

# KLARABO

## Q1 report

3 May 2024



KlaraBo property in Motala

# Today's presenters



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CEO and co-founder



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CFO

# Snapshot

# Stabilised property values and sharp increase in income from property management

- Financial development Q1
  - Increased revenue +10% due measures to raise standards and the general annual rent negotiations
  - Net operating income +9%
  - Income from property management +35% due to increased rent and an efficient property management
- Proven business model generates improving cash flow and mitigate impact from increased yield requirement.
  - Cash equivalents incl. credit facilities SEK 421 m
- Value-creating property management mitigate increased yield requirements.
- Continued focus on renovations: 41 apartments during Q1, slightly lower than normal due to increased selectivity when choosing renovation objects.

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**+10%**

Revenue SEK 157 m

**+9%**

Net operating income SEK 73m

**+35%**

Income from property management SEK 20m, corresponding to 0.15 SEK per share

**97.8%**

Real occupancy rate

**3.5 years**

Fixed interest term

**52.6%**

Loan-to-value

**SEK 31.7**

Net realizable value per share



# Portfolio and Business model

# Fully occupied property portfolio

**6,610**  
Apartments under management

**97.8%**  
Real occupancy rate

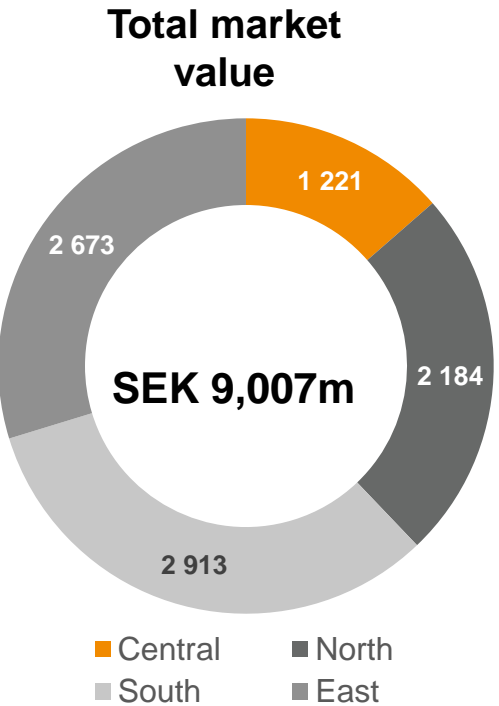
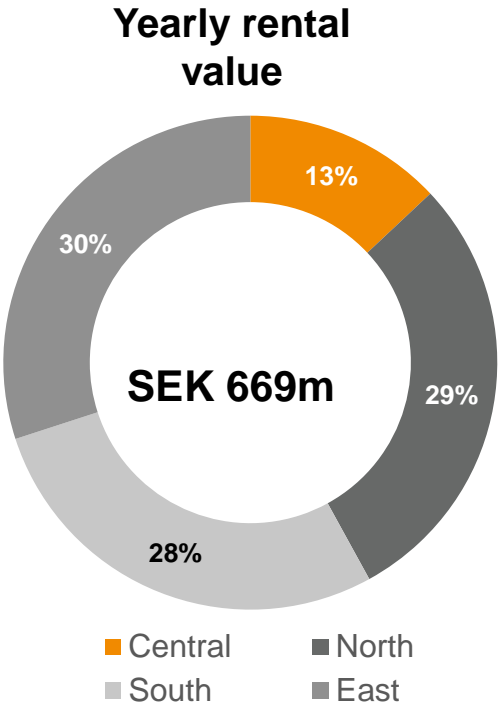
**SEK 1,130**  
Average rent per sq.m and year, unrenovated portfolio

