



# KLARABO

## Q1-presentation

3 May 2023

38 - 44

KLARABO



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# Continued to improve long-term financial stability and predictability in Q1

- **In Q1 we have continued to increase the stability and predictability of our finances**
- Hedging ratio close to 80%
- The fixed interest period extended by another year to 4.3 years by March 31
- The credit term was 2.2 years
- **Focus on rent negotiations**
- Held off on rent increases in Q1 to get in at a higher level from Q2 and onwards
- **Continued focus on renovations**



# Earnings capacity and hedging results in: *Rising cash flow and profit from property management*

## Current earnings capacity 12 months

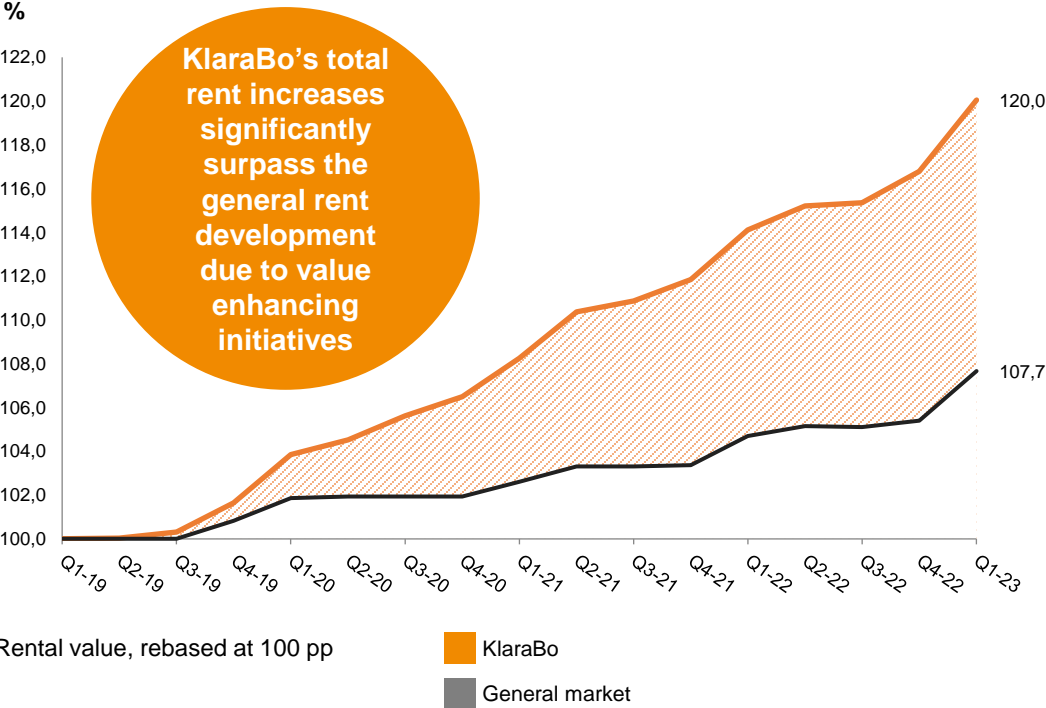
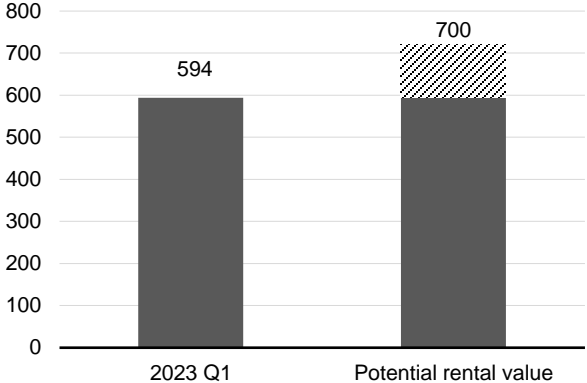
SEK m	Apr 1, 2023	Like-for-like Apr 1, 2023	Jan 1, 2023	Oct 1, 2022	July 1, 2022	Apr 1, 2022
Rental revenue	593.8	593.8	568.8	560.5	494.8	482.3
Property expenses	243.4	243.4	-242.9	-228.2	-198.3	-196.6
Net operating income	350.4	350.4	325.9	332.4	296.5	285.7
Surplus ratio, %	59.0	59.0	57.3	59.3	59.9	59.2
Central administrative costs	-40.0	-40.0	-40.0	-40.0	-37.0	-37.0
Financial income and expenses	-169.9	-169.9	-160.5	-142.6	-95.9	-74.9
<b>Profit from property management</b>	140.6	140.6	125.4	149.8	163.6	173.8
Profit from property mgmt per share, SEK	1.07	1.07	0.95	1.14	1.24	1.32
Interest-coverage ratio	1.8	1.8	1.8	2.1	2.7	3.3

