

# Brinova Fastigheter AB (publ)

Investor presentation  
February 2022





# Today's presenters



**Per Johansson, CEO**



**Malin Rosén, Deputy CEO and CFO**

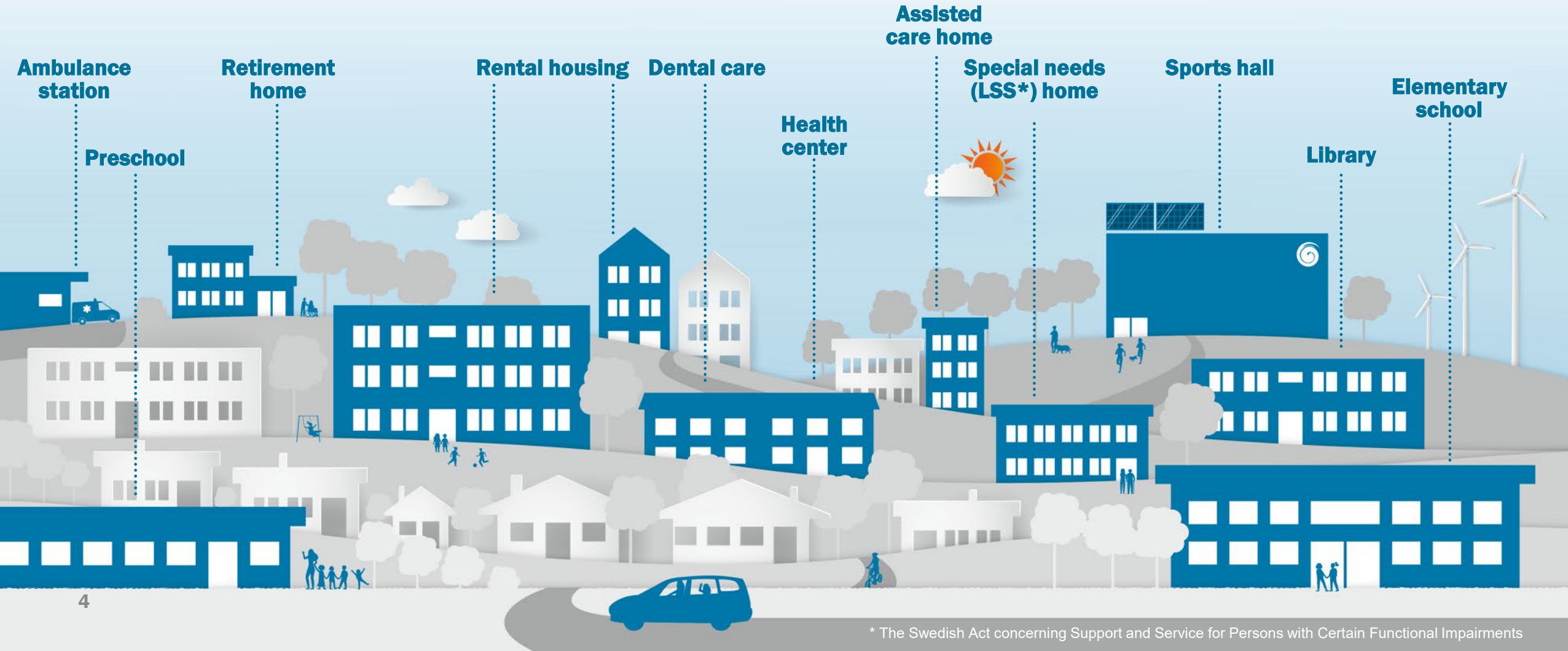


# Agenda



1. This is Brinova
2. Portfolio overview
3. Sustainability at Brinova
4. Financials
5. Appendix

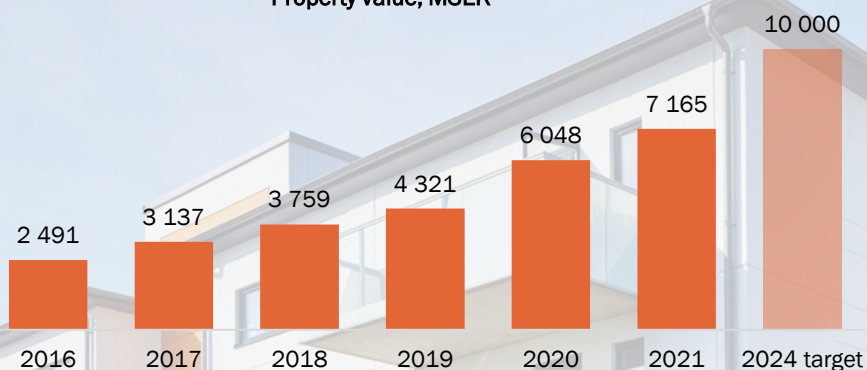
# Welcome to the City of Brinova!



