



KLARA BO

Q2 presentation

14 July 2023

KlaraBo property "Bildsnidaren", Trelleborg

KLARA BO



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Q2 Snapshot

Q2 at a glance

- **Strong financial performance during Q2**
 - Proven business model generates increased cash flow
 - Full impact from annual rent increases of 4.5%
- **Attractive portfolio**
 - Occupancy rate remains at a stable and high level
- **Value-creating property management mitigate increased yield requirements**
 - Continued focus on renovations
- **Long-term financial stability and predictability**
 - Hedging ratio close to 80%
 - Financed solely through bank borrowing

KLARABO

+24%

Revenue SEK 150 m

+44%

Net operating income SEK 96m

+98%

Profit from property management SEK 40m

98.4%

Real occupancy rate

4.1 years

Fixed interest term

51.7%

Loan-to-value

SEK 32.6

Net realizable value per share

Portfolio and Business model

Fully occupied property portfolio

6,558

Apartments under management

98.4%

Real occupancy rate

SEK 1,077

Average rent per sq.m and year, unrenovated portfolio

SEK 17,838

Market value per sq. m.

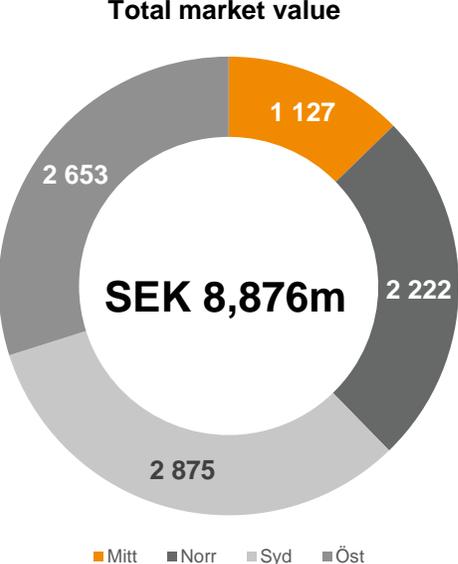
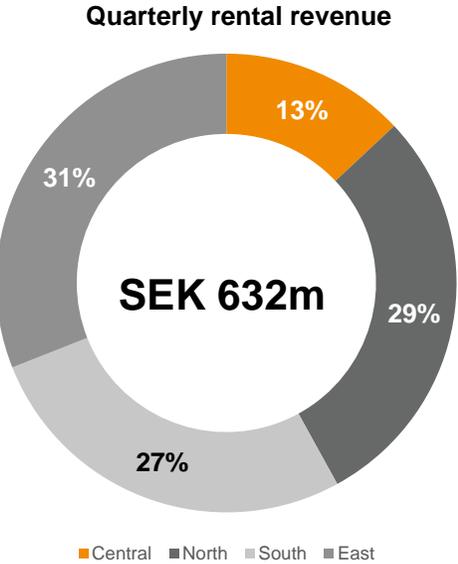
85%

Residential

497,600

Sq. m. lettable area

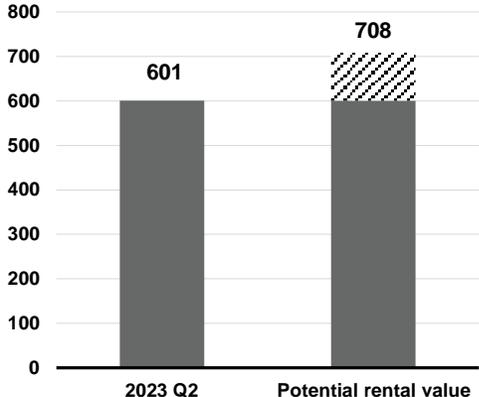
Geographical presence and administrative areas