- With rent increases of 4.45%, rental income will rise by SEK 25m corresponding to a surplus ratio of 59.0%
- The annual financial costs have increased by SEK 9.4 m
- High predictability in financial expenses due to 80% hedging
- **Profit from property management expected +12.6% per share, with rising cash flows, as indicated by current earnings capacity**

# Long-term value creation with proven renovation model

- 4,035 apartments, or 61.5% of total portfolio with renovation potential, excluding construction
- Renovations only after tenants have moved out at their own initiative
- Renovations increase property values and strengthens cash flow

Contracted and potential rental value, SEK m

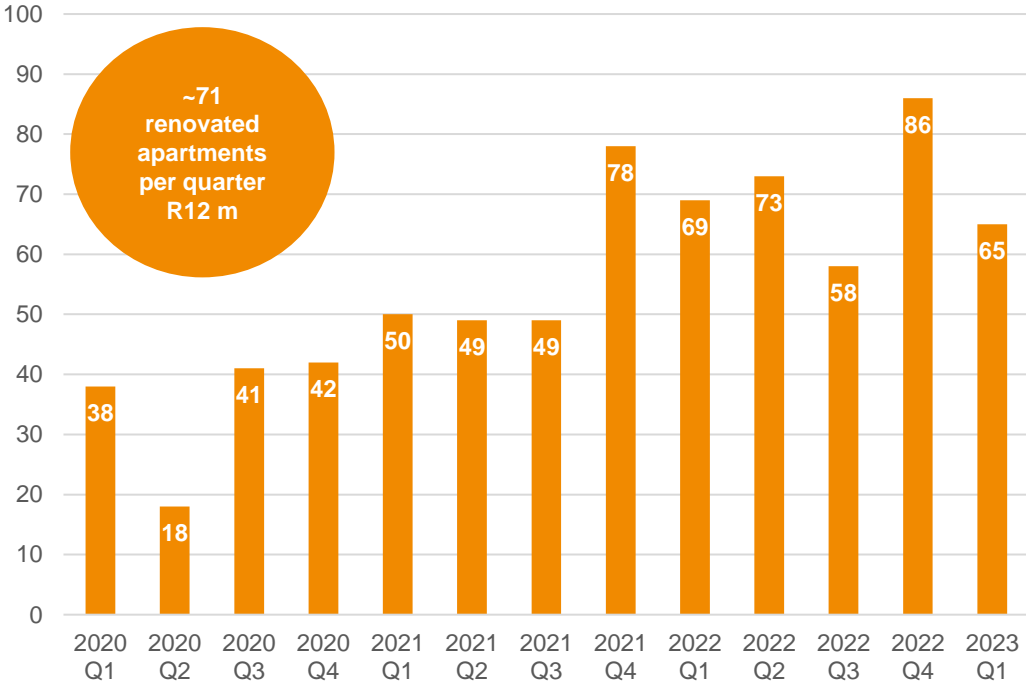


# Renovations mitigate depreciation of property value

Apartment valuation, example



Number of total renovations performed



# Sustainability initiatives

# KlaraBo's priority sustainability topics



TOPIC

## Climate and energy

## Circular societies

## Safe & attractive neighbourhoods

## Employees

## Sustainable business

MAIN GOALS

- Only renewable energy will be used for electricity, heating and vehicles in our operation by 2030. We are to be climate-neutral in our entire value chain by 2045
- All of our newly constructed housing units are to be Nordic Swan-certified as a minimum.
- All of our properties will be inventoried for the risk of negative consequences due to climate change

- It will be possible to sort household waste in all of our neighbourhoods
- 70 per cent of all construction materials will be sorted for recycling in connection with conversions and new construction.
- Before renovating an apartment, we will take an inventory of which products can be preserved or reused.

