



KLARA BO

Q3 presentation

26 October, 2023

KlaraBo property in Gråbo, Visby

KLARA BO



Andreas Morfiadakis
CEO and co-founder

Q3 Snapshot

Q3 in brief

- **Increased earnings despite a challenging environment**
 - Profit from property management per share increased by 21%, highest value for a quarter so far
 - Net operating income +25%, high surplus ratio
 - Increased exit yields in average of 11 bps throughout the investment properties during the quarter
 - Proven business model generates increased cash flow and mitigate impact from increased yield requirement
- **Attractive portfolio and continued high demand**
 - Occupancy rate remains at a stable and high level
- **Value-creating property management mitigate increased yield requirements**
 - Continued focus on renovations
- **KlaraBo has signed new commercial lease agreements**
 - A five-year lease agreement for 1,600 sqm with Malmö Stad
 - A two-year lease agreement for 400 sqm of office space with Isolerab in Borlänge

KLARA BO

+20%

Revenue SEK 148 m

+25%

Net operating income SEK 97m

+20%

Profit from property management SEK 45m,
corresponding to 0.34 SEK per share

98.2%

Real occupancy rate

3.9 years

Fixed interest term

52.3%

Loan-to-value

SEK 31.9

Net realizable value per share

Portfolio and Business model

Fully occupied property portfolio

6,558
Apartments under management

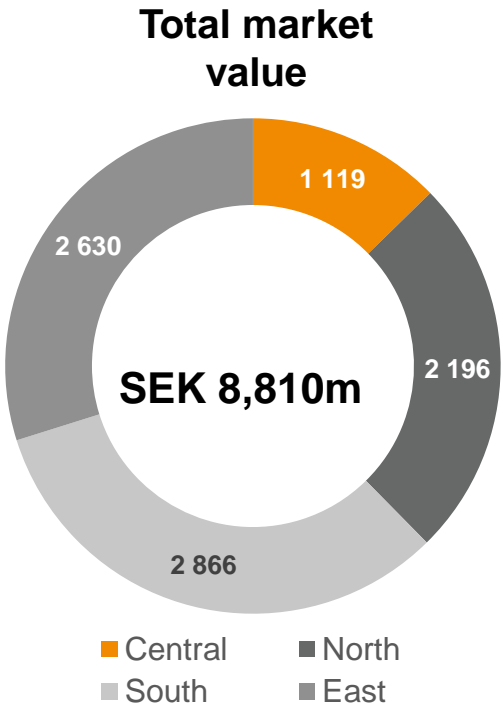
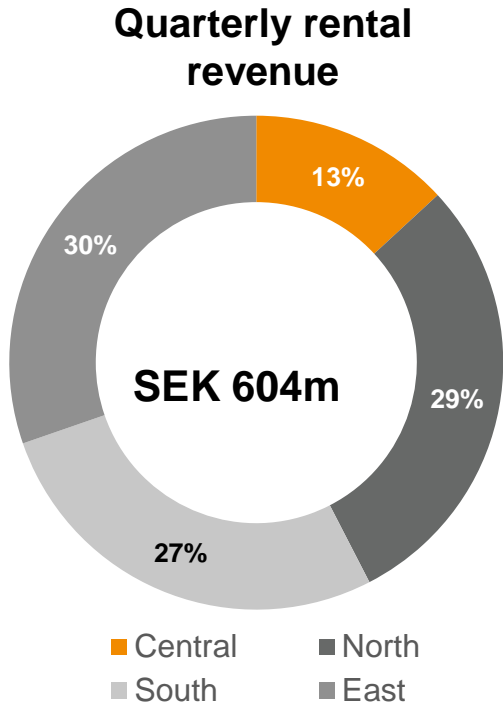
98.2%
Real occupancy rate

