

Dooba Finance AB Interim Report Q3 2021

26 November 2021



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Key Highlights

Since the last report



The Group acquired a further 4.68% interest in GMV Holdings from two minority shareholders at a 60% discount to the underlying net assets. Payment was in exchange for the issuance of preference shares, redeemable after 10 years at a coupon of 3% per annum. This takes the Group's overall interest to 74.91%. The value of DHL's investment has increased by £13.4m.



Following the CEG Land Promotions distribution and promote being crystallised, the Group recognised a net investment uplift with a corresponding decrease in goodwill. This has eradicated all goodwill relating to CEG Land Promotions. The Group now receives 53% of all distributions from CEG Land Promotions and is currently forecasting to receive c. £23m over the next 3 years.



In November 2021, the Group received a one-off distribution of £4.5m from ASE I following the sale of Vaughan Trading Estate.



In Q4 2021 the Group will receive a distribution from ALM Equity of 297,148 shares in Svenska Nyttobostäder (SNB).

Comments from the Chairman of CEG



Gerard Versteegh, founder and Chairman of CEG

The Group's net assets remained largely in line with the previous quarter as there were no asset valuations carried out during Q3 2021. The Group continues to build on the operational progress which was evident in the first half of the year.

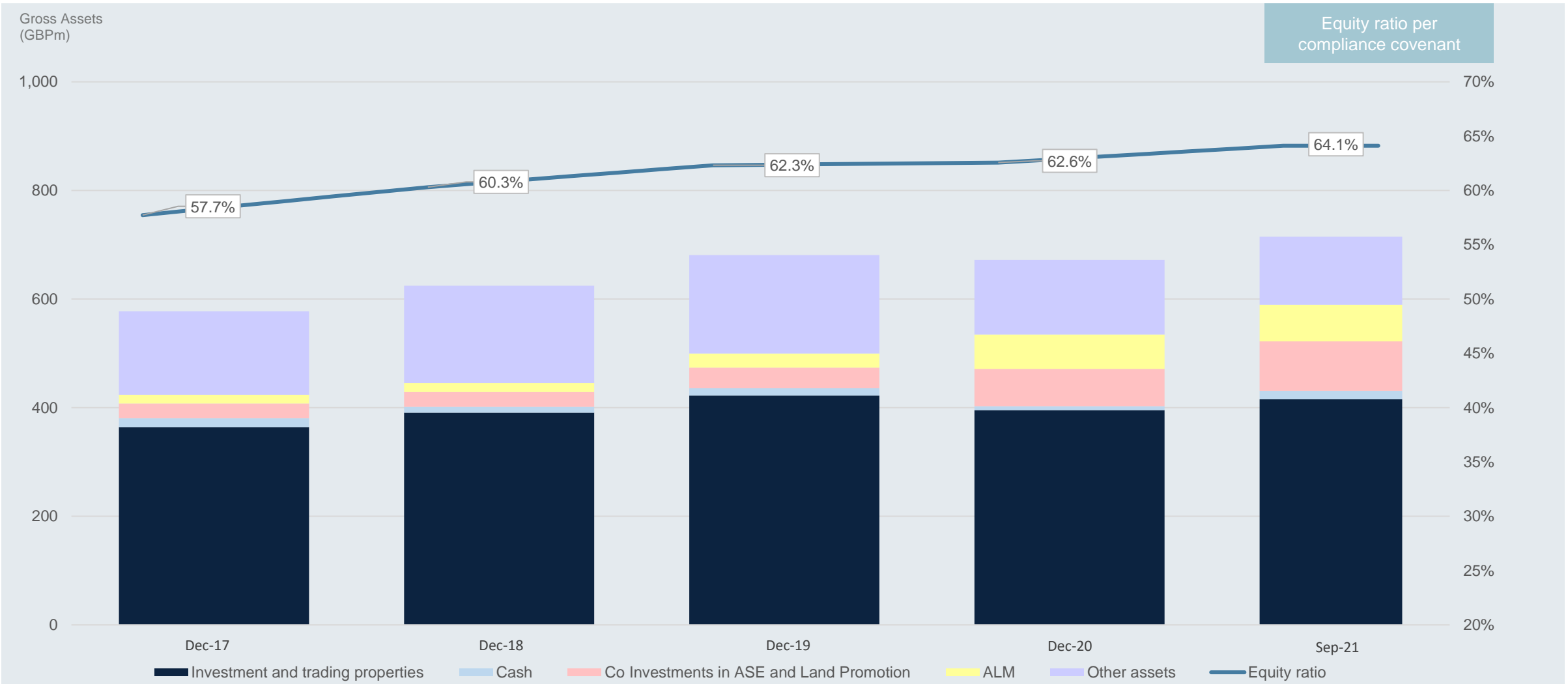
Letting activity has continued to be strong this quarter. New lettings for the year have now more than doubled those of 2020 and are expected to exceed previous records. This should translate to an uplift in the year end asset valuations. Overall we expect a further increase in the Group's net assets as a result of the strong letting performance in GMV Holdings and the co investment clubs.