- We will perform an annual security round in all of our neighbourhoods.
- We will offer 50 summer jobs or employment opportunities to residents of our residential areas, through 2025.
- We will establish partnerships with local sports organisations in all of our neighbourhoods, with the aim of creating meaningful recreational activities for young people.

- We will have reached a long-term even gender distribution (40/60) and reflect society with respect to international background by no later than 2025.
- All employees will be provided with introductory training in KlaraBo's sustainability work and Code of Conduct.

- No reported cases in the whistle-blower function.
- 100 per cent sign-off on the Code of Conduct (internally) and prepare a Code of Conduct for Suppliers.

SDG:s



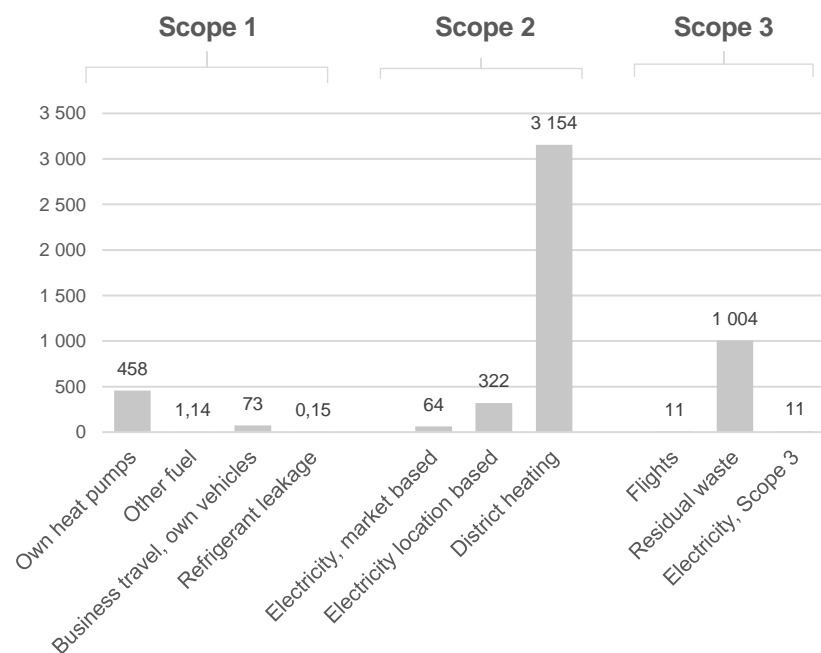
ENVIRONMENTAL

SOCIAL

GOVERNANCE



# KPI's sustainability – outcome 2022



## GHG emissions 2022 (tonnes CO2e).

Total emissions for 2022 amounted to 5,097 tonnes CO2e. Emission intensity for Scopes 1 and 2 amounted to 8 kg CO2e per square metre of lettable area.

	2022	2021
<b>District heating (MWh)</b>	56 105	49 859
Of which, renewable (%)	98,6	–
<b>Electricity (MWh)</b>	11 796	10 381
Of which, renewable (%)	72	–
<b>Energy intensity (MWh/lettable area)</b>	0,136	0,145

## Total energy consumption 2021 and 2022

Energy consumption per square metre of lettable area declined by 6 per cent.

## 100 percent

Of KlaraBo's employees have signed a statement that they had read our Code of Conduct

## 0 cases

Reported in the whistle-blower function during 2022

	2022
Total share of women in the company	31
Share of women in senior executive positions	33
Share with international background	16

## Share of women and international backgrounds (%)

Share of women and international backgrounds refers to employees who were born abroad or who have two parents who were born abroad. The statistics are based on anonymised data from Statistics Sweden.