SEK 1,079
Average rent per sq.m and year,
unrenovated portfolio

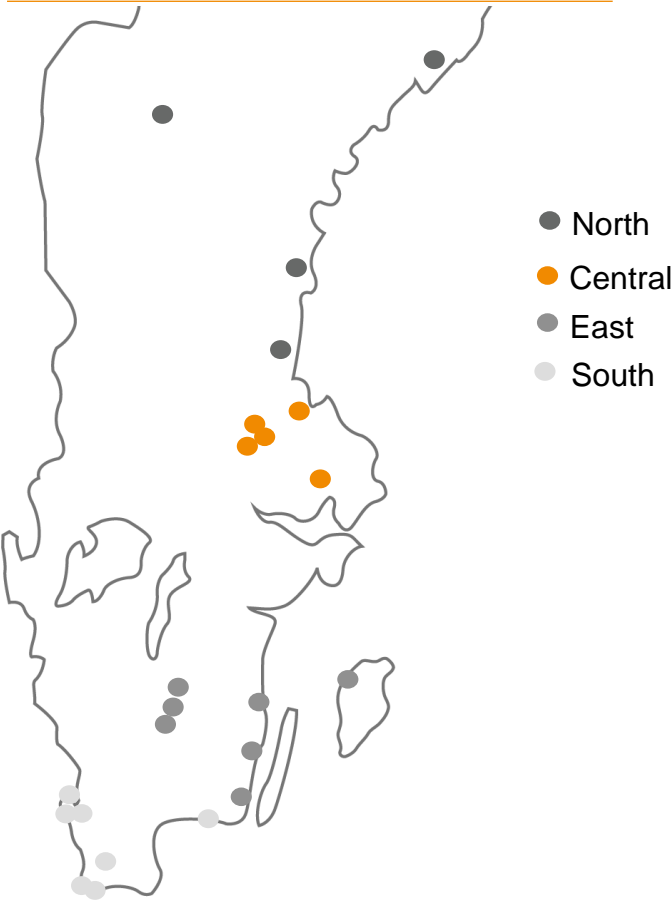
SEK 17,734
Market value per sq. m.