During the quarter, the Group acquired at a discount a 4.68% interest in GMV Holdings from two minority shareholders and benefitted from a net investment uplift in the CEG Land Promotions promotes with a corresponding decrease in goodwill. This eradicated all goodwill relating to CEG Land Promotions.



Key Financial Highlights: Equity Ratio

Dooba Holdings Consolidated Equity Ratio

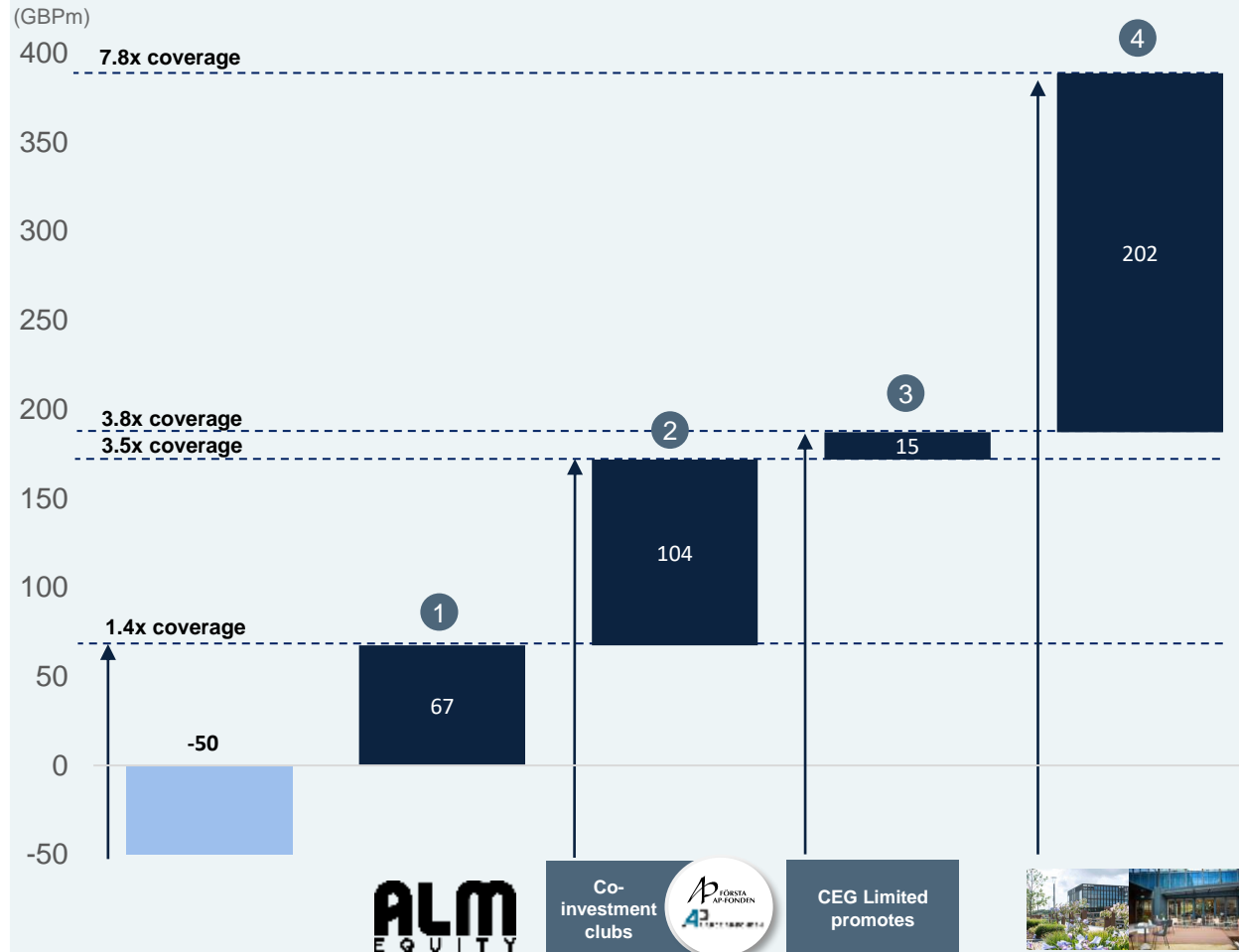


1. SEK FX rate 11.80 at September 2021 2. Figures for Dec-17 – Dec-20 are audited. Sep-21 are based on unaudited accounts


