cranes are taller."

In the 25-metre high warehouse, a computer-controlled giant crane

sweeps back and forth picking or storing goods.

"It's incredibly efficient compared to moving everything by forklift," says Vere.

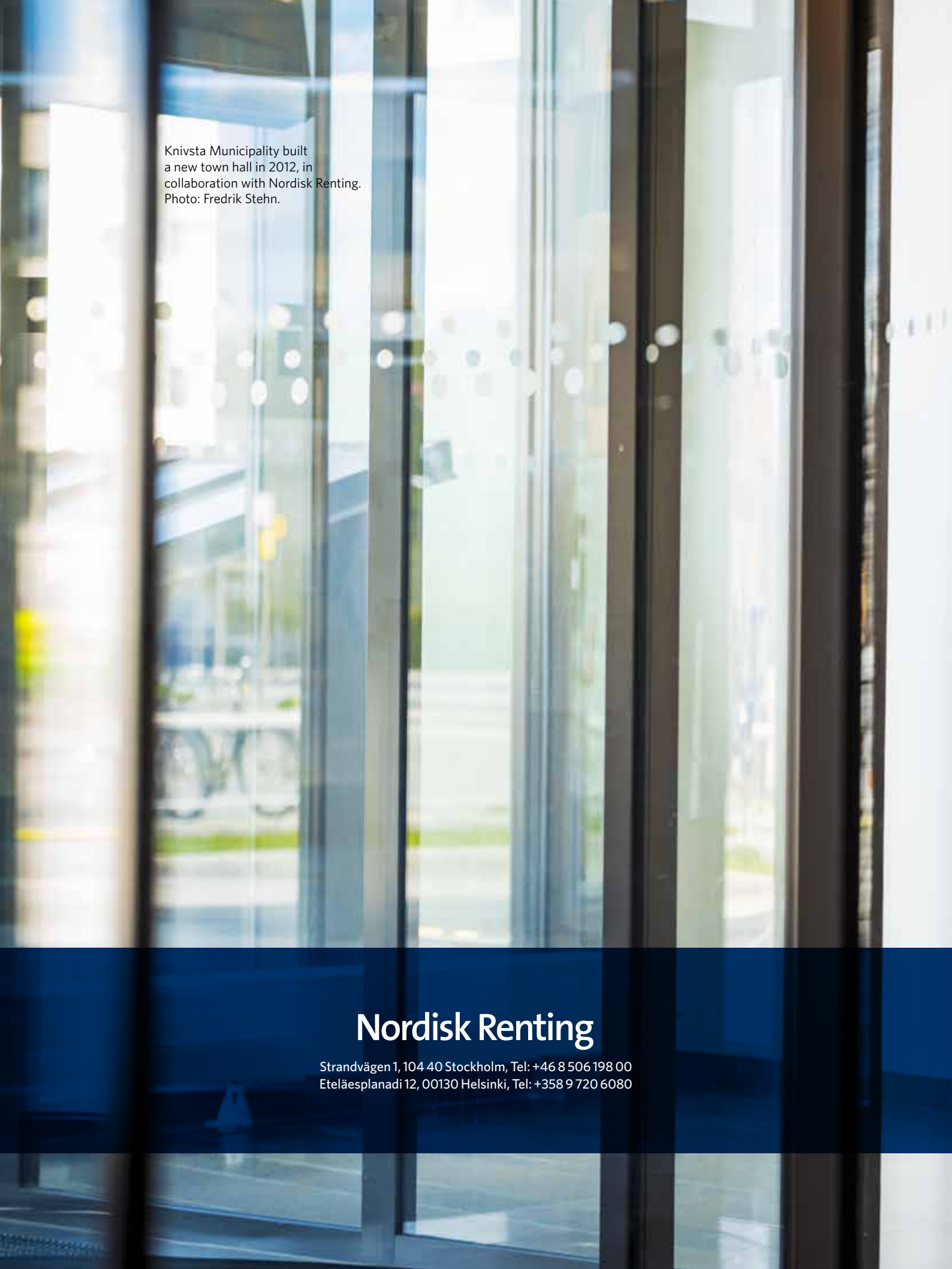
Since 1999, Brødrene Dahl's partner on the property side has been Nordisk Renting, which has been involved in the company's expansion several times.

"This is an ideal solution for us. Our core business is not owning properties. However, it is important to us to have a property owner who's receptive to our needs and facilitates our expansion, and we have just that in Nordisk Renting." X

CUSTOMER: St Gobain Nordic

PROPERTY: Logistics centre

LOCATION: Oslo, Norway



Knivsta Municipality built
a new town hall in 2012, in
collaboration with Nordisk Renting.
Photo: Fredrik Stehn.

Nordisk Renting

Strandvägen 1, 104 40 Stockholm, Tel: +46 8 506 198 00
Eteläesplanadi 12, 00130 Helsinki, Tel: +358 9 720 6080