**SEK 17,991**  
Market value per sq. m.

**85%**  
Residential

**437,500**  
Sq.m lettable area housing

## Geographical presence and administrative areas



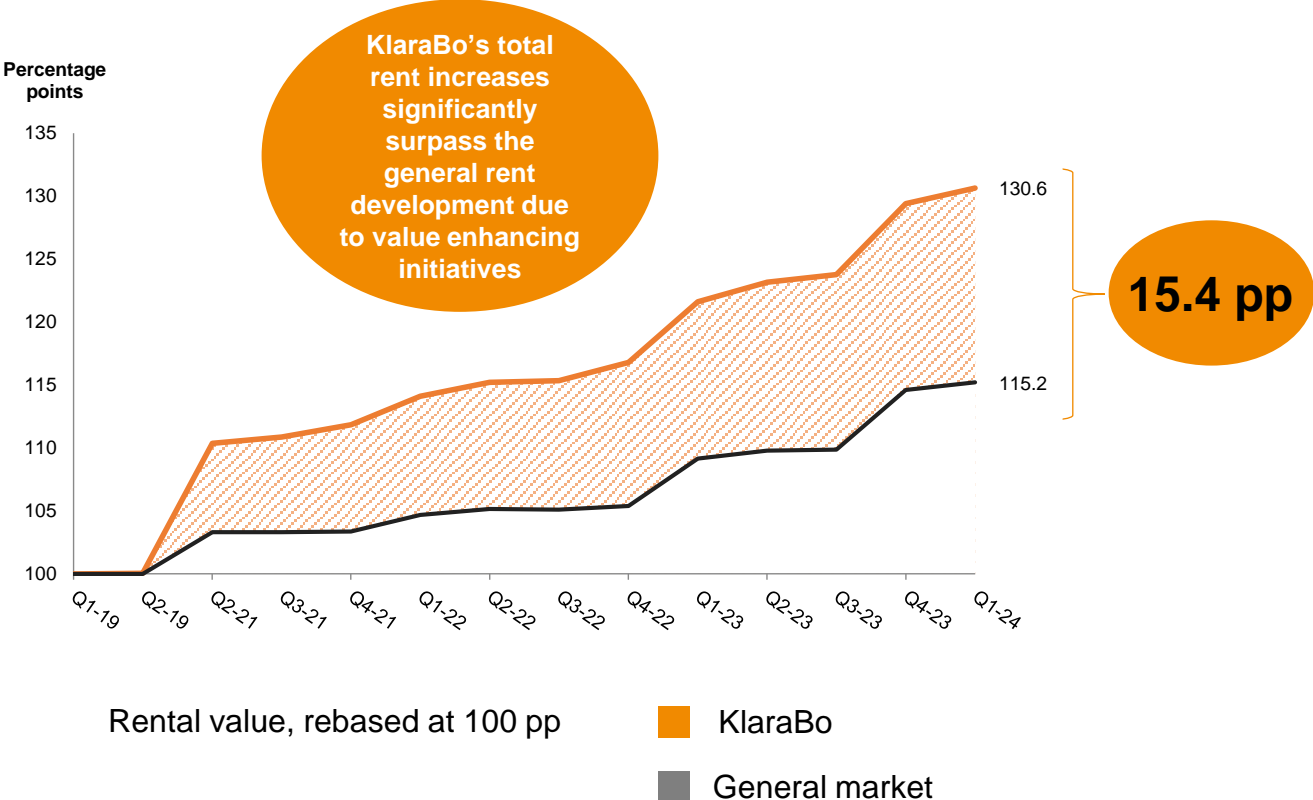
Note: All figures Q1 2024

# Visby – two properties acquired in 2018

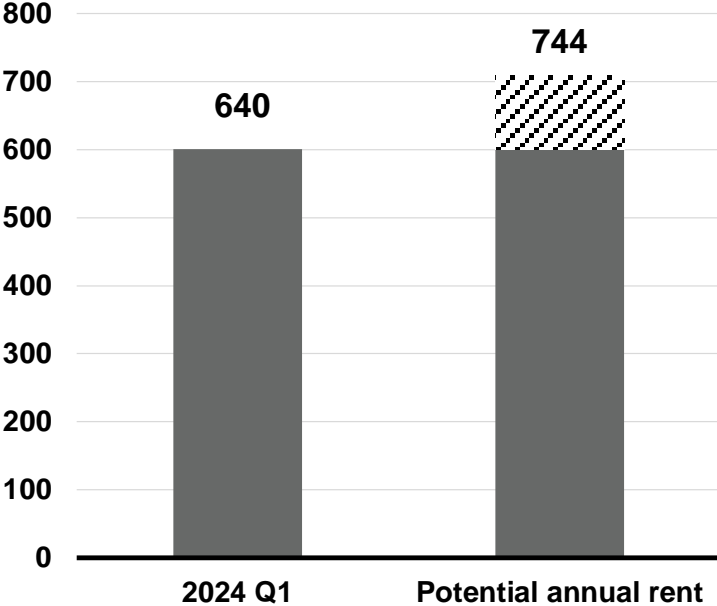
- Two properties – a total of 885 apartments
- Total lettable area 63,000 sqm
- Real occupancy rate 100%
- Current renovation potential 72%
- Unrenovated average rent 1,265 SEK/m<sup>2</sup> → renovated average rent 1,663 SEK/m<sup>2</sup>