Key Financial Highlights: Net asset value by category

Substantial net coverage from guarantor holdings

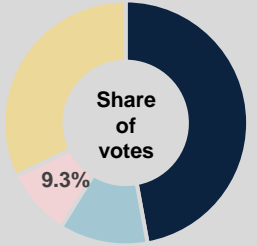
7.8x NAV to bond at Guarantor group level



1




Market capitalisation
SEK 10.2bn (GBP ~877m)



- Joakim Alm
- Koppamäset AB
- Dooba Investments Limited
- Other holders

2

Co-investment clubs



Club	Year	LTV
ASE I	(2012)	47%
ASE II	(2014)	35%
ASE III	(2016)	31%

7-30% Ownership

3

CEG Limited promotes

LP I (2011)

30%

The Group will receive 30% of all future LP I distributions

4

Directly owned properties



GBP 415m (Property value)

44% LTV

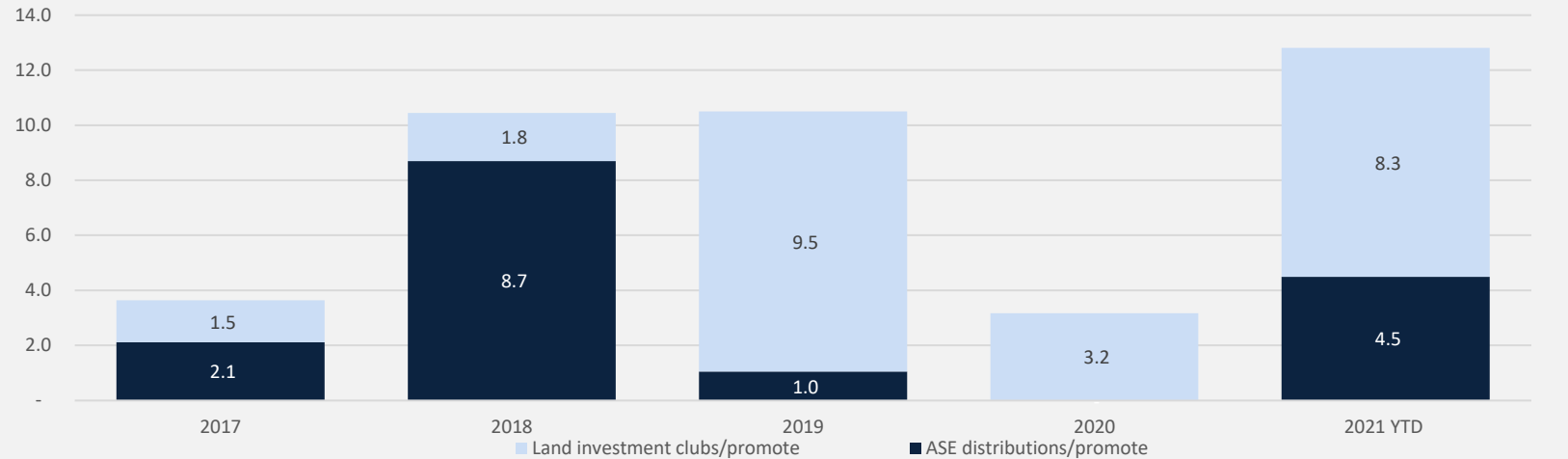
Key Financial Highlights: Distributions and new lettings

Increased distributions and new lettings in excess of 2020



Distributions
(GBPm)