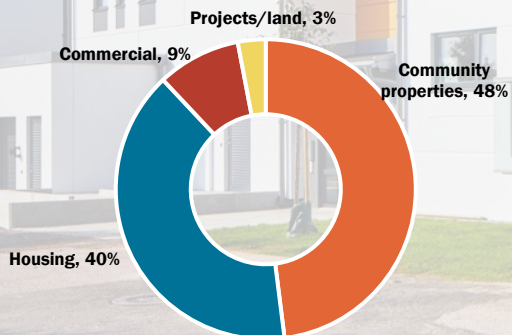


# Rental housing and community properties in Sweden

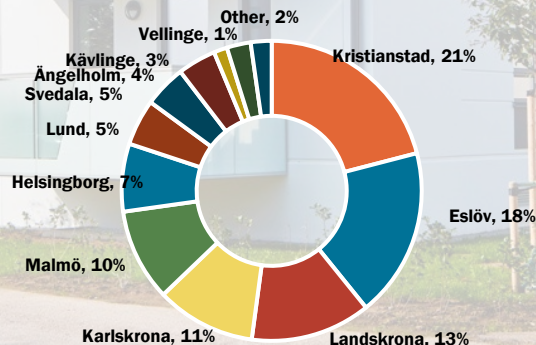
Property value, MSEK



Value per property type, %



Area per municipality, sqm



No. of properties<sup>1)</sup>

**116**

Property value, MSEK<sup>1)</sup>

**7 165**

No of apartments<sup>2)</sup>

**2 600**

Rental value, MSEK<sup>1)</sup>

**448**

Equity ratio, %<sup>1)</sup>

**37.0**

Loan to value, %<sup>1)</sup>

**57.9**

- Brinova, founded in 2015 as an initiative of Erik Paulsson and Erik Selin, both still being the main owners of the company. The company is headquartered in Helsingborg and is an owner, developer and manager of housing and community properties, located in growth regions in southern Sweden
- Value is created through a selective acquisition strategy, efficient project development and active property management
- The company has a strong local presence with a competent property management organisation and strong relationships to local decision makers. In terms of community properties, Brinova focuses on public tenants with long contracts and limited risk
- Sustainability is a central part of Brinova's business model with energy-efficiency and social responsibility as key focus areas. The contemplated bond issue is made under a green bond framework with a "Medium Green" shading by Cicero as second opinion provider
- The Brinova share is listed on Nasdaq Stockholm Main Market since September 2018 with Backahill AB and Fastighets AB Balder as largest shareholders

1) As of 30 September 2021 2) Incl. in production and upcoming accesses



# Core strategies and activities in Brinova's business plan

## The safe community

Brinova is a manager and developer of rental housing and community properties with reasonable rent levels, supporting sustainable development of cities and municipalities. Through the strong local presence and high level of accessibility, Brinova is a key player in building safe communities.

## Responsible and sustainable business

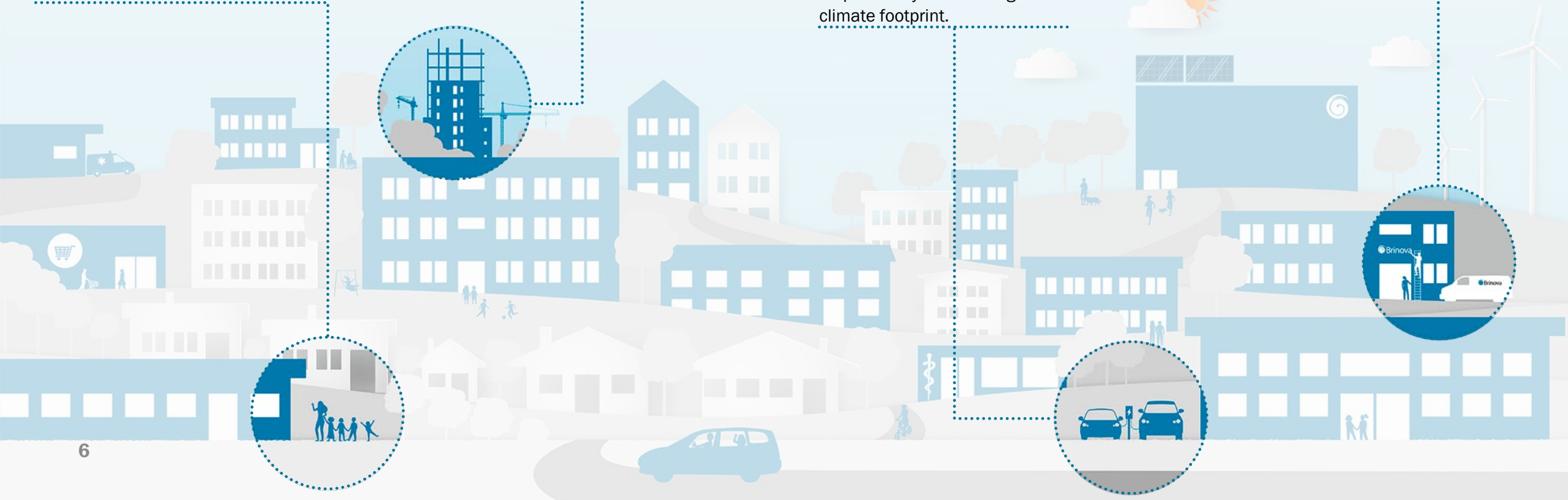
Brinova applies a long term perspective as owner, developer and manager of rental housing and community properties which, through stable cash flows, ensures financial strength and the ability to fulfill the commitments of all stakeholders. Brinova believes that trust is built on strong business ethics.

## The future environment

Through active property maintenance, energy optimizations, sustainable purchasing, green lease agreements and environmental certifications, Brinova takes responsibility for reducing the climate footprint.

## Efficient management, engaged employees

Brinova ensures successful implementation of the strategies, common values and code of conduct by offering a work environment with strong corporate culture where employees can develop.





# Business plan 2022-2024

Property value  
**>10 BNSEK**

Surplus ratio  
**>65%**

Satisfied  
customer-index  
**>4.8/6**

Satisfied  
employee-index  
**>5.4/6**

Interest coverage ratio  
**≥ 1.75x**

Loan to value  
**≤ 60%**

Equity ratio  
**≥ 30%**

Return on equity  
**≥ 7%**  
Risk free rate +7%



# Key highlights

## Strong and well reputed owners

Brinova was founded by an initiative of Erik Selin and Erik Paulsson, which are still main owners and committed owners. Erik Selin is the chairman of the board, adding experience and know-how to the company

## Low risk properties

Brinova focus on residential housing and community properties in growing cities and its surrounding smaller cities. These properties generate stable and predictable cash flows with limited vacancy risk

## Clear vision and targets

The company has recently updated its financial targets, showing an ambitious growth plan (SEK 10bn in property value by 2024) while at the same time keeping a prudent financial profile with equity ratio of at least 30%, a net LTV of no more than 60% and an ICR of at least 1.75x

## Stable profit growth

The company has a history of solid profit generation. This is expected to continue and will be supported by the growing property portfolio, adding stability in rental income