# Financials

# Q1 2023 income statement

Income statement				
SEK m	2023 3 months Jan-Mar	2022 3 months Jan-Mar	2022 12 months Jan-Dec	2021 12 months Jan-Dec
Revenue	142.9	118.7	501.6	344.2
Costs	-75.5	-59.3	-222.7	-154.3
<b>Net operating income</b>	<b>67.4</b>	<b>59.4</b>	<b>278.9</b>	<b>189.9</b>
Central administrative costs	-12.7	-11.5	-46.5	-44.9
<b>Operating profit/loss</b>	<b>54.7</b>	<b>47.8</b>	<b>232.4</b>	<b>145.1</b>
Financial income/costs	-39.6	-17.6	-119.0	-68.7
<b>Profit from property management</b>	<b>15.0</b>	<b>30.2</b>	<b>113.4</b>	<b>76.4</b>
Changes in value of properties	-174.1	169.2	-25.7	737.3
Changes in value derivatives	-41.6	39.8	95.9	10.9
<b>Profit/loss before tax</b>	<b>-200.7</b>	<b>239.2</b>	<b>183.6</b>	<b>824.6</b>
Tax expense	40.1	-50.7	-58.5	-184.1
<b>Profit for the period</b>	<b>-160.6</b>	<b>188.6</b>	<b>125.1</b>	<b>640.5</b>

## Revenue

- Q1 revenue +20.4% YoY
- +6.2% increase in revenue, on a like-for-like basis, attributable mostly to renovations and annual general rent increase
- Only a minor part of the 2023 rent increases affected the quarter

## Costs

- Costs +11.9% YoY, on a like-for-like basis, mainly due to higher cost related to electricity, snow removal, and heating

## Financial income/costs

- Financial costs have increased in Q1 YoY due to a general increase in interest rates and new credits following acquisitions and completion of project properties

## Taxes

- Tax expenses positive mainly as a result of negative changes in value of properties

# Financial position

## Balance Sheet

SEK m	2023-03-31	2022-12-31	2022-03-31
Investment properties	9 064.2	9 170.7	8 266.5
Property, plant & equipment	9.2	9.8	5.8
Derivatives	61.5	103.1	47.0
Receivables	52.8	51.9	27.7
Cash and cash equivalents	259.9	338.3	495.7
<b>Total assets</b>	<b>9 465.4</b>	<b>9 692.0</b>	<b>8 870.3</b>
Equity	4 157.6	4 320.0	4 395.5
Deferred tax liability	264.7	309.2	327.1
Interest-bearing liability	4894.7	4898.1	4034.2
Other liabilities	138.4	164.7	113.7
<b>Total equity and liabilities</b>	<b>9 465.4</b>	<b>9 692.0</b>	<b>8 870.3</b>

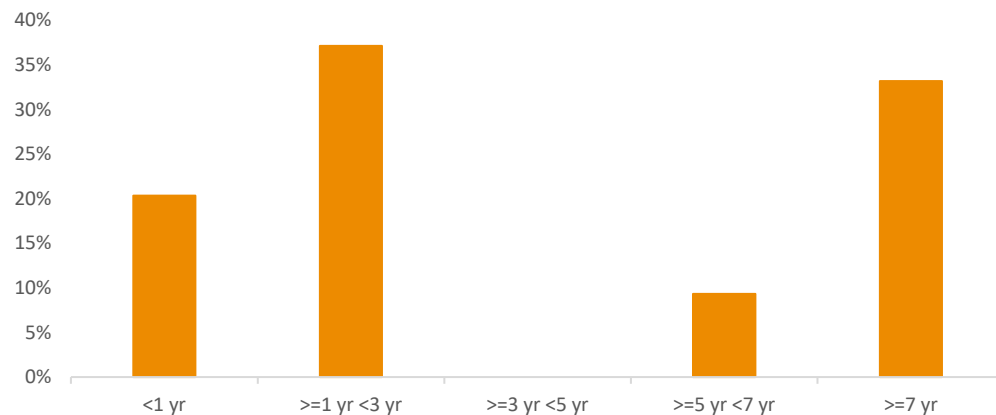
- Increased exit yields in average of 16 bps throughout the investment properties
- Negative effect of increased yield mitigated by a positive value change of completed renovations and annual general rent increases
- LTV 51,2% with only bank financing from five Nordic banks
- Equity ratio of 43.9%