Distributions higher in 2021 than all previous years

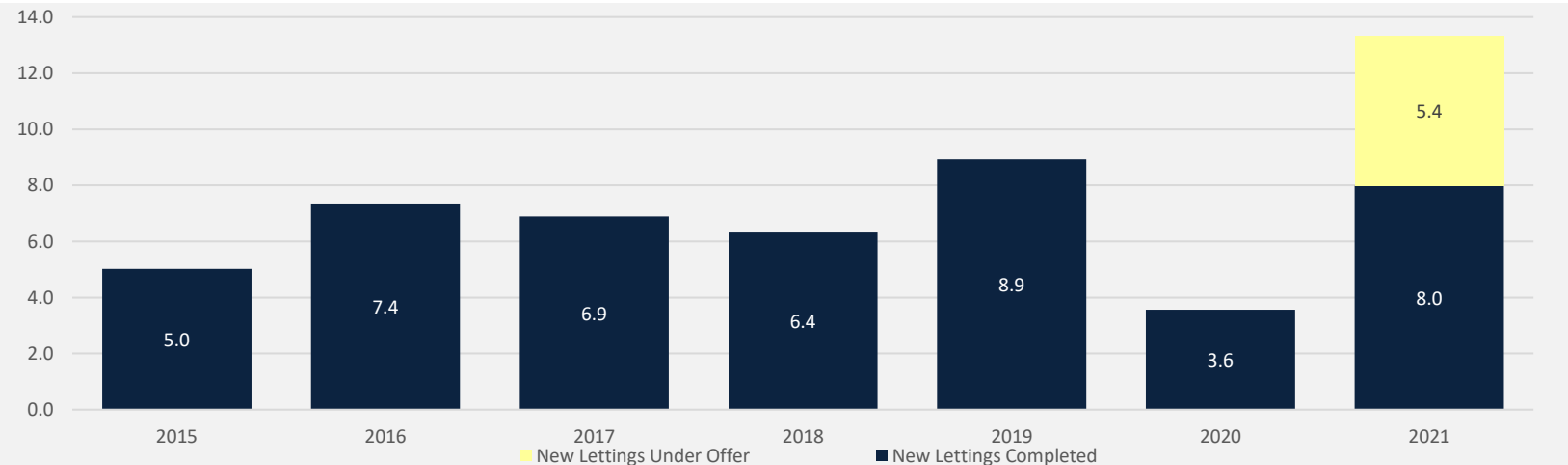


Year to date distributions of £8.3m / £4.5m from land investment club / ASE distributions and promotes



New lettings
(Annual rent, GBPm)

New lettings in 2021 have more than doubled 2020



Completed new lettings of > £8m rental value p.a. in 2021

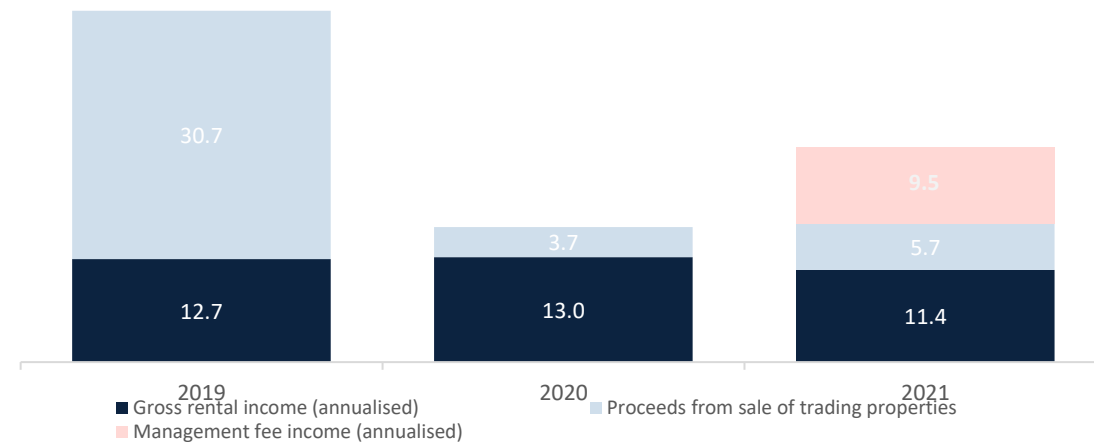
Financial Statements

Income Statement for the Guarantor

Consolidated DHL income statement (GBPm)

	Audited FY2019	Audited FY2020	Unaudited Q3 2020	Unaudited Q3 2021
Gross Rental income	12.7	13.0	9.6	8.6
Management fee income	0.0	0.0	0.0	7.1
Property Development services	0.5	0.0	0.0	0.0
Proceeds from sale of trading properties	30.7	3.7	3.2	5.7
Total revenue	44.0	16.7	12.8	21.4
Property outgoings	-5.9	-6.9	-4.1	-3.7
Cost of sales of trading properties	-21.0	-1.1	-0.2	-1.6
Provision against trading properties	-1.7	-2.5	-1.1	-0.4
Operating expenses	-28.5	-10.5	-5.4	-5.7
Net rental and other property income	6.9	6.1	5.5	12.0
Profit on sales of trading properties	8.6	0.2	1.9	3.7
Gross profit	15.4	6.2	7.4	15.7
Administrative expenses	-10.3	-5.1	-4.7	-15.5
Other operating income	1.9	6.2	0.7	6.0
Profit / (Loss) on disposal of investment property	-1.4	1.5	-0.1	0.2
Profit on disposal of investments	0.0	0.0	0.0	0.0
Changes in fair value of investment properties	43.2	-26.1	-27.0	15.0
Operating profit	48.8	-17.4	-23.7	21.4
Share of post-tax results of equity accounted associates	10.1	-3.0	-2.8	0.0
Revaluation of other investments	9.9	33.7	32.8	15.7
Finance incomes	7.3	6.5	5.7	4.1
Finance costs	-13.0	-14.5	-9.4	-10.2
Change in fair value of derivative financial instruments	-3.3	-5.2	-4.9	5.4
Gain on bargain purchase	0.0	0.0	0.0	2.7
Income from investments	0.7	0.2	0.2	0.7
Profit before tax	60.6	0.4	-2.1	39.8
Taxation	-1.5	1.2	0.0	-0.4
Profit for the year and total comprehensive income	59.1	1.5	-2.1	39.4