85%
Residential

434,500
Sq.m lettable
area housing



Geographical presence and administrative areas



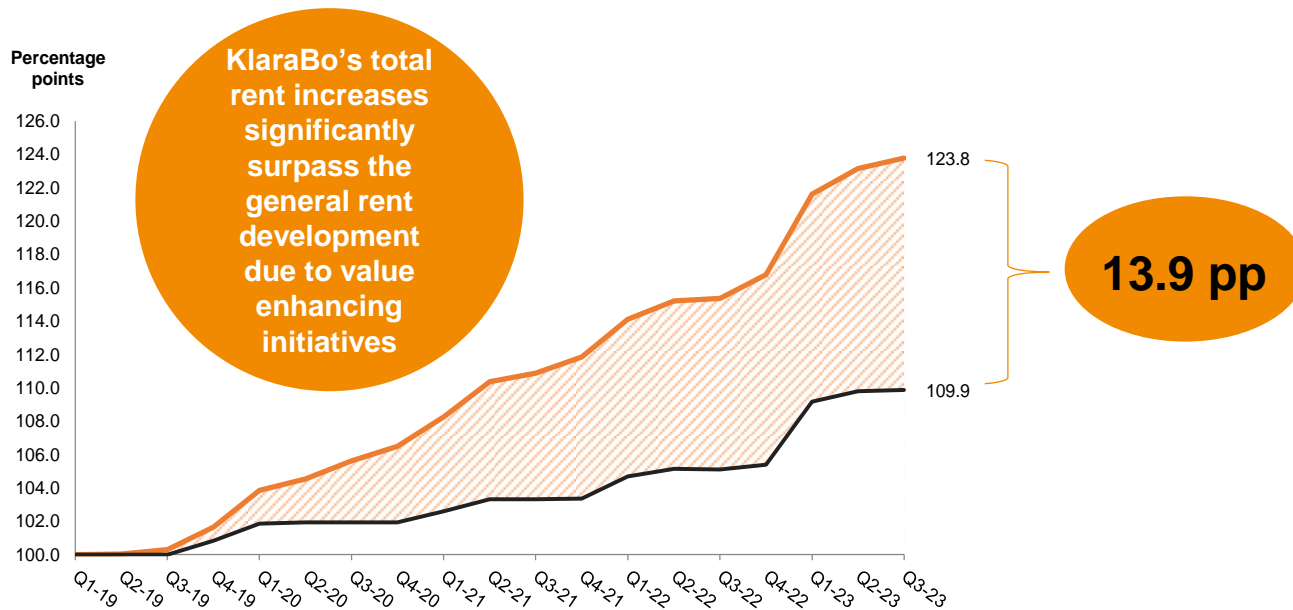
Note: all numbers are Q3 2023

Östersund – our largest acquisition

- Ownership and management of 877 apartments in 12 different rental properties in Östersund acquired in Q3 2022
- 10% of KlaraBo's total property value with a rental rate of 99.9%
- Only 19 apartments renovated corresponding to renovation potential of 94%
 - Current rent level for unrenovated apartments amounts to SEK 997 per sqm
 - Current rent level for renovated apartments amounts to SEK 1,496 per sqm, equals a yield on cost of 8.2%
- Management of several commercial properties in Östersund

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
- Rental value for apartments increased with 7% YTD