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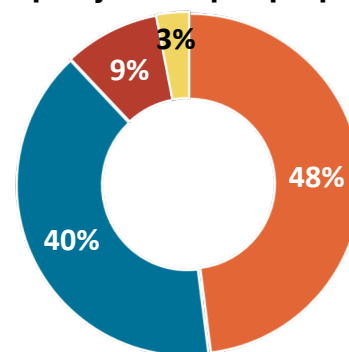


# Focus on housing and community properties in growing locations with project development as growth driver

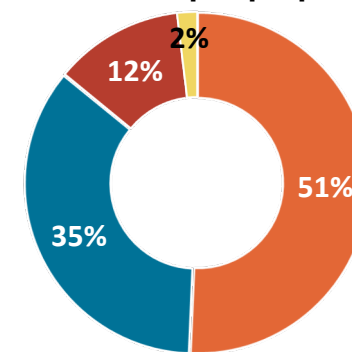
## Portfolio characterized by stable cash flows

- Brinova's portfolio is a combination of affordable rental housing and community properties, making Brinova a valuable partner to growing cities and municipalities
- High economic occupancy rate in the portfolio of 94% as of Q3 2021
- The portfolio of housing properties and community properties is characterized by strong demand and long contracts, supporting stable cash flows. The community properties are mainly rented to public counterparties
- Growth is achieved from acquisitions as well as own project development, where the latter is the main focus area in order to obtain attractive profitability
- No single tenant accounts for more than 5% of rental value

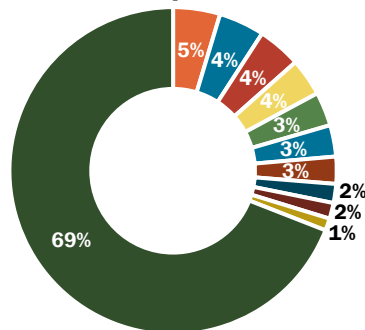
Property value per property type, %



Rental value per property type, %



Rental value per tenant, %



- Karlskrona Kommun
- Region Skåne
- Landskrona Stad
- Sparbanken Skåne AB
- Malmö Stad
- Eslövs kommun
- Försäkringskassan
- Attendo Sverige AB
- Trafikverket
- Svedala Kommun
- Other

Community properties



Housing



Commercial rental properties



Project / Land reserve

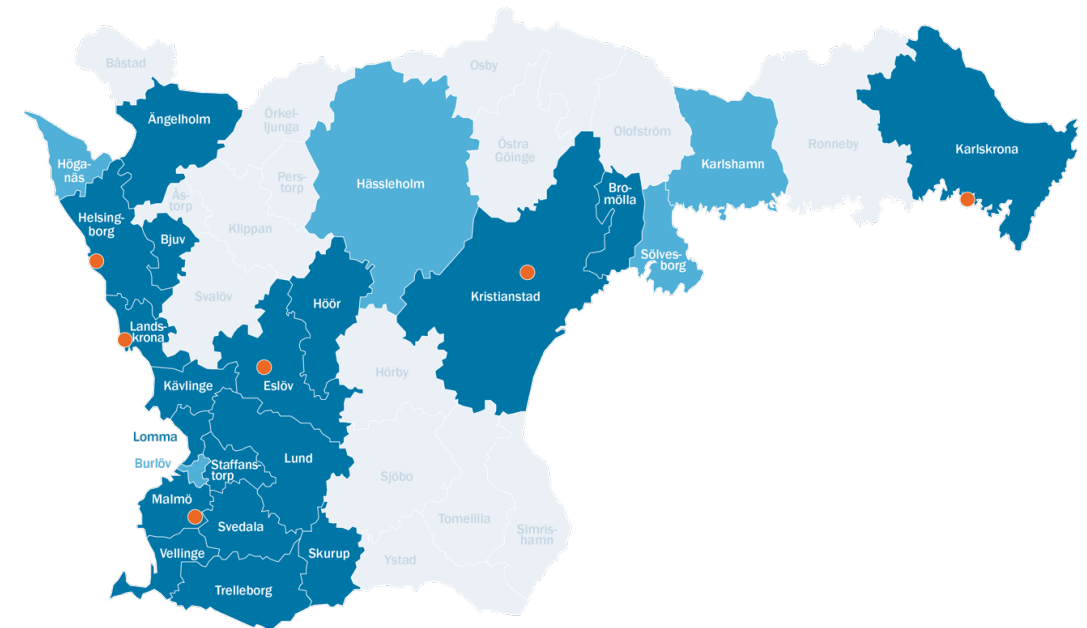
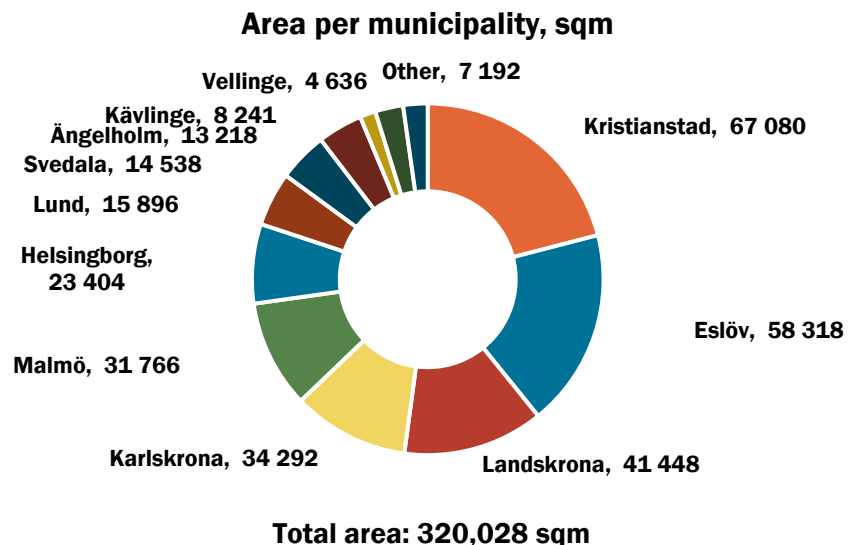