Revenue (GBPm)



Consolidated DHL statement of changes in equity (GBPm)

	Share capital	Share premium	Other reserves	Retained earnings	Equity attributable to owners of the parent	Non controlling interest	Total	
Balance at 1 January 2021	0.0	243.5	-	212.4	288.8	319.9	82.6	402.5
Opening balance from CEG & CEGH	-	-	-	-	-	-	2.6	2.6
Comprehensive income for the financial year	-	-	-	24.8	24.8	14.6	-	39.4
Balance at 30 September 2021	0.0	243.5	-	212.4	313.6	344.8	94.6	439.4
Balance at 1 January 2020	0.0	243.5	-	212.4	283.1	314.2	86.8	401.0
Comprehensive income for the financial year	-	-	-	6.3	6.3	8.4	-	2.1
Balance at 30 September 2020	0.0	243.5	-	212.4	289.4	320.5	78.3	398.9
Balance at 1 January 2020	0.0	243.5	-	212.4	283.1	314.2	86.8	401.0
Comprehensive income for the financial year	-	-	-	5.7	5.7	4.2	-	1.5
Balance at 31 December 2020	0.0	243.5	-	212.4	288.8	319.9	82.6	402.5

Financial Statements

Balance Sheet for the Guarantor

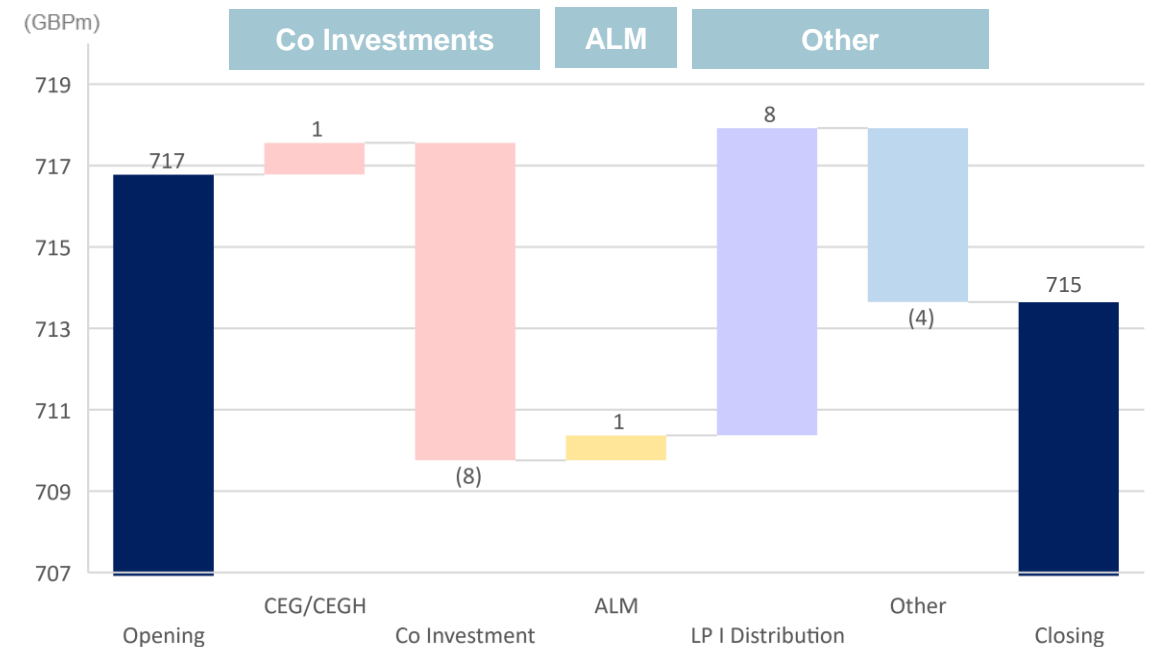
Consolidated DHL balance sheet (GBPm)

