



KVALITENA

Q4

Fourth quarter

2023-03-13

Today's presenters



Harald Pousette
CEO

**> 30
years** of experience
from Investment
Banking and real
estate

*Former CFO of Kvalitena AB and
has held positions as CEO of The
Collins Group and Vice President at
Dresdner Kleinwort Wasserstein*



Christer Lindholm
CFO

**> 20
years** of experience as
management
consultant, strategic
advisor and CEO

*Previously Head of Group Strategy
at Forex Bank and Management
Consultant at PA*



Kvalitena at a glance

Kvalitena in brief



Kvalitena, founded in 1995, is an investment company primarily focused on real estate, targeting, acquiring, and developing properties within the light industrial and residential segment (in Sweden) and social infrastructure and office (in the US)



The Company is an active property owner working with acquisitions, development, repositioning, financing, management, letting, and sales in order to maximise investment returns



Kvalitena has a strong track record of capital market transactions e.g., IPOs, listings and re-listings of Hembla (previously D. Carnegie & Co), Stendörren and SBB and has also completed successful exits to financial sponsors (e.g., EQT and Blackstone) and strategic buyers (e.g., NP3 and Kungsliden)

Real estate investments



Geographically diversified with an attractive portfolio with properties spread across Sweden, with key holdings in Kvalitena Fastigheter and Helenora, and the U.S. (i.e., Texas and New Mexico)

- State of Texas AAA credit tenant
- State of New Mexico Aa2 credit tenant



Investing to create strong cash flow from high-yielding properties, with a majority of the financing stemming from fixed interest arrangements

Selected holdings:

KVALITENA
FASTIGHETER



Financial investments



Kvalitena's strategy is to focus on investing in businesses that e.g., support real estate companies and/or companies where Kvalitena knows the company or its tenants

Selected holdings:

STERLING SHIPPING



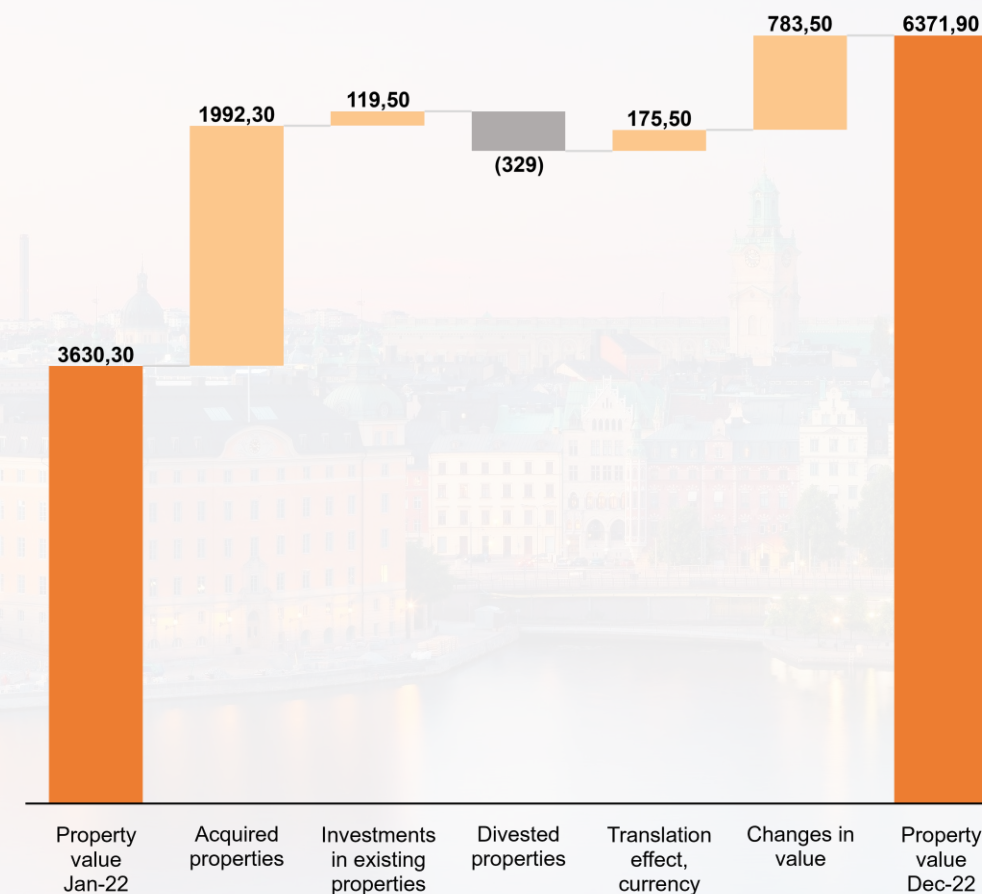
Portfolio update

Year-end summary

- In the end of 2021 and during the first quarter of 2022, Kvalitena renegotiated the majority of its loan agreements, changing from floating to fixed-rate agreements, hence the current macroeconomic environment, with higher inflation and rising interest rates, have had limited impact on Kvalitena's financial expenses
- In recent years, Kvalitena has actively worked to reallocate resources from the Swedish property market to the U.S. property market (i.e., Texas and New Mexico) as an opportunity to reach higher return to lower risk levels
 - The U.S. portfolio mainly consists of community service properties, with the State of Texas and the State of New Mexico as the largest tenants, reducing the risk in Kvalitena's property portfolio (State of Texas is a AAA credit tenant and State of New Mexico is AA credit rated tenant)
 - Kvalitena will continue its proven strategy of capitalizing on opportunities to increase rents through targeted Capital Expenditures and Tenant Improvements
- Kvalitena will continue to invest in and develop its Swedish properties, focusing on e.g., rent adjustments and energy efficiency improvements
 - Opportunity to start acquiring properties in Sweden, as the Swedish real estate market approaching more attractive levels of risk and return

Changes in the value of properties (Jan 1 – Dec 31, 2022)

SEKm



Highlights Q4 2022

Significant events during and after the quarter

Financial investments

- Kvalitena is increasing its focus on sustainable investments and due to this, Kvalitena divested all shares in Maha Energy AB (publ) during the fourth quarter
- In Q4 2022, Kvalitena divested 7.1% of the shares in Oscar Properties Holding AB (publ)
- After the period, Kvalitena divested all its remaining shares (c. 6.4%) in Oscar Properties Holding AB (publ)
- The divestments of selected financial investments will allow Kvalitena to continue to focus on its core business

Property portfolio

- In Q4 2022, Kvalitena divested four wholly owned properties, with an underlying property value of c. SEK 168 million, to Sveavalvet AB

Financing

- In November 2022, Kvalitena extended the maturity of its existing bond of SEK 800 million (ISIN: SE0012675155) to March 31, 2024
- Kvalitena aims to deleverage, restructure and refinance the balance sheet during 2023

Financial update Q4 2022

Key ratios¹

Financial key ratios
Property related key ratios

Equity ratio
42.7%

Debt to equity ratio
1.2x

Average interest rate
4.8%

Return on equity
15.0%

Return on assets
9.0%

Cash & cash equivalents
SEK 92m

Net LTV²
49.6%

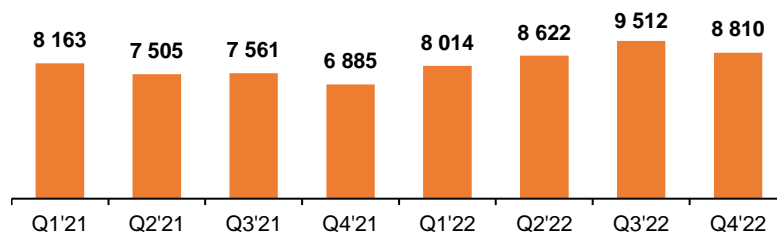
Property value
SEK 6,372m

Lettable area
214,080

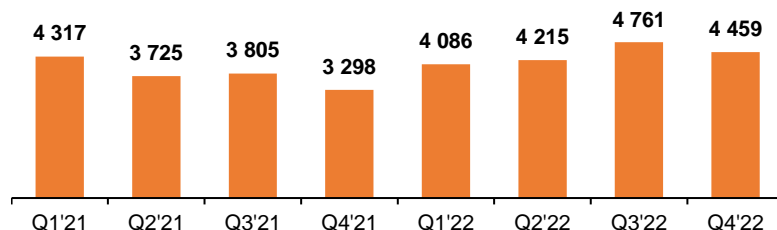
Number of properties
101

Quarterly development

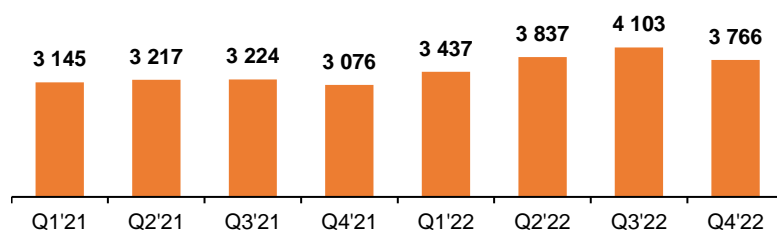
Total assets (SEKm)



Interest-bearing debt (SEKm)



Total equity (SEKm)



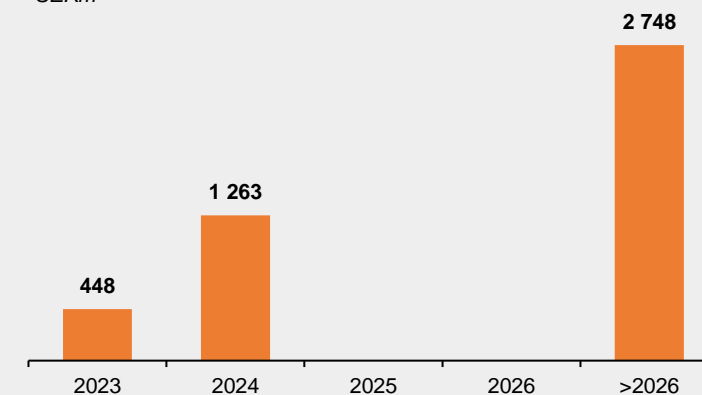
Financing

- As of 31st December 2022, cash and cash equivalents amounted to SEK 92.1 (244.8) million
- Total equity amounted to SEK 3,765.6 (3,076.4) million
- Interest-bearing debt amounted to SEK 4,459.1 (4,760.8) million, resulting in a LTV of 49.6%²