# Brinova grows where southern Sweden grows

## Property portfolio concentrated to growth regions

- Brinova focus on owning and developing properties in growing municipalities in southern Sweden, close to larger region centres with attractive labour markets
- The locations targeted have an underlying demand of affordable and attractive housing within attractive commute distance to the larger region centres
- The growing areas targeted by Brinova also have a corresponding need for community properties, i.e. schools, care facilities etc., where Brinova can also provide attractive properties
- Brinova has six management offices in Malmö, Landskrona, Helsingborg, Eslöv, Kristianstad and Karlskrona ensuring efficient property management and strong relationships with local decision makers



- Municipalities where Brinova is present
- Target municipalities where Brinova is not yet present
- Municipalities not targeted by Brinova
- Property management office

# Growing need for community properties



**Gasverket 18, Karlskrona**

Multi arena  
9 314 sqm  
Rental value 13 MSEK



**Påfågeln 1, Vellinge**

Care home  
4 000 sqm  
Rental value 8 MSEK



**Gjutaren 15, Eslöv**

Nursing home  
3 020 sqm  
Rental value 4 MSEK



**Tenoren 1, Helsingborg**

Pre-school  
1 067 sqm  
Rental value 1 MSEK

## Brinova has built strong relationships with key stakeholders

- Community properties are predominantly used for tax-financed activities and adapted for community services
- Properties include retirement homes, assisted care homes, special needs (LSS) homes, pre-schools, schools, sports venues, health care facilities, public offices
- Brinova has strong relationships with the tenants through long-term rental contracts and local synergies
- Brinova has created a strong reputation in the market from prior projects, now generating incoming calls from other municipalities looking for quality developers of community properties
- Tenants are predominantly actors within the public sector although exceptions can be made for top tier private actors



# Attractive portfolio of rental housing in a growing region



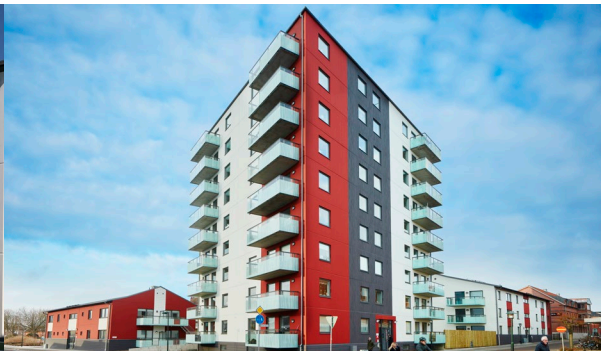
**Piggvaren 4, Eslöv**  
34 132 sqm  
Rental value 36 MSEK



**Svedala Värby 61:589**  
6 714 sqm  
Rental value 11 MSEK



**Rosmarinen 34, Helsingborg**  
5 487 sqm  
Rental value 10 MSEK



**Trehörningen 15, Kävlinge**  
2 464 sqm  
Rental value 6 MSEK

## Attractive and affordable rental housing

- Brinova offers attractive and affordable rental apartments in, or in proximity to, growth regions in southern Sweden
- As of 30 September 2021, Brinova had a total of 1 913 apartments in the portfolio and 1 100 apartments in production
- Also being a developer of properties enables Brinova to grow from acquisitions as well as from own development, creating a balance between acquisitive growth potential and organic growth with higher profit potential

## Commercial premises that complement the City of Brinova

- Commercial premises are mainly located in the residential properties owned by Brinova or in community properties. The location with many people close by makes the properties attractive for different service offerings and also adds value to the tenants in the residential properties
- Focus on commercial premises that complement the Brinova city, such as grocery stores and pharmacies, adding value to the tenants living in apartments in the surrounding area

# Project development – driver of growth

## Projects in production

Estimated value  
at completion  
**665**  
MSEK

## Ongoing project development

Estimated value  
at completion  
**835**  
MSEK

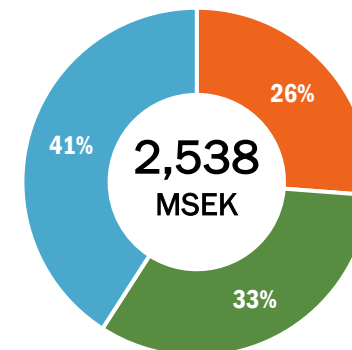
## Ongoing planning work

Estimated value  
at completion  
**1 038**  
MSEK

## Supporting the target property value of 10 BSEK in 2024

- Project development is key for Brinova's success in reaching the ambition to grow the property portfolio with retained profitability
- Brinova has its own local administration and project organisation, ensuring control of costs and overall progress in projects. This creates an efficient process with low risk for cost overruns
- The company has an active dialogue with future tenants, both private and public, to meet their demands and needs, which also deepens the relationship and creates potential for new collaborations
- As of Q3 the total estimated value at completion of the project portfolio was 2,538 MSEK. Brinova plans to continue growing the project portfolio to create a foundation for future growth
- Solid historic budget accuracy with close to 100% of completed projects over performing, or being in line with, the budget

## Project portfolio value at completion, %





# Examples of ongoing projects



## Kv. Bajonetten, Kristianstad

- Brinova is currently building 94 apartments with a total area of 5 790 sqm.
- Expected move-in in November 2022.
- Second stage is 94 more apartments with expected move-in date in the later part of 2023.