	Audited FY2019	Audited FY2020	Unaudited Q3 2021
Property, plant and equipment	0.1	0.0	0.4
Intangible assets	1.3	1.3	1.2
Investment properties	336.7	309.4	329.4
Other investments	38.0	75.5	84.0
Investments in equity accounted associates	74.5	69.7	83.8
Trade and other receivables	7.6	7.8	3.2
Non current assets	458.2	463.8	502.0
Trading properties	85.2	85.8	85.6
Trade and other receivables	123.9	114.9	111.6
Cash and cash equivalents	13.7	7.5	15.5
Derivative financial assets	0.0	0.0	0.0
Current assets	222.9	208.2	212.7
Total Assets	681.1	672.0	714.7
Issued share capital	0.0	0.0	0.0
Preference shares	0.0	0.0	0.0
Share premium	243.5	243.5	243.5
Other reserves	-212.4	-212.4	-212.4
Retained earnings	283.1	288.8	313.6
Attributable to equity shareholders	314.2	319.9	344.7
Non-controlling interest	86.8	82.6	94.6
Total equity	401.0	402.5	439.3
Loans and borrowings	133.7	211.5	227.3
Deferred tax liability	1.5	0.0	0.0
Lease liability	3.3	3.3	3.3
Non-current liabilities	138.5	214.8	230.6
Loans and borrowings	78.9	4.7	5.0
Trade and other payables	56.7	43.8	38.5
Derivative financial liabilities	3.6	6.3	0.9
Current liabilities	139.2	54.8	44.4

Consolidated DHL balance sheet (GBPm)

	Audited FY2019	Audited FY2020	Unaudited Q3 2021
Other provisions	2.4	0.0	0.4
Total equity and liabilities	681.1	672.0	714.7
Adjusted			
Equity	401.0	402.5	439.3
Preference share/Shareholder loan	23.0	17.9	18.7
Total	424.0	420.4	458.0

Change in total assets since last report



Other is primarily cash and receivables movement

Financial Statements

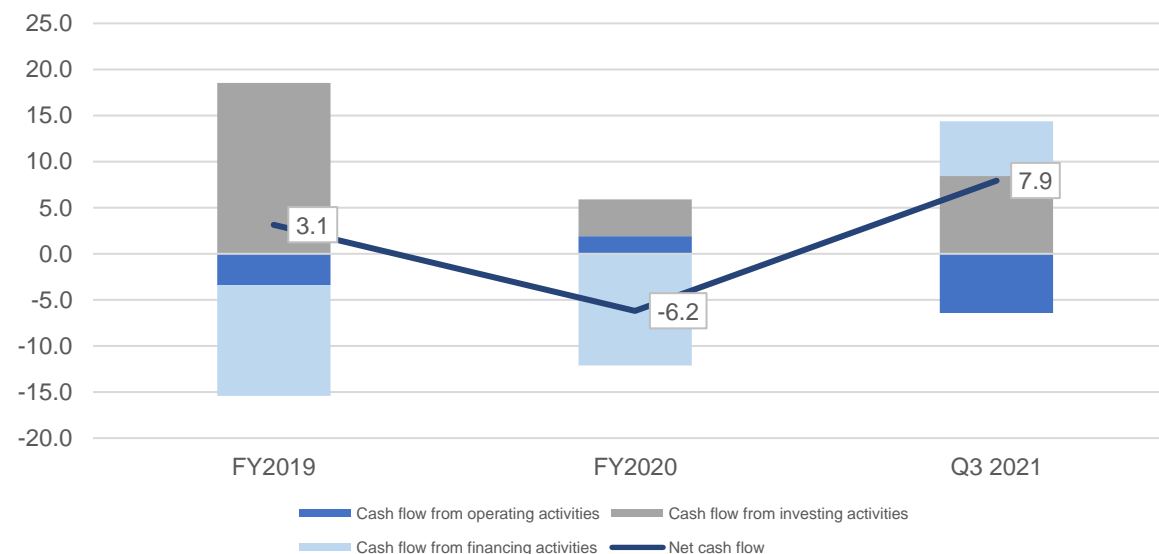
Cash-flow statement for the Guarantor

Consolidated DHL cash-flow statement (GBPm)