Debt maturity

- Average remaining fixed-rate period of 43.62 months
- Average remaining debt maturity period of 50.32 months

SEKm





KVALITENA Q&A

Income statement

TSEK	Full-year		October – December	
	2022	2021	2022	2021
Net income	406,347	203,604	107,102	39,624
Other income	64,896	6,834	24,029	2,604
	471,242	210,437	131,131	42,228
Property expenses	(169,486)	(88,970)	(59,603)	(27,069)
Staff expenses	(36,263)	(35,981)	(9,670)	(6,270)
Other external costs	(173,739)	(92,195)	(48,207)	(38,808)
Depreciations	(15,953)	(13,140)	(4,413)	(3,415)
Profit from participations in joint ventures & associated companies	(60,023)	(46,290)	(61,806)	(28,903)
	(455,463)	(276,576)	(183,699)	(104,465)
Net operating income	15,780	(66,138)	(52,568)	(62,237)
Net financial items	(299,400)	(237,973)	(86,350)	(117,835)
Profit after financial items	(283,621)	(304,111)	(138,918)	(180,072)
Change in value of investment properties	783,548	261,346	(59,667)	(104,628)
Profit before tax	499,928	(42,765)	(198,585)	(75,444)
Tax	(172,670)	12,018	15,511	6,264
Profit for the period	327,257	(30,747)	(183,074)	(69,180)
Other total profit	89,583	(20,660)	(117,986)	(27,969)
Total profit for the period	416,840	(51,407)	(301,060)	(97,149)
<i>Attributable to:</i>				
The parent company's shareholders	206,757	(63,849)	(347,011)	(95,324)
Holdings with non-controlling interest	210,082	12,442	45,951	(1,825)
Total profit for the period	416,840	(51,407)	(301,060)	(97,149)

Q4 2022

OCTOBER – DECEMBER 2022

- Net income amounted to SEK 107.1 (39.6) million
- Operating profit amounted to SEK -52.6 (-62.2) million
- Profit for the period amounted to SEK -183.1 (-69.2) million
- Total profit for the period amounted to SEK -301.1 (-97.1) million

FY 2022

JANUARY – DECEMBER 2022

- Net income amounted to SEK 406.3 (203.6) million
- Operating profit amounted to SEK 15.8 (-66.1) million
- Profit for the period amounted to SEK 327.3 (-30.7) million
- Total profit for the period amounted to SEK 416.8 (-51.4) million

Balance sheet

TSEK	December 31	
	2022	2021
ASSETS		
<i>Tangible non-current assets</i>		
Investment properties	6,372,017	3,630,297
Right-of-use assets, land rights	10,359	10,077
Tangible non-current assets	28,903	24,476
	6,411,279	3,664,850
<i>Financial non-current assets</i>		
Shares in joint ventures & associated companies	518,967	516,702
Receivables from group companies	618,275	843,452
Receivables from joint ventures & associated companies	536,605	368,069
Other long-term securities	234,367	795,929
Other long-term receivables	46,849	61,902
	1,955,063	2,586,053
Total non-current assets	8,366,342	6,250,903
<i>Current assets</i>		
Accounts receivable	56,593	95,717
Receivables from group companies	0	0
Receivables from joint ventures & associated companies	10,138	77,142
Other receivables	143,922	146,683
Prepaid expenses and accrued income	141,061	69,554
Cash and cash equivalents	92,118	244,788
Total current assets	443,833	633,884
TOTAL ASSETS	8,810,175	6,884,788

TSEK	December 31	
	2022	2021
EQUITY AND LIABILITIES		
<i>Equity</i>		
Share capital	500	500
Reserves	230,002	140,432
Retained earnings incl. the year's results	2,946,521	2,829,334
Equity attributable to the parent company's shareholder	3,177,024	2,970,266
Holdings with non-controlling interest	588,623	106,088
Total equity	3,765,647	3,076,354
<i>Non-current liabilities</i>		
Interest-bearing liabilities	3,864,922	1,791,079
Other non-current liabilities	1,188	1,884
Right-of-use assets liabilities	10,359	10,077
Other provisions	16,300	18,000
Deferred tax liability	346,257	183,566
Total non-current liabilities	4,239,026	2,004,606
<i>Current liabilities</i>		
Interest-bearing liabilities	523,763	1,483,348
Accounts payable	51,035	39,914
Liabilities to associated companies and group companies	53,939	80,635
Tax liabilities	1,455	4,244
Other liabilities	34,429	81,426
Accrued costs and prepaid revenues	140,882	114,262
Total current liabilities	805,502	1,803,828
TOTAL EQUITY AND LIABILITIES	8,810,175	6,884,788