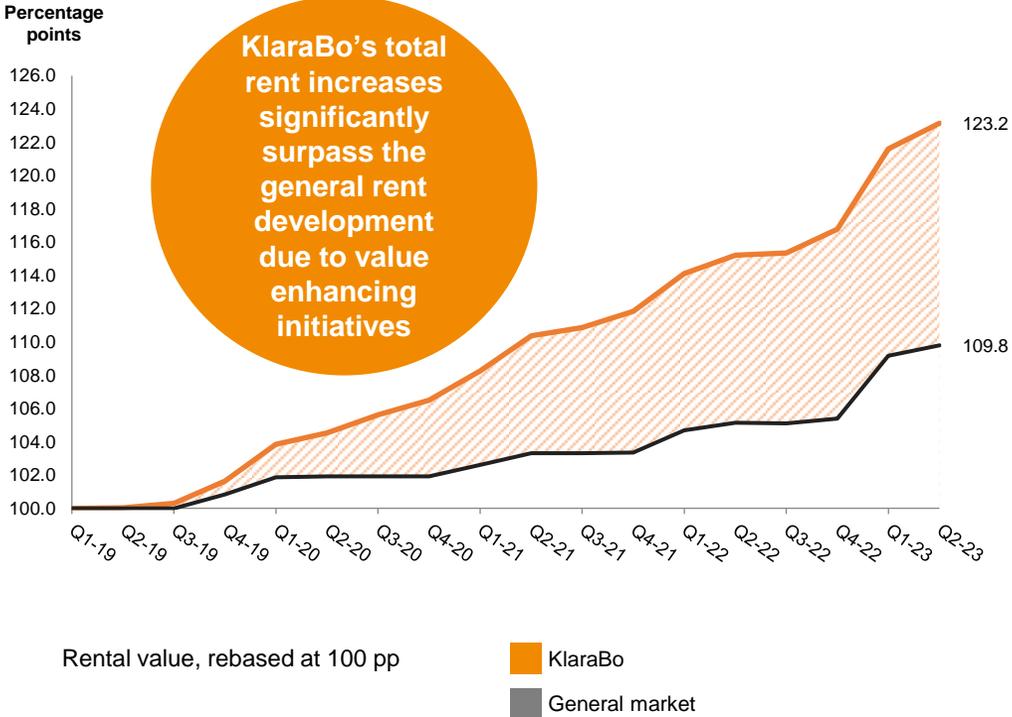
Long-term value creation with proven renovation model