	Audited FY2019	Audited FY2020	Unaudited Q3 2020	Unaudited Q3 2021
Operating activities				
Profit/(Loss) for the year	59.1	1.5	-2.1	36.9
Adjustments for:				
Exchange differences	1.6	-3.1	-1.7	1.1
Changes in fair value of investment properties	-43.2	26.1	28.1	-15.0
Depreciation of fixed asset	0.0	0.0	0.0	0.2
Movement in rent smoothing adjustment	-1.4	0.4	-0.6	0.4
Changes in fair value of derivative instruments	3.3	5.2	4.9	-5.4
Changes in fair value of other investments	-9.9	-33.8	-28.4	-22.4
Share of post-tax results of equity accounted associates	-10.1	3.0	2.8	-7.8
Profit/(Loss) on disposal of investment property	1.4	-1.5	-0.2	-0.2
Profit on disposal of investments	0.0	0.0	0.0	0.0
Income from investments	0.0	0.0	0.0	0.0
Finance revenue	-7.3	-6.5	-5.2	-4.3
Finance cost	13.0	14.5	8.9	10.2
Amortisation goodwill	0.9	0.0	0.0	0.1
Gain on bargain purchase	0.0	0.0	0.0	2.7
Taxation	1.5	-1.2	0.4	0.4
Changes in working capital				
Trading properties	-1.4	-0.6	-3.2	0.2
Trade and other receivables	8.2	15.7	14.0	-1.9
Trade and other payables	-20.1	-14.8	-10.4	-4.5
Provisions	1.2	-2.4	0.0	0.0
Tax paid	-0.2	-0.7	-0.5	-0.1
Cash flow from operating activities	-3.4	1.9	6.8	-9.4
Investment activities				
Capital expenditure on investment property	-4.8	-5.4	-3.2	-8.0
Capital expenditure of fixtures and fittings	0.0	0.0	0.0	0.0
Proceeds from the disposal of investments	0.0	0.0	0.0	0.0
Proceeds from disposal of investment properties	21.6	7.7	0.6	2.7
Investment in equity accounted associates	-5.4	-1.4	-0.7	-3.4
Acquisition of other investments	-2.3	-0.1	-0.2	-0.1
Interest received	0.2	0.0	0.0	0.1
Loan to equity accounted associates	0.0	0.0	-0.1	0.1
Dividends received from equity accounted associates	1.7	3.2	0.0	7.8
Loans repaid from equity accounted associates	7.7	0.0	0.0	0.0
Income from investments	0.0	0.0	0.0	0.0
Consideration net of cash received	0.0	0.0	0.0	9.5
Cash flow from investing activities	18.5	4.0	-3.6	8.7

Consolidated DHL cash-flow statement (GBPm)

	Audited FY2019	Audited FY2020	Unaudited Q3 2020	Unaudited Q3 2021
Financing activities				
Proceeds from borrowings	20.0	0.0	0.0	0.0
Repayment of loans	-19.6	47.1	0.5	24.2
Bond revaluation	0.0	-43.3	-1.6	-6.7
Repayment of financial instruments	0.0	-2.5	0.0	0.0
Refinancing costs	0.0	-2.3	-0.2	-0.8
Interest paid	-12.3	-10.9	-7.7	-8.1
Loan arrangement fees paid	0.0	0.0	0.0	0.0
Repayment of loan from investor	0.0	0.0	0.0	0.0
Loans from equity accounted associates	0.1	0.0	0.0	0.0
Headlease obligations paid	-0.1	-0.1	0.0	0.0
Cash flow from financing activities	-12.0	-12.1	-9.0	8.6
Cash flow for the period	3.1	-6.2	-5.8	7.9
Cash and cash equivalents at the beginning of the year	10.6	13.7	13.7	7.5
Cash and cash equivalents EoP	13.7	7.5	7.9	15.4



Financial Statements

For the Borrower – Dooba Finance AB (“DFAB”)

DFAB income statement (GBPm)

	Audited FY2019	Audited FY2020	Unaudited Q3 2020	Unaudited Q3 2021
Finance income	4.9	4.8	3.5	2.5
Gross profit	4.9	4.8	3.5	2.5
Other operating income	0.0	0.0	0.0	1.9
Administrative expenses	0.0	-0.7	0.0	-0.1
Operating profit	4.9	4.1	3.4	4.3
Finance costs	-3.8	-4.6	-2.8	-3.0
Profit/(loss) before tax	1.1	-0.5	0.7	1.3
Taxation	0.0	0.0	0.0	0.0
Profit for the year and total comprehensive income	1.1	-0.5	0.7	1.3

DFAB Statement in changes of equity (GBPm)

	Share capital	Share premium	Retained earnings	Total
Balance at 1 January 2021	1.0	0.0	0.2	1.3
Comprehensive income for the financial year	0.0	0.0	1.4	1.4
Balance at 30 September 2021	1.0	0.0	1.6	2.7
Balance at 1 January 2020	1.0	0.0	0.8	1.8
Comprehensive income for the financial year	0.0	0.0	0.6	0.6
Balance at 30 September 2020	1.0	0.0	1.4	2.4
Balance at 1 January 2020	1.0	0.0	0.8	1.8
Comprehensive income for the financial year	0.0	0.0	-0.5	-0.5
Balance at 31 December 2020	1.0	0.0	0.2	1.3

Financial Statements

For the Borrower – Dooba Finance AB (“DFAB”)

DFAB balance sheet (GBPm)

	Audited FY2019	Audited FY2020	Unaudited Q3 2021
Trade and other receivables	42.9	41.0	48.9
Derivative financial asset	0.0	0.0	0.0
Cash and cash equivalents	1.8	2.0	4.2
Current assets	44.7	43.1	53.1
Total Assets	44.7	43.1	53.1
Attributable to equity shareholders	1.8	1.3	2.7
Total equity	1.8	1.3	2.7
Loans and borrowings	34.4	41.1	49.7
Non-current liabilities	34.4	41.1	49.7
Trade and other payables	8.5	0.7	0.7
Current liabilities	8.5	0.7	0.7
Total equity and liabilities	44.7	43.1	53.1