## Lugnet 9, Bromölla

- In October 2020, Brinova signed an agreement with Bromölla municipality for a new care home and service facilities
- Project to be built next to an existing care home, also acquired by Brinova
- The new care home will be ~3 200 sqm and include 40 apartments, common areas and service facilities
- The new care home is expected to be completed in June 2022



## Getramsen 2 & Kamomillen 2, Åhus

- Brinova, together with Eksjöhus, is building apartments in the area "Täppet", close to the centre of Åhus
- 48 apartments with a total area of 2 624 sqm
- Two stages of construction where 16 apartments will be built in the first stage with expected move-in in November 2021
- The other 32 apartments in the second stage have expected move-in date in early 2022

# Examples of completed projects



**Gasverket 18, Karlskrona**

- Brinova Arena was completed in 2019
- More than 9 000 sqm, including two arena halls
- The property also includes a restaurant and facilities for conferences and other events
- Largest solar panel system in Blekinge, which will serve the whole energy demand for the property, and the surplus will be distributed in the public grid



**Hammar 9, Kristianstad**

- 60 apartments completed in 2019
- The apartments' size range from 38-71 sqm, all of which are equipped with either a balcony or a small terrace
- High technical standard throughout the building
- Green courtyard including a playground



**Sadeln 2, Trelleborg**

- Community property consisting of a pre-school and a dentist office
- Trelleborg municipality had the ambition to expand the existing pre-school and Brinova was assigned the task
- Project included re-building and expanding the existing pre-school
- The project was completed post summer in 2021



# Selection of recent acquisitions 2021 Q1-Q3



## **Fältmarskalken 3, Kristianstad**

Residential/commercial

4 995 sqm

Rental value 9 MSEK



## **Pennan 1 & Passaren, Skurup**

Residential

4 872 sqm

Rental value 8 MSEK



## **Fiskaren 27, Helsingborg**

Community property (care facility)

4 582 sqm

Rental value 9 MSEK



## **Göta 1, Helsingborg**

Community property (high school)

3 914 sqm

Rental value 9 MSEK



## **Hans Kock 14, Kristianstad**

Residential

3 347 sqm

Rental value 5 MSEK



## **Hans Kock 9, Kristianstad**

Residential

1 679 sqm

Rental value 2 MSEK



# Qualitative and efficient own property management





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# Brinova's framework for sustainability

## Four clear focus areas

### Profitable and responsible business

*Significant sustainability issues*

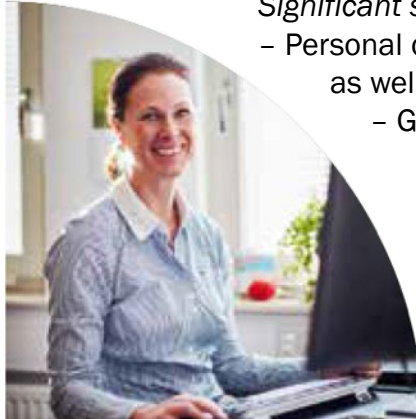
- Responsible action (business ethics, anti-corruption, transparency)
- Stable finances / financial results



### Committed employees

*Significant sustainability issues*

- Personal development and participation as well as a competent organization
- Good working environment



### The safe society

*Significant sustainability issues*

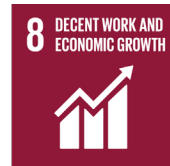
- Accessibility through a local presence that creates safety
- Housing and community properties with a reasonable rent level
- Sustainable urban and real estate development



### The future environment

*Significant sustainability issues*

- CO<sub>2</sub> footprint over time
- Careful management of natural resources





# Brinova's certified properties 2021



**Hammaren 9, Kristianstad**

Residential property with solar panels installed as well as charging stations for electric cars

Primary Energy Demand (PED) 25% lower than national building requirements Sweden



**Gasverket 18, Karlskrona**

Arena with solar panels installed which supplies the property with all its electricity needs as well as extra that can be sold externally.





# Agenda

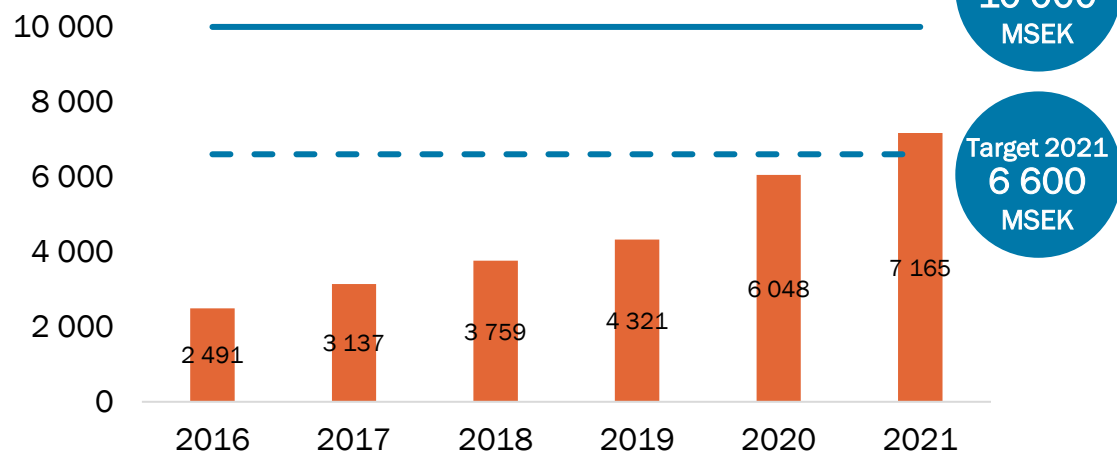


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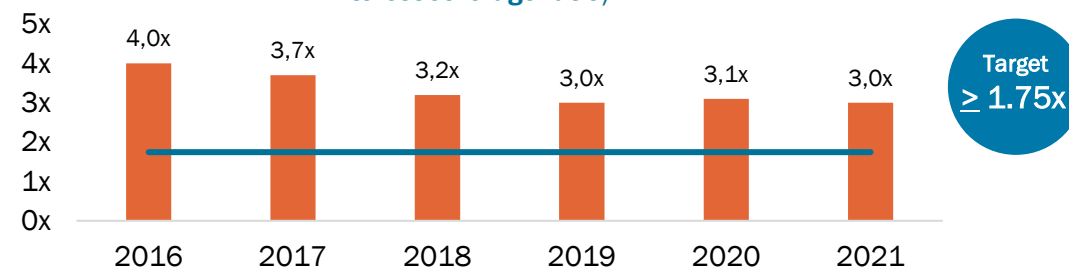