- 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

Contracted and potential rental value, SEK m

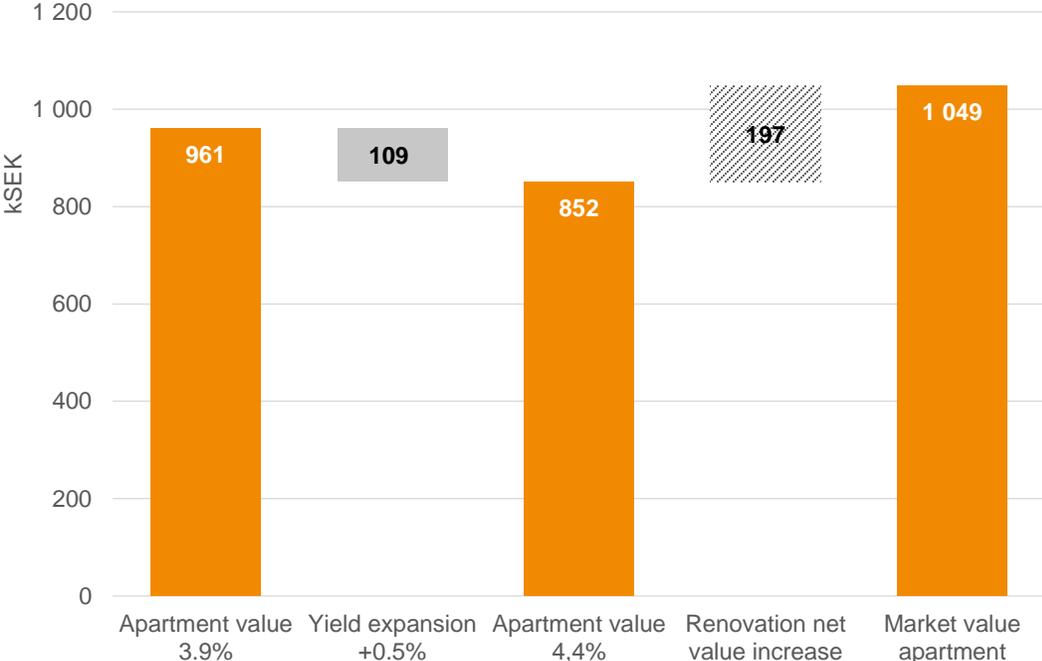


KlaraBo apartment in Motala

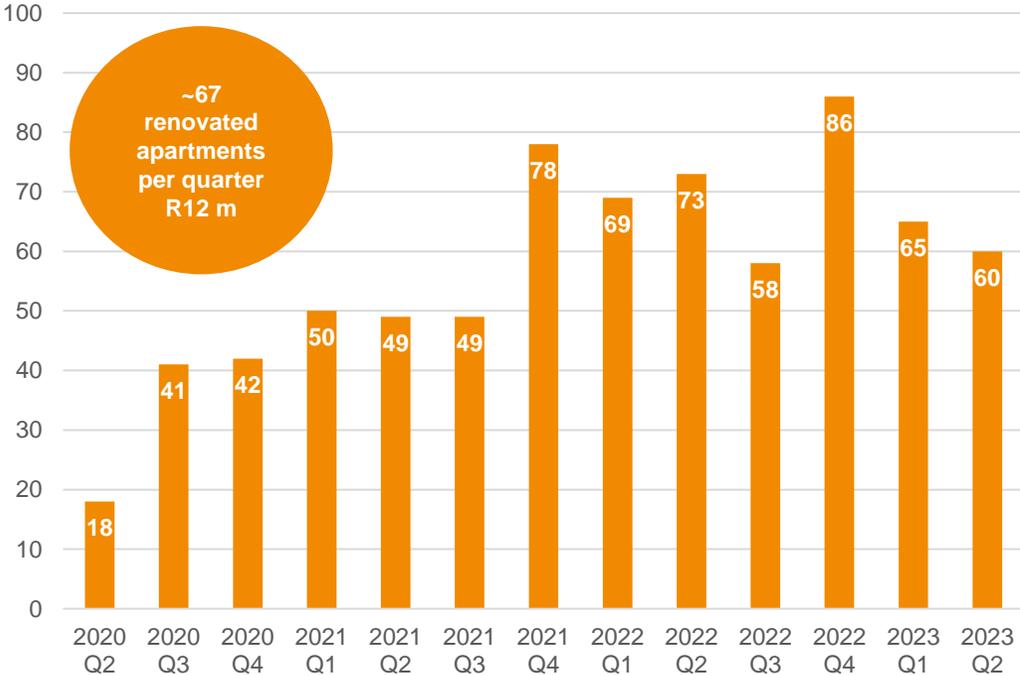


Renovations mitigate depreciation of property value

Apartment valuation, example

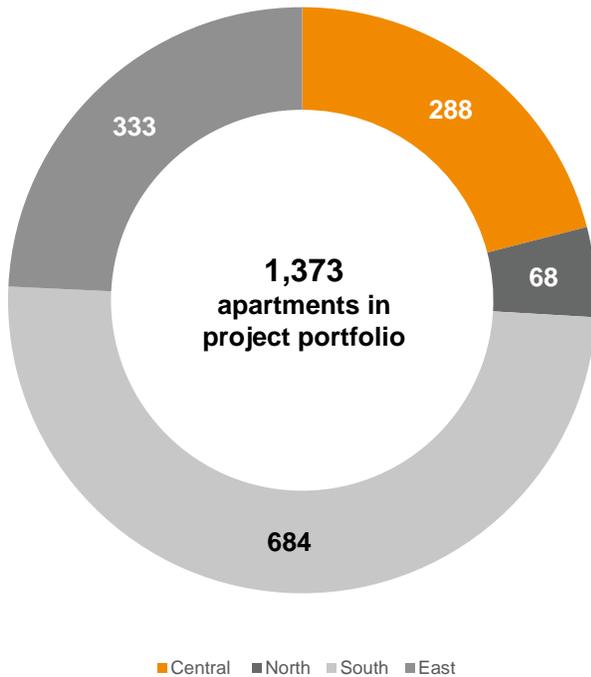


Number of total renovations performed



Low risk in project portfolio but with future potential

Planned development rights by region



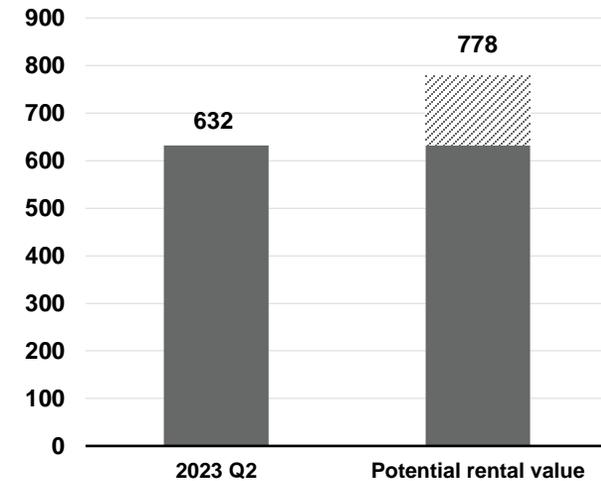
104
apartments under construction

1,373
apartments in development

SEK 146m
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



Financials

Q2 2023 income statement

SEK m	2023 3 months Apr-Jun	2022 3 months Apr-Jun	2022 12 months Jan-Dec
Revenue	149.7	120.3	501.6
Costs	-54.0	-53.9	-222.7
Net operating income	95.7	66.4	278.9
Central administrative costs	-14.3	-12.1	-46.5
Operating profit/loss	81.4	54.3	232.4
Financial income/costs	-41.1	-33.9	-119.0
Profit from property management	40.3	20.4	113.4
Changes in value of properties	-113.7	21.5	-25.7
Changes in value of derivatives	35.4	21.7	95.9