## Sensitivity analysis – changes in value (SEK m)

	Change	Effect on fair value, SEK m	Change	Effect on fair value, SEK m
Yield requirement	-0.25 basis points	565.4	+0.25 basis points	-498.5

# Financing

Maturity structure – Fixed interest 2023-03-31



- Interest-bearing liabilities of SEK 4,905m
- Average interest rate maturity of 4.3 years
  - 79.6% of loan portfolio at fixed interest rates
  - Fixed interest rates of derivatives between 0.015% and 3.055%
  - Term of 8 – 10 years
- Average interest rate: just above 3.5%
- Entered two new interest-rate swaps for a total of SEK 600 m
- Average credit maturity of 2.2 years

Development of KlaraBo's interest rate based on market's expectations for STIBOR 3m as of 19 April 2023

Period	2023-03-31	2023-06-30	2023-12-31	2024-06-30	2024-12-31	2025-06-30	2025-12-31
FRA curve	3,23%	3,87%	3,85%	3,45%	3,14%	2,96%	2,84%
Interest rate for KlaraBo, excl. bank margin	1,87%	2,00%	2,00%	1,93%	1,85%	1,78%	1,74%

- High predictability of the interest rate and of the financial costs due to the company's hedging ratio and fixed interest period
- An increase in STIBOR 3m has a marginal impact on the average interest rate
  - Only slightly more than 20% of the company's debt portfolio will be affected by rising variable interest rates in 2023
  - For 2024, on average, just over 25% of the debt portfolio will be at variable interest rates
  - For 2025 the variable proportion of the debt portfolio will be 35%
- Sensitivity analysis based on the FRA curve STIBOR 3m on Apr. 19, 2023, shows that we fulfill our covenants and other financial commitments.

# Portfolio

# Fully occupied property portfolio

6,557

Apartments under management

98,4%

Real occupancy rate

SEK 1,068

Average rent per sq.m and year, unrenovated portfolio

SEK 17,923

Market value per sq. m.

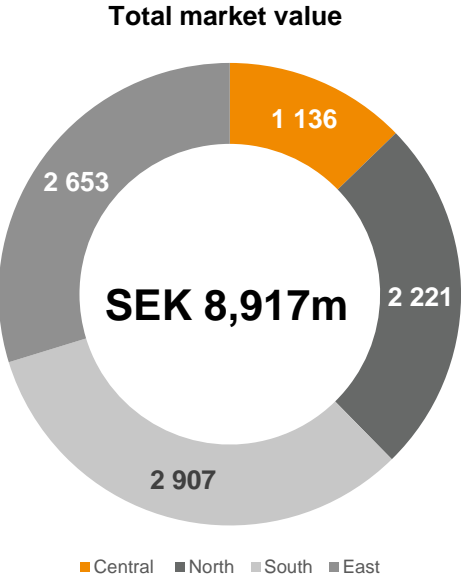
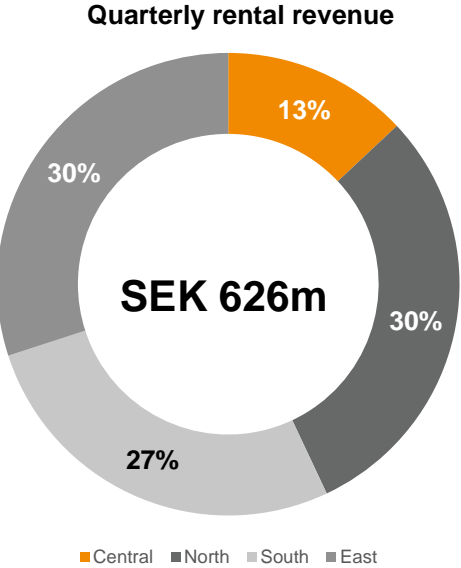
86%