DFAB cash-flow statement (GBPm)

	Audited FY2019	Audited FY2020	Unaudited Q3 2020	Unaudited Q3 2021
Operating activities				
Profit/(Loss) for the year	1.1	-0.5	0.6	1.4
Adjustments for:				
Exchange differences	0.0	0.5	0.0	-2.0
Finance cost	3.8	4.6	2.8	3.0
Finance revenue	-4.9	-4.8	-3.5	-2.5
Changes in working capital				
Trade and other receivables	2.6	1.9	1.5	-7.9
Trade and other payables	-3.9	-6.9	-3.3	0.6
Cash flow from operating activities	-1.4	-5.2	-1.9	-7.4
Investment activities				
Cash flow from investing activities	0.0	0.0	0.0	0.0
Financing activities				
Interest paid	-3.6	-4.9	-3.5	-3.3
Interest received	4.9	4.8	3.5	2.5
Issue of ordinary shares	0.0	0.0	0.0	0.0
Refinancing costs	0.0	-1.3	0.0	-0.2
Repayment of loans	0.0	-35.0	0.0	0.0
Proceeds from bond	0.0	41.8	0.0	10.5
Cash flow from financing activities	1.4	5.4	0.0	9.6
Cash flow for the period	0.0	0.2	-1.9	2.2
Cash and cash equivalents at the beginning of the year	1.8	1.8	1.8	2.0
Cash and cash equivalents EoP	1.8	2.0	-0.1	4.2

Notes to the interim report

General

Dooba Holdings Limited (“the Guarantor”) and its subsidiaries the “Group”) acts as an investment holding company with a controlling interest in its subsidiary GMV Holdings Limited. The company also holds an interest in a number of other investments through its wholly owned subsidiary, Dooba Properties Limited.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

This Interim Report is presented in accordance with IAS 34 Interim Financial Reporting and International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (“adopted IFRSs”).

The financial statements have been prepared on the historical cost basis except that investment properties, other investments and derivative financial instruments are measured at fair value.

The applied accounting principles are in accordance with those described in Dooba Holdings Limited annual report for 2020.

Going concern

Given the significant impact of COVID-19 on the macro-economic conditions in which the Group is operating, the directors’ have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the period ended 30 September 2021.

The Group’s going concern assessment is dependent on a number of factors, including performance of rental collections, continued access to funding and the ability to continue to operate the Group’s secured debt structure within its financial covenants.

The directors have performed stress testing of the Group’s forecasts over the next 12 months, adopting a primary assumption that rental collections will be lower than what would normally be expected. The impact in the reduction in the rental collections have been applied across a variety of performance indicators including free cash flow and debt serviceability covenants.

The directors consider that it is appropriate to adopt the going concern basis in preparing the interim financial statements.

Changes in accounting policies

New standards, interpretations and amendments effective for the current year:

None of the new or amended standards or interpretations issued by the International Accounting Standards Board (“IASB”) or the IFRS Interpretations Committee (“IFRIC”) have led to any material changes in the Company’s accounting policies or disclosures during the year.

Notes to the interim report (continued)

Changes in accounting policies (Continued)

Standards and interpretations in issue not yet adopted

The IASB and IFRIC have issued or revised IFRS 1, IFRS 3, IFRS 4, IFRS 7, IFRS 9, IFRS 17, IAS 1, IAS 8, IAS 16, IAS 28, IAS 37, IAS 39 and IAS 41 but these are not expected to have a material effect on the operations of the Group.

During the year, the Group adopted the amendments to IFRS 16 that were introduced as a result of the Covid-19 pandemic. As these largely apply to lessees rather than lessors, there was no material change to the Group’s accounting policies and disclosures.

The Company does not expect any other standards, amendments or interpretations issued by the IASB or IFRIC, but not yet effective, to have a material impact on the Group.

Significant events and transactions

Refer to the Q2 2021 quarter end report for previously reported significant events and transactions.

During Q3 2021 the Group received a distribution of £7.6m from CEG Land Promotions Limited. Following this distribution, CEG Limited crystallised the CEG Land Promotions promote hurdle and the Group recognised a net investment uplift of £7.0m at 30 September 2021. During Q3 2021 the Group finalised its assessment of the identifiable assets and liabilities acquired through the acquisition of CEG Limited and CEG Holdings LLP as provisionally reported in Q1 2021. As a result of this assessment, £14.5m of previously recognised provisional goodwill has been reclassified to investments, in recognition of the value of the assets acquired through this business combination.