# Financial targets 2021 Q3

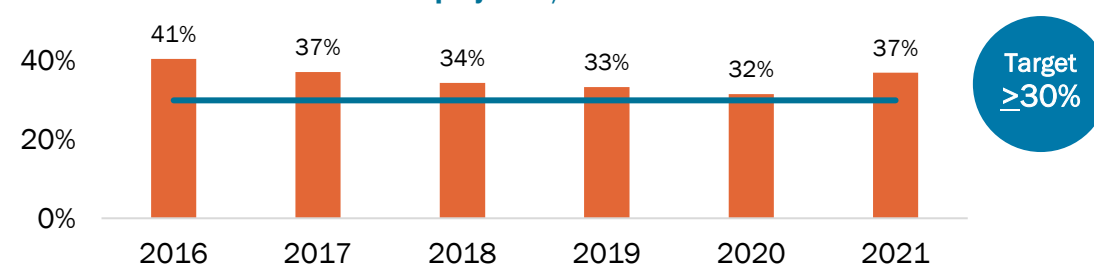
Property portfolio value, MSEK



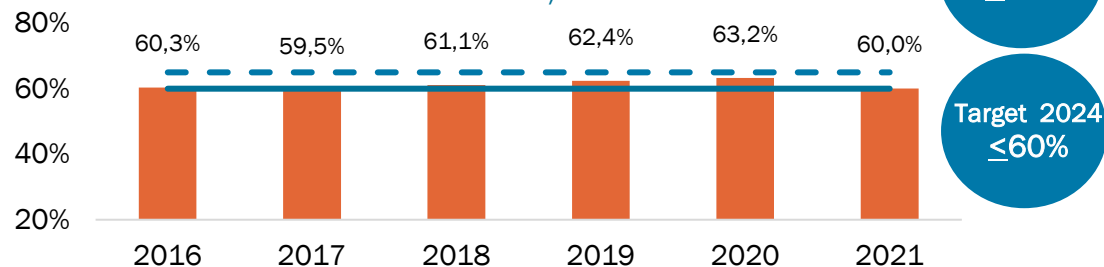
Interest coverage ratio, x



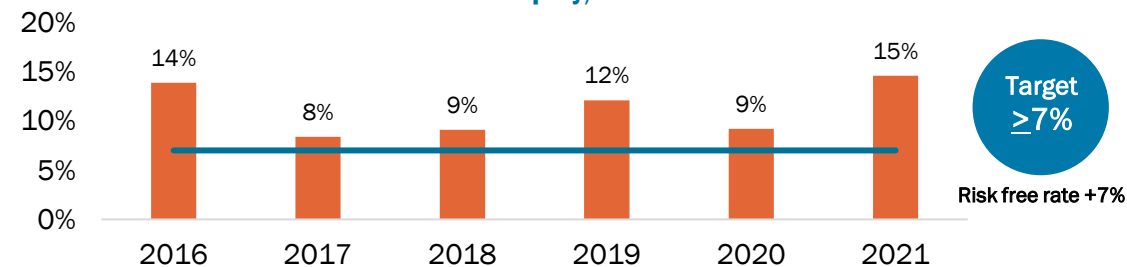
Equity ratio, %



Loan to value, %

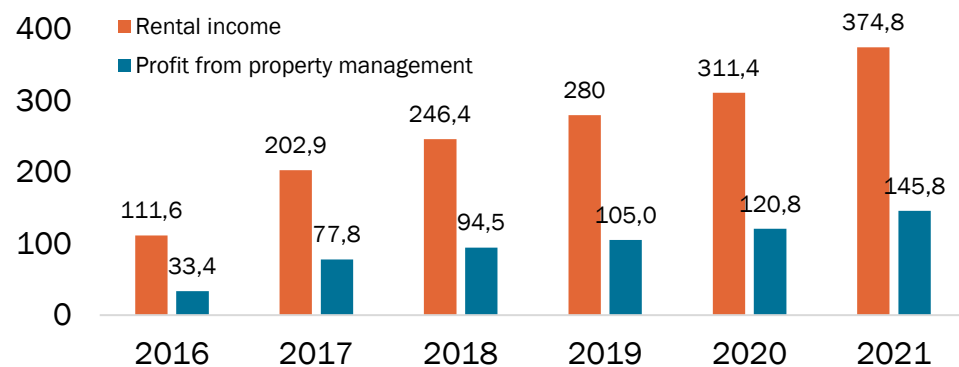


Return on equity, %

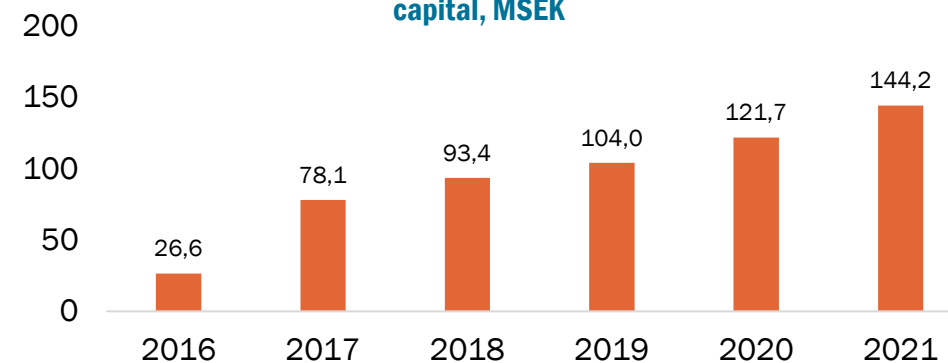


# Key metrics 2021 Q3 activities

Rental income and income from property management, MSEK



Cash flow from operating activities before changes in working capital, MSEK







RENTAL HOUSING • COMMUNITY PROPERTIES

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# Brinova executive management



**Per Johansson, CEO since 2016**

More than 25 years of experience from the Swedish real estate sector from positions such as regional manager at Klöver and CEO of Tribona and Dragon.

Shareholding: 15 540 B shares



**Frida Carlsson, Regional manager West since 2020**

More than 20 years of experience from the real estate industry from positions such as property manager at Wihlborgs and Klöver.

Shareholding: -



**Malin Rosén, Deputy CEO and CFO since 2015**

More than 25 years of experience from the Swedish real estate sector from positions such as head of accounting at (former) Brinova and Catena.