Residential

497,700

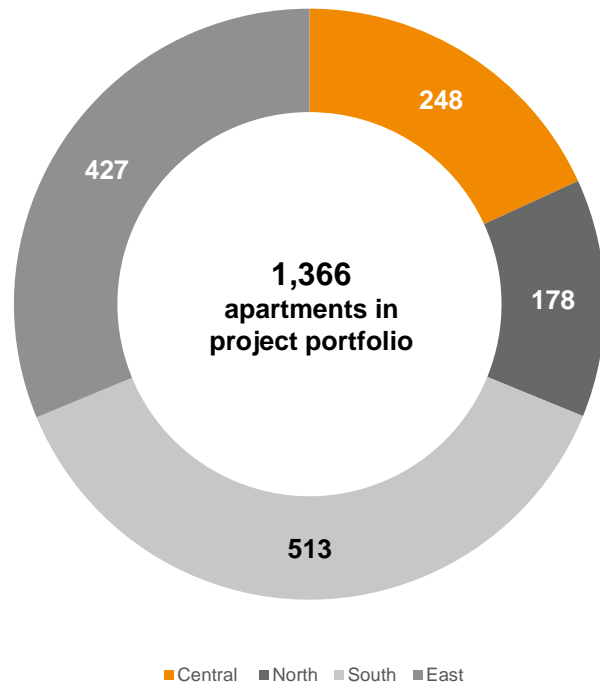
Sq. m. lettable area

## Geographical presence and administrative areas



# Low risk in project portfolio but with future potential

Planned development rights by region



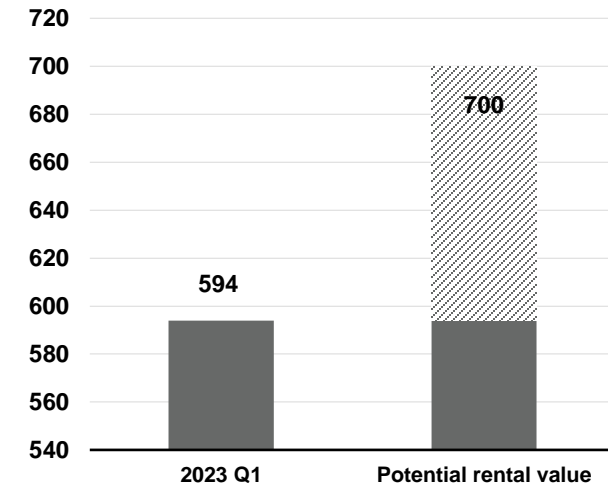
**104**  
apartments under construction

**1,262**  
apartments in development

**SEK 106m**  
In estimated rental value

- No risk of material write-downs or costs associated with project portfolio
- Only minor effect from cost increases in currently ongoing development projects

Contracted annual rent, SEK m





# Summary

# Outlook

## Rents

- Rent increases of approx. 4.45% for 2023
- Full effect from rent increase as of Q2

## Renovations and valuation

- Continued focus on refining and refurbishing the property portfolio to create long-term value
- Ongoing refurbishments mitigate effect of higher yield requirements on property values

## Finances

- Hedging ratio close to 80%
- Financing exclusively through banks, LTV of 51.2% and no risk of material write downs in project portfolio
- Long-term financing secured creates stability and predictability

# Investment highlights



**Over 60% of apts. in portfolio with renovation potential**

**Continued high demand for rentals due to housing shortage, lower construction of new housing and lower disposable income**

**Rent increases have historically exceeded inflation rate over time**

**Proven business model and solid financial position**

**Earnings capacity of +12.6% per share and fixed interest rates points to rising cash flow and profit from property management**

Q&A

Q1