Profit/loss before tax	-38.0	63.6	183.6
Tax expense	3.5	-25.2	-58.5
Profit for the period	-34.5	38.4	125.1

Revenue

- Q2 revenue 24% YoY
- 6.8% increase in revenue, on a like-for-like basis, attributable mostly to renovations and annual general rent increase

Costs

- Q2 costs in line with the second quarter last year

Financial income/costs

- Financial costs have increased in Q2 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

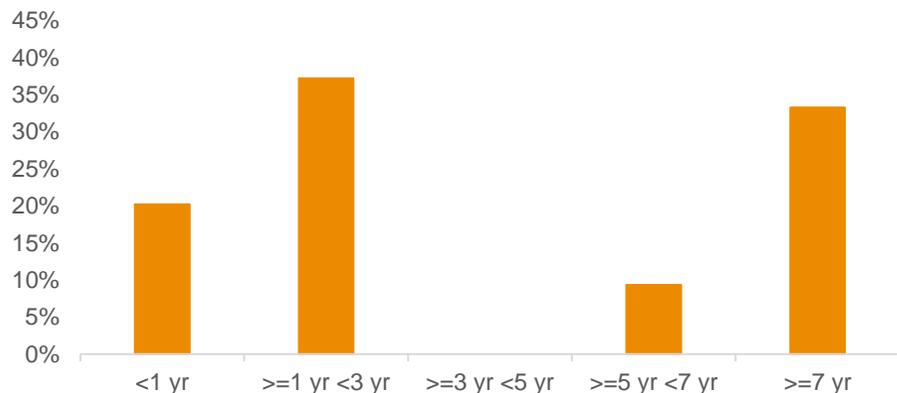
Financial position

SEK m	30/06/2023	30/06/2022	31/12/2022
Intangible assets	0.3	6.2	0.4
Investment properties	9,031.7	8,375.3	9,170.7
Property, plant and equipment	8.5	5.6	9.8
Financial non-current assets	17.7	26.4	17.8
Derivatives	96.8	68.7	103.1
Receivables	28.0	49.3	51.9
Cash and cash equivalents	222.3	684.2	338.3
Total assets	9,405.2	9,215.8	9,692.0
Equity attributable to Parent Company shareholders	4,122.8	4,431.3	4,320.0
Deferred tax liability	252.5	345.8	309.2
Non-current interest-bearing liabilities	4,407.8	4,201.2	4,800.6
Current interest-bearing liabilities	488.0	95.3	97.5
Other liabilities	134.1	142.2	164.7
Total equity and liabilities	9,405.2	9,215.8	9,692.0