Shareholding: 10 300 B shares



**Martin Wallin, Regional manager East since 2016**

More than 25 years of experience from the real estate industry from positions such as regional manager at Dragon and Klöver AB.

Shareholding: 135 359 B shares



**Stina Trimark, Head of project development since 2015**

More than 30 years of experience from the construction industry, including various roles at Skanska and Peab.

Shareholding: 4 500 B shares



**Caroline Hoist, Finance manager since 2017**

Certified accountant with more than 14 years of experience from accounting and real estate from positions such as head of accounting at Stendörren Fastigheter, finance manager at Aberdeen Property, Sweden.

Shareholding: 21 621 B shares

# Brinova board of directors



## **Erik Selin, Chairman of the Board since 2015**

Founder and CEO of Fastighets AB Balder. Chairman of Skandrenting, Collector Bank and K-Fastigheter. Board member of Hedin Mobility Group, Ernström & Co and Hexatronic Scandinavia.

Shareholding: 7 400 000 A shares and 11 020 320 B shares through Balder



## **Lennart Mauritzon, Board member since 2020**

CEO of Backahill. Chairman of Rögle Marknads AB.

Shareholding: -



## **Anders Jarl, Board member since 2018**

Chairman of Wihlborgs Fastigheter. Board member of Platzer Fastigheter.

Shareholding: -



## **Johan Tollgerdt, Board member since 2018**

Lawyer and partner at Advokatfirman Lindahl. Board member of Lindahl Malmö, Lindahl Administration Sweden, Thorn Lightning Nordic, ZG Lightning Nordic, TLG Sweden Holdings, JASEA and Stiftelsen AF-bostäder.

Shareholding: 20 000 B shares



## **Johan Ericsson, Board member since 2016**

CEO of Logistea and Solnaberg Property. Chairman of Nyfosa AB, SHH Bostad, Fastighetsbolaget Emilshus, Aktiebolaget Oscar Robur, Castar Europe and Konstnärsnämnden i Stockholm. Board member of Torekov By.

Shareholding: 10 000 B shares through Aktiebolaget Oscar Robur



## **Anna Nordström Carlsson, Board member since 2021**

Head of Marketing and Communication of Malmö FF. Chairman of Navet Holding, Navet Aktiebolag, Media Evolution Southern Sweden, Media Evolution City i Malmö and Film i Skåne Aktiebolag.

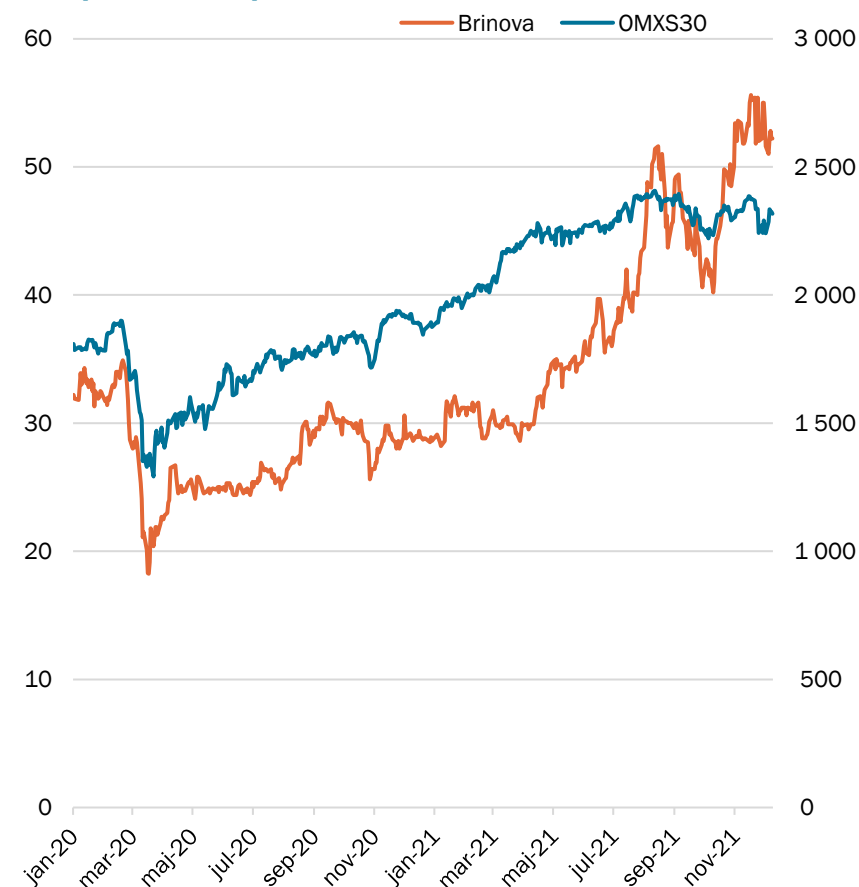
Shareholding: -



# Share price development and shareholders

Shareholder	Number of A-shares, thousands	Number of B-shares, thousands	Share of capital, %	Share of votes, %
Backahill AB	9 400	14 096	24.1%	40.0%
Fastighets AB Balder	4 700	11 020	18.9%	31.5%
ER-HO Förvaltning AB	2 400	7 715	10.4%	11.7%
Länsförsäkringar fondförvaltning AB		9 792	10.1%	3.6%
Bevaclean Aktiebolag		7 498	7.7%	2.8%
Verdipapirfond Odin Ejendom		4 046	4.2%	1.5%
Prior Nilsson Fond- och Kapitalförvaltning AB		2 409	2.5%	0.9%
SEB AB, Luxembourg Branch		1 985	2.0%	0.7%
SEB Nanocap		1 883	1.9%	0.7%
SEB Investment Management		1 737	1.8%	0.6%
Others		16 016	16.4%	6.0%
<b>Total</b>		<b>78 197</b>	<b>100.0%</b>	<b>100.0%</b>