# Proven model creates value over time

- About 4,000 apartments, or 60% 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
- Rental value for apartments increased with 5.3%



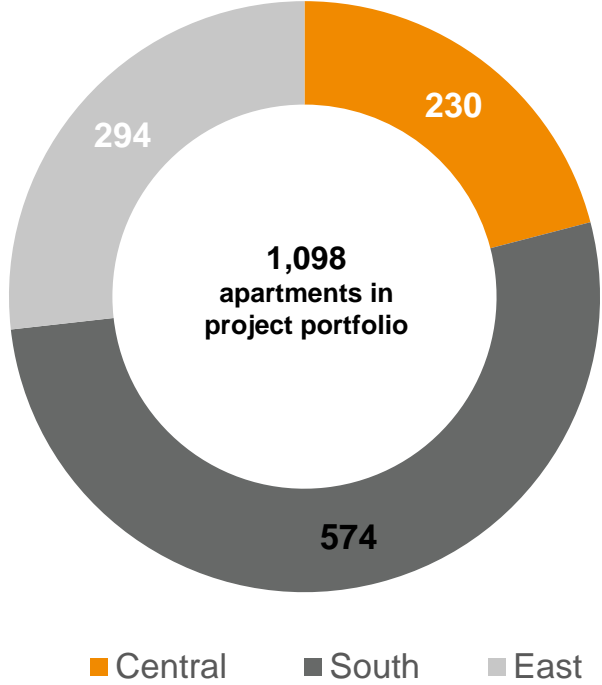
Contracted and potential rental income, SEK m





# Low risk in project portfolio with potential over time

Planned development rights by region



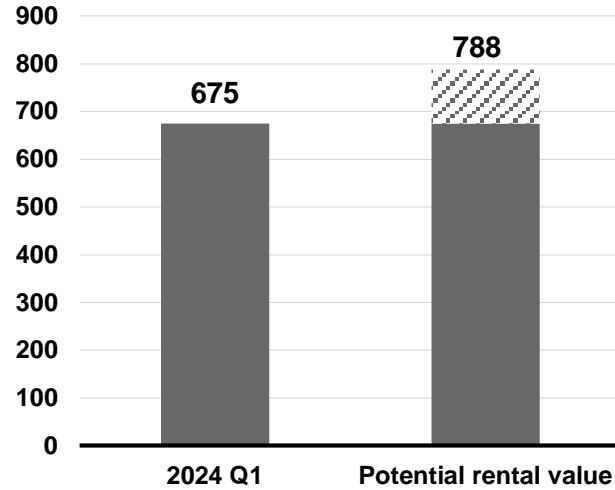
**0**  
apartments under construction

**1,098**  
apartments in development

**SEK 113m**  
In estimated rental value

- No risk of material write-downs or costs associated with project portfolio

Contracted annual and potential rental value, SEK m



# Financials Q1

# Increased revenue, income from property management +35%

SEK m	2024 3 months Jan-Mar	2023 3 months Jan- Mar	2023 12 months Jan-Dec
Revenue	156.7	142.9	589.7
Costs	-83.3	-75.5	-252.5
<b>Net operating income</b>	<b>73.4</b>	<b>67.4</b>	<b>337.2</b>
Central administrative costs	-12.3	-12.7	-51.4
<b>Operating profit/loss</b>	<b>61.1</b>	<b>54.7</b>	<b>285.9</b>
Financial income/costs	-40.9	-39.6	-161.7
<b>Income from property management</b>	<b>20.2</b>	<b>15.0</b>	<b>124.2</b>
Changes in value of properties	-45.3	-174.1	-439.9
Changes in value of derivatives	44.2	-41.6	-139.8
<b>Profit/loss before tax</b>	<b>19.1</b>	<b>-200.7</b>	<b>-455.5</b>
Tax expense	-15.4	40.1	73.9
<b>Profit for the period</b>	<b>3.7</b>	<b>-160.6</b>	<b>-381.5</b>

## Revenue

- Q1 revenue +10% YoY
- 9% increase in revenue, on a like-for-like basis, attributable mostly from renovations and annual general rent increase