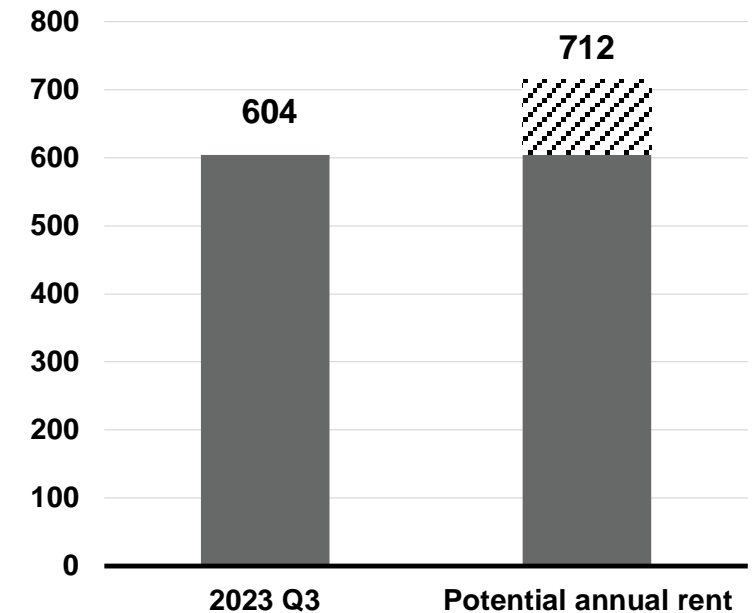


Rental value, rebased at 100 pp

■ KlaraBo

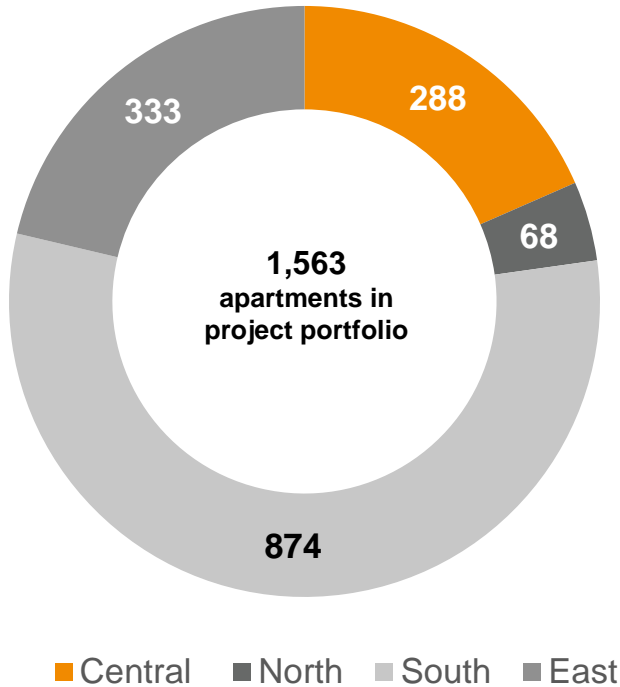
■ General market

Contracted and potential rental value, SEK m



Low risk in project portfolio with potential over time

Planned development rights by region



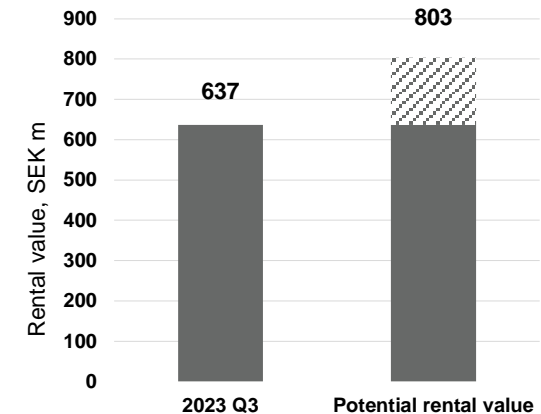
74
apartments under construction

1,489
apartments in development

SEK 158m
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

Increased revenue, slight increase in costs

SEK m	2023 3 months Jul-Sep	2022 3 months Jul-Sep	2022 12 months Jan-Dec
Revenue	147.8	123.2	501.6
Costs	-50.5	-45.5	-222.7
Net operating income	97.3	77.7	278.9
Central administrative costs	-12.8	-10.7	-46.5
Operating profit/loss	84.6	67.0	232.4
Financial income/costs	-39.6	-29.6	-119.0
Profit from property management	45.0	37.4	113.4
Changes in value of properties	-134.1	-68.7	-25.7
Changes in value of derivatives	40.5	24.9	95.9
Profit/loss before tax	-48.6	-6.4	183.6
Tax expense	-2.0	0.8	-58.5
Profit for the period	-50.6	-5.6	125.1

Revenue

- Q3 revenue +20% YoY
- 6.4% increase in revenue, on a like-for-like basis, attributable mostly from renovations and annual general rent increase

Costs

- Q3 costs slightly above last year due to increased number of properties from acquisitions

Financial income/costs

- Financial costs have increased in Q3 YoY due to a general increase in variable interest rates and new credits following acquisitions and completion of project properties

Profit from property management

- Q3 profit from property development +20 YoY
- Highest value for a single quarter so far