Share price development



# Financial statements – income statement

<b>MSEK</b>	<b>2020 Oct-2021 Sep</b>	<b>2020 Jan-Dec</b>	<b>2019 Jan-Dec</b>	<b>2018 Jan-Dec</b>
Rental income	374.8	311.4	280.0	246.4
Other income	3.0	2.8	1.2	2.7
Property costs	-138.2	-116.4	-104.5	-92.0
<b>Operating surplus</b>	<b>239.6</b>	<b>197.8</b>	<b>176.7</b>	<b>157.1</b>
Central administration	-21.5	-19.8	-17.9	-20.4
Financial income	0.0	0.0	0.0	0.0
Financial expenses	-72.3	-57.2	-53.8	-42.2
<b>Profit from property management</b>	<b>145.8</b>	<b>120.8</b>	<b>105.0</b>	<b>94.5</b>
Realised changes in value of long term receivables				-3.1
Realised changes in value of investment properties	1.1	-0.4	-0.1	-0.2
Unrealised changes in value of investment properties	247.6	110.2	134.8	58.5
Change in value of derivatives	45.8	-21.0	-19.7	-10.1
<b>Profit before tax</b>	<b>440.3</b>	<b>209.6</b>	<b>220.0</b>	<b>139.6</b>
Income tax	-104.4	-49.1	-48.6	-22.9
<b>Profit for the period</b>	<b>335.9</b>	<b>160.5</b>	<b>171.4</b>	<b>116.7</b>



# Financial statements – balance sheet

<b>MSEK</b>	<b>2021-09-30</b>	<b>2020-12-31</b>	<b>2019-12-31</b>	<b>2018-12-31</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Investment properties	7 165.1	6 048.1	4 321.3	3 759.2
Inventories	1.4	1.2	0.8	1.1
Right of use assets	34.3	33.6	26.2	0.0
Deferred tax receivables	10.1	19.9	18.3	20.0
Other non-current assets	1.0	7.4	13.8	20.2
<b>Total non-current assets</b>	<b>7 211.9</b>	<b>6 110.2</b>	<b>4 380.4</b>	<b>3 800.5</b>
<b>Current assets</b>				
Short term receivables	55.8	30.8	26.5	42.5
Cash and cash equivalents	45.5	113.5	102.6	43.2
<b>Total current assets</b>	<b>101.3</b>	<b>144.3</b>	<b>129.1</b>	<b>85.7</b>
<b>Total assets</b>	<b>7 313.2</b>	<b>6 254.5</b>	<b>4 509.5</b>	<b>3 886.2</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Shareholder's equity	2 704.6	1 979.1	1 508.0	1 336.6
<b>Non-current liabilities</b>				
Deferred tax liability	253.7	195.5	146.3	99.6
Liabilities to credit institutions	2 701.6	2 980.0	2 406.1	1 392.4
Derivative instruments	14.8	51.3	30.3	10.7
Lease liabilities	32.5	32.3	24.9	0.0
Other non-current liabilities	4.5	37.5	17.4	0.0
<b>Total non-current liabilities</b>	<b>3 007.1</b>	<b>3 296.6</b>	<b>2 625.0</b>	<b>1 502.7</b>
<b>Current liabilities</b>				
Liabilities to credit institutions	1 446.4	840.1	289.6	905.1
Lease liabilities	1.8	1.4	1.3	0.0
Other current liabilities	153.3	137.3	85.6	141.8
<b>Total current liabilities</b>	<b>1 601.5</b>	<b>978.8</b>	<b>376.5</b>	<b>1 046.9</b>
<b>Total equity and liabilities</b>	<b>7 313.2</b>	<b>6 254.5</b>	<b>4 509.5</b>	<b>3 886.2</b>

# Financial statements – cash flow

<b>MSEK</b>	<b>2021 Jan-Sep</b>	<b>2020 Jan-Sep</b>	<b>2020 Jan-Dec</b>	<b>2019 Jan-Dec</b>	<b>2018 Jan-Dec</b>
<b>Operating activities</b>					
Profit before tax	315.5	84.8	209.6	220	139.6
Adjustment for items not affecting cash flow	-200.2	6.3	-87.3	-113.3	-44.9
Tax paid	-2.4	-0.7	-0.7	-1.4	-1.3
<b>Cash low from operating activities before changes in working capital</b>	<b>112.9</b>	<b>90.4</b>	<b>121.6</b>	<b>105.3</b>	<b>93.4</b>
Change in operating receivables	-11.1	-12.4	48.8	16.2	-4.4
Change in operating liabilities	-28.6	16.2	14.4	-51.7	9.3
<b>Cash flow from operating activities</b>	<b>73.2</b>	<b>94.2</b>	<b>184.8</b>	<b>69.8</b>	<b>98.3</b>
<b>Investing activities</b>					
Property acquisitions	-512.6	-203.1	-626.6	-97.2	-107.6
Property divestments	75.0	9.3	9.3	2.9	2.5
Divestment of long term receivable					-1.3
Investments in properties	-300.6	-71.4	-135.0	-145.1	-221.2
Investments in inventory	-0.6	-0.2	-1.0	-0.1	-0.1
Changes in financial assets	6.9	6.4	6.4	6.4	0.0
<b>Cash flow from investing activities</b>	<b>-731.9</b>	<b>-259.0</b>	<b>-746.9</b>	<b>-233.1</b>	<b>-327.7</b>
<b>Financing activities</b>					
Share issue	479.5	309.3	309.1	0.0	
Loans raised	687.1	474.8	1166.5	449.1	781.4
Leasing amortisation	-1.4	-1.0	-1.4	-1.3	0.0
Loan amortisation	-574.5	-533.5	-901.2	-225.1	-575.0
<b>Cash flow from financing activities</b>	<b>590.7</b>	<b>249.6</b>	<b>573.0</b>	<b>222.7</b>	<b>206.4</b>
<b>Cash flow for the period</b>	<b>-68.0</b>	<b>84.8</b>	<b>10.9</b>	<b>59.4</b>	<b>-23.0</b>
Opening cash and cash equivalents	113.5	102.6	102.6	43.2	66.2
<b>Closing cash and cash equivalents</b>	<b>45.5</b>	<b>187.4</b>	<b>113.5</b>	<b>102.6</b>	<b>43.2</b>