## Costs

- Q1 costs slightly above last year due to increased number of properties and from increased costs for heating, water supply, and snow removal

## Financial income/costs

- Financial costs in Q1 YoY are slightly up due to a general increase in variable interest rates although a lower increase than market interest rates in general

## Income from property management

- Q1 income from property management +35% YoY

# Continued stable financial position

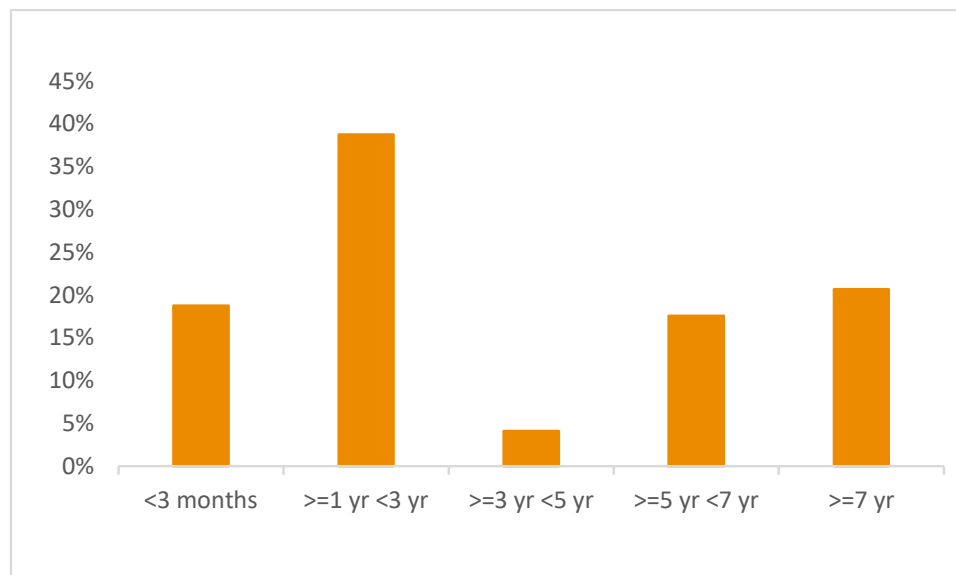
SEK m	31/03/2024	31/03/2023	31/12/2023
Intangible assets	0.3	0.3	0.3
Investment properties	9,020.3	9,064.2	9,031.9
Property, plant and equipment	7.1	9.2	7.7
Financial non-current assets	16.6	17.5	17.2
Derivatives	7.4	61.5	-
Receivables	19.1	52.8	24.3
Cash and cash equivalents	161.4	259.9	168.5
<b>Total assets</b>	<b>9,232.1</b>	<b>9,465.4</b>	<b>9,249.9</b>
Equity attributable to Parent Company shareholders	3,935.5	4,157.6	3,936.3
Derivatives	-	-	36.7
Deferred tax liability	225.5	264.7	216.0
Non-current interest-bearing liabilities	4,792.1	4,788.9	4,762.7
Current interest-bearing liabilities	116.5	115.8	116.1
Other liabilities	162.5	138.4	182.0
<b>Total equity and liabilities</b>	<b>9,232.1</b>	<b>9,465.4</b>	<b>9,249.9</b>

- Increased exit yields in average of 8 bps throughout the investment properties
- Negative effect of increased yield mitigated by a positive value change of completed renovations and annual general rent increases
- Cash and cash equivalents amounted to SEK 161.4 m
- LTV 52.6% with only bank financing from five Nordic banks
- Equity ratio of 42.6%
- Net realizable value per share amounted to 31.7 SEK at the end of the period