- Increased exit yields in average of 11 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 51.7% with only bank financing from five Nordic banks
- Equity ratio of 43.8%

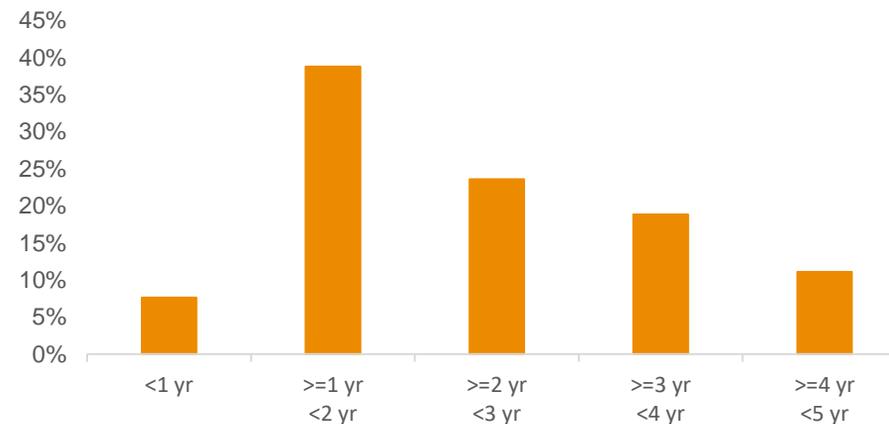
Financing

Maturity structure – Fixed interest 2023-06-30



- Interest-bearing liabilities of SEK 4,896m
- Average interest rate maturity of 4.1 years
 - 79.8% 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 3.7%
- Entered two new interest-rate swaps for a total of SEK 600 m
- Average credit maturity of 2.4 years
- Extended loan agreement with a Nordic bank of approximately SEK 500m due in the third quarter of autumn 2027 at a margin that is below the company's average margin.

Maturity structure – Fixed credit 2023-06-30



- 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 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%

Summary

Outlook

Diversified property portfolio in growth regions

- The underlying need for housing in Sweden, not least rental properties, is large and there is a continued high demand
- Occupancy rate remains at a stable and high level

Proven business model

- Upgrade potential in over 4,000 apartments, with rents significantly below the general market level, gives considerable scope for continued value creation over time
- Ongoing refurbishments mitigate effect of higher yield requirements on property values

Finances

- Long-term financing secured creates stability and predictability
- Loan-to-value 51.7% - consisting solely of bank borrowing

Rising cash flow and profit from property management

Current earning capacity 12 months

SEK m	Jul 1 2023	Apr 1 2023	Jan 1 2023	Oct 1 2022	Jul 1 2022	Apr 1 2022
Rental revenue	600.6	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 oper income	357.1	350.4	325.9	332.4	296.5	285.7
Surplus ratio, %	59.5	59.0	57.3	59.3	59.9	59.2
Central administrative costs	-40.1	-40.0	-40.0	-40.0	-37.0	-37.0
Financial income and expenses	-171.5	-169.9	-160.5	-142.6	-95.9	-74.9
Profit from property management	145.5	140.6	125.4	149.8	163.6	173.8
Profit from prop mgmt per share, SEK	1.11	1.07	0.95	1.14	1.24	1.32
Number of shares, million	131.1	131.1	131.2	131.6	131.7	131.8
Interest-coverage ratio	1.8	1.8	1.8	2.1	2.7	3.3

- Rental revenue increased by SEK 32m versus 1 January 2023 corresponding to a surplus ratio of 63.9%
- The annual financial costs have increased by SEK 1.6 m
- High predictability in financial expenses due to 80% hedging
- **Profit from property management expected +17% per share during 2023, with rising cash flows, as indicated by current earnings capacity**

Investment highlights

An aerial photograph of a residential complex. The complex consists of several multi-story apartment buildings with red-tiled roofs and light-colored facades. The buildings are arranged in a cluster, with a central green field and a red running track. The surrounding area is densely forested with tall evergreen trees. In the background, there are more residential buildings and a large industrial or commercial area with various structures and parking lots. The sky is overcast with grey clouds.

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 with solely bank financing

Q&A

Q2