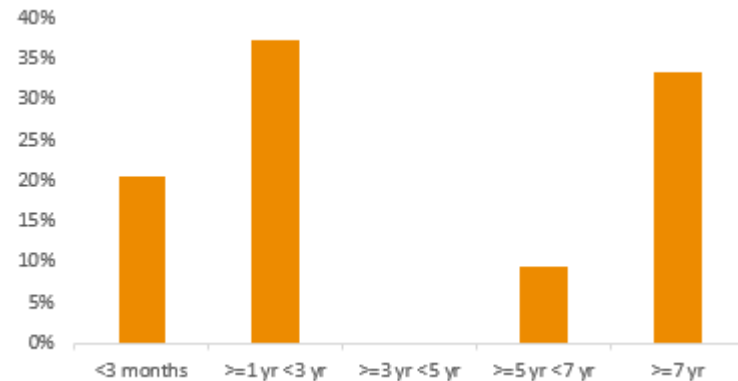
Stable financial position

SEK m	30/09/2023	30/09/2022	31/12/2022
Intangible assets	0.3	0.4	0.4
Investment properties	8,960.5	9,232.1	9,170.7
Property, plant and equipment	8.2	10.6	9.8
Financial non-current assets	17.5	17.8	17.8
Derivatives	137.3	93.6	103.1
Receivables	19.7	120.2	51.9
Cash and cash equivalents	204.9	363.2	338.3
Total assets	9,348.5	9,837.9	9,692.0
Equity attributable to Parent Company shareholders	4,072.2	4,422.9	4,320.0
Deferred tax liability	244.7	334.6	309.2
Non-current interest-bearing liabilities	4,416.3	4,807.2	4,800.6
Current interest-bearing liabilities	472.9	64.6	97.5
Other liabilities	142.3	208.6	164.7
Total equity and liabilities	9,348.5	9,837.9	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
- Cash and cash equivalents amounted to SEK 204,9 m
- LTV 52.3% with only bank financing from five Nordic banks
- Equity ratio of 43.6%
- Net realizable value per share amounted to 31.90 SEK at the end of the period

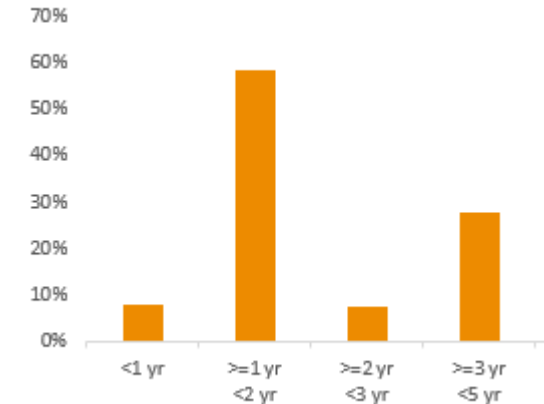
Financed solely by Nordic banks

Maturity structure – Fixed interest 2023-06-30



- Interest-bearing liabilities of SEK 4,889m
- Average interest rate maturity of 3.9 years
 - 79.7% of loan portfolio at fixed interest rates
 - Fixed interest rates of derivatives between 0.015% and 3.055%
- Average interest rate 3.7%
- Average credit maturity of 2.2 years

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 has been 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%

Rising cash flow and profit from property management

SEK m	Oct 1 2023	Jul 1 2023	Apr 1 2023	Jan 1 2023	Oct 1 2022	Jul 1 2022
Rental revenue	603.9	600.6	593.8	568.8	560.5	494.8
Property expenses	-243.8	-243.4	-243.4	-242.9	-228.2	-198.3
Net oper income	360.1	357.1	350.4	325.9	332.4	296.5
Surplus ratio, %	59.6	59.5	59.0	57.3	59.3	59.9
Central administrative costs	-40.1	-40.1	-40.0	-40.0	-40.0	-37.0
Financial income and expenses	-173.6	-171.5	-169.9	-160.5	-142.6	-95.9
Profit from property management	146.4	145.5	140.6	125.4	149.8	163.6
Profit from prop mgmt per share, SEK	1.12	1.11	1.07	0.95	1.14	1.24
Number of shares, million	131.1	131.1	131.1	131.2	131.8	131.8
Interest-coverage ratio	1.8	1.8	1.8	1.8	2.1	2.7

- Rental revenue increased by SEK 35.1m versus 1 January 2023 corresponding to a surplus ratio of 59.6%
- The annual financial costs have increased by 1.2% during Q3
- 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**

Summary

Current trading

- Occupancy rate remains at a stable and high level
- Upgrades and refurbishments according to plan
- Secured long-term financing creates stability and predictability
- Challenging market environment – low transaction volume, and new projects currently on hold...
- ...but continued high demand for housing in Sweden, not least rental properties
- Ambition to urgently negotiate rents for next year with effect from 1 January 2024, and at a higher level than last year's increase of 4.5 percent on average



Hälleflundran, Malmö

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

24% average annual growth in NAV since 2019

33% average annual growth in profit from property management per share since 2019

Q&A

Q3

Thank you!