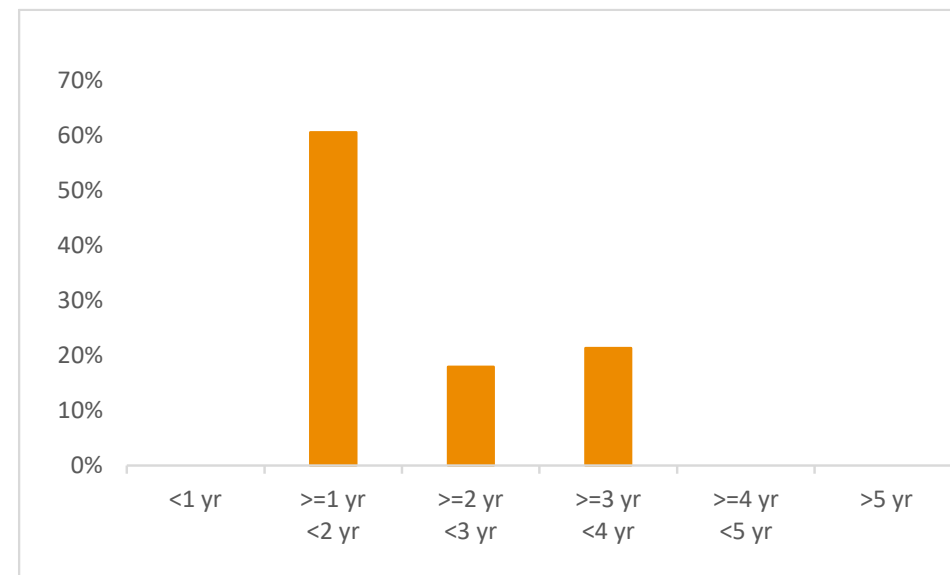


# 80 percent of loan portfolio at fixed interest rates

Maturity structure – Fixed interest 2024-03-31



Maturity structure – Fixed credit 2024-03-31



- Interest-bearing liabilities of SEK 4,908.6 m
- Average interest rate maturity of 3.5 years
  - 79.4% of loan portfolio at fixed interest rates
  - Fixed interest rates of derivatives between 0.015% and 3.055%
- Average interest rate 3.5%
- Average credit maturity of 1.9 years

- High predictability of the average 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 has been affected by rising variable interest rates in Q1
  - 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 just below 35%

# Summary

# Rising cash flow and income from property management

## Current earnings capacity

SEK m	Apr 1 2024	Jan 1 2024	Oct 1 2023	Jul 1 2023	Apr 1 2023	Jan 1 2023
<b>Rental revenue</b>	<b>640.1</b>	<b>634.9</b>	<b>603.9</b>	<b>600.6</b>	<b>593.8</b>	<b>568.8</b>
<b>Property expenses</b>	-261.1	-261.1	-243.8	-243.4	-243.4	-242.9
<b>Net oper income</b>	<b>379.0</b>	<b>373.8</b>	<b>360.1</b>	<b>357.1</b>	<b>350.4</b>	<b>325.9</b>
<b>Surplus ratio, %</b>	<b>59.2</b>	<b>58.9</b>	<b>59.6</b>	<b>59.5</b>	<b>59.0</b>	<b>57.3</b>
Central administrative costs	-43.8	-43.8	-40.1	-40.1	-40.0	-40.0
Financial income and expenses	-168.1	-168.9	-173.6	-171.5	-169.9	-160.5
<b>Income from property management</b>	<b>167.2</b>	<b>161.2</b>	<b>146.4</b>	<b>145.5</b>	<b>140.6</b>	<b>125.4</b>
Profit from prop mgmt per share, SEK	1.28	1.23	1.12	1.11	1.07	0.95
Number of shares, million	130.9	131.1	131.1	131.1	131.1	131.2
Interest-coverage ratio	2.0	2.0	1.8	1.8	1.8	1.8

- Rental revenue increased by SEK 5.2 m versus 1 January 2024 corresponding to a surplus ratio of 59.2%
- The annual financial costs have decreased by 1.1% YOY
- High predictability in financial expenses due to 80% hedging
- **Income from property management increased for five consecutive quarters by +35% per share during 2024, with rising cash flows, as indicated by current earnings capacity**
- **Interest-coverage ratio 2.0 (1.8)**

# Current trading

- Yearly rent negotiations finalized, average increase of 5.3 percent
- Upgrades and refurbishments continues, at slightly lower pace
- Occupancy rate remains at a high level and stable level – low market vacancy in rental apartments in Sweden in general
- Continued high demand for housing in Sweden, not least rental properties – housing deficit in general
- Slightly more positive market environment and expectations of lower interest rates...
  - Might pave the way for acquisitions for KlaraBo, given the right, attractive objects occur
  - Potential in the project portfolio





# KlaraBo investment highlights

**Over 60% of apartments 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 with solely bank financing**

**+23% average annual growth in NAV since 2019**

**+29% average annual growth in income from property management per share since 2019**

# Q&A

# Thank you!