# Q2

**CARNEGIE VIRTUAL REAL ESTATE SEMINAR 2021**

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# Business concept

Trianon is a local property company. We own, manage, develop, and build properties in Malmö and its surrounding area.

Through innovation, commitment and long-term thinking, Trianon aims to achieve sustainable urban development.


Malmö
Residents: 350 000
Fastest-growing large city in Sweden
The Öresund Region 4,1 million
Young population, 48% under 35 yrs

# Q2 2021 – Continued growth

**5,64 SEK/ share +224%**

**Rental income**
**153 MSEK**
**+14%**

**Net operating income**
**101 MSEK**
**+10%**

**Profit from property management**
**66 MSEK**
**+17%**

**Net profit**
**221 MSEK**

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# Financial targets

| Target | Result 2020 | Result Q2 2021 |
|---|---|---|
| Increase in profit from property management: > 12% | Result 2020: 26% | Result Q2 2021: 17% |
| Return on equity: > 12% | Result 2020: 17% | Result Q2 2021: 23% |
| Loan-to-value ratio: < 60% | Result 2020: 56% | Result Q2 2021: 54% |
| Interest coverage ratio: > 1,5 x | Result 2020: 3,4 x | Result Q2 2021: 3,1 x |
| Share of residential & community service properties: > 80% | Result 2020: 75% | Result Q2 2021: 75% |

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# Significant events during Q2 2021

- ✓ Net rental amounted to SEK 1,8 million. The accumulated total was SEK 5,5 million.
- ✓ New leases with tenants in community service properties.
- ✓ Acquisition of the outstanding non-controlling shareholdings in two companies.
- ✓ Acquisition of development property with possible construction rights for 15-20,000 m² gross total area in central Malmö.
- ✓ Sale of the commercial part of Multihuset at Limhamn
- ✓ Acquisition of 25.6 percent of Signatur Fastigheter. Trianon is now the largest owner.
- ✓ Additional corporate bonds of SEK 100 million were issued.

# Q2-2021 Consolidated income statement, summary

| MSEK | Apr-Jun 2021 | Apr-Jun 2020 | Jan-Jun 2021 | Jan-Jun 2020 | Jan-Dec 2020 |
|---|---|---|---|---|---|
| Rental income | 152,6 | 134,0 | 303,3 | 263,2 | 553,2 |
| **Operating surplus** | **101,0** | **91,9** | **188,6** | **167,3** | **368,5** |
| Profit from shares in associated companies | 0,2 | 0,1 | 0,0 | 0,2 | 83,8 |
| **Profit from property management** | **66,4** | **56,8** | **119,1** | **102,5** | **224,2** |
| Changes in value, investment properties | 208,0 | 50,0 | 487,4 | 103,6 | 406,2 |
| Changes in value, derivatives | -2,2 | -20,6 | 39,4 | -69,9 | -62,3 |
| Tax | -50,7 | -13,5 | -126,0 | -21,3 | -113,9 |
| **Net profit for the period** | **221,4** | **72,6** | **519,4** | **114,8** | **537,4** |
| **Comprehensive income for the period attributable to:** | | | | | |
| *Parent company's shareholders* | *219,9* | *70,6* | *513,0* | *110,9* | *519,7* |
| *Non-controlling interests* | *1,5* | *2,0* | *6,4* | *3,9* | *17,7* |

## Key figures

| MSEK | Apr-Jun 2021 | Apr-Jun 2020 | Jan-Jun 2021 | Jan-Jun 2020 | Jan-Dec 2020 |
|---|---|---|---|---|---|
| Earnings per share, SEK | 5,64 | 1,74 | 13,22 | 2,65 | 13,24 |
| Interest coverage ratio, x | 3,1 | 2,8 | 2,8 | 2,7 | 3,4 |
| Surplus ratio, % | 66,2% | 68,6% | 62,2% | 63,5% | 66,6% |

**Rental income**
**SEK 153 million**
**+14%**

**Net operating income**
**SEK 101 million**
**+10%**

**Profit from property management**
**SEK 66 million**
**+17%**

**Earnings per share**
**5,64 SEK/share**

# Q2-2021 Consolidated balance sheet, summary

| MSEK | 30 Jun 2021 | 30 Jun 2020 | 31 Dec 2020 |
|---|---|---|---|
| Investment properties | 9 720,8 | 8 732,3 | 9 462,3 |
| Total non-current assets | 10 377,2 | 8 998,6 | 9 946,9 |
| Total current assets | 239,4 | 165,7 | 356,3 |
| **TOTAL ASSETS** | **10 616,6** | **9 164,3** | **10 303,2** |
| | | | |
| Equity attributable to owners of the parent company | 3 992,1 | 2 927,4 | 3 532,3 |
| Equity attributable to non-controlling interests | 27,9 | 89,9 | 102,9 |
| *Total equity* | *4 020,0* | *3 017,3* | *3 635,2* |
| | | | |
| Total long-term liabilities | 3 665,5 | 2 020,5 | 4 059,6 |
| Total current liabilities | 2 931,1 | 4 126,5 | 1 660,9 |
| **TOTAL EQUITY AND LIABILITIES** | **10 616,6** | **9 164,3** | **10 303,2** |

## Key figures

| MSEK | 30 Jun 2021 | 30 Jun 2020 | 31 Dec 2020 |
|---|---|---|---|
| Long-term net asset value per share, excl hybrid capital, SEK | 115,32 | 86,84 | 100,90 |
| Loan-to-value ratio, % | 54,1% | 56,8% | 55,7% |
| Equity/assets ratio, % | 37,9% | 32,9% | 35,3% |

**Property value**
SEK **9,7** billion
+11%

**Long-term net asset value, excl hybrid capital**
SEK **4,3** billion
+36%

**Long-term net asset value per share, excl hybrid capital**
SEK **115,32** SEK/share

**Loan-to-value ratio**
**54,1%**

**Equity/asset ratio**
**37,9%**

# Q2-2021 Current earnings capacity

| MSEK | 30 Jun 2021 | 31 Mar 2021 | 31 Dec 2020 | 30 Sep 2020 | 30 Jun 2020 |
|---|---|---|---|---|---|
| Rental value | 648,9 | 675,3 | 653,4 | 644,2 | 624,1 |
| Vacancies | -24,7 | -27,1 | -25,4 | -28,9 | -28,5 |
| Vacancies, signed contracts | -1,2 | -2,5 | -4,3 | | |
| Discounts | -4,2 | -5,6 | -6,5 | -5,1 | -5,9 |
| **Rental income** | **618,8** | **640,0** | **617,2** | **610,2** | **589,7** |
| Property costs | -186,4 | -190,9 | -183,6 | -186,1 | -179,9 |
| Property administration | -19,6 | -19,2 | -18,0 | -18,0 | -18,0 |
| **Operating surplus** | **412,8** | **430,0** | **415,6** | **406,1** | **391,8** |
| Surplus ratio | 67% | 67% | 67% | 67% | 66% |
| Central administration | -44,0 | -44,0 | -41,6 | -41,6 | -41,6 |
| Participations in profits of associated companies | 10,6 | 4,3 | 4,3 | 0,4 | 0,4 |
| Ground rent | -6,7 | -7,0 | -7,0 | -6,7 | -6,7 |
| Financial income and expenses | -104,2 | -118,0 | -120,6 | -117,2 | -110,3 |
| **Profit from property management** | **268,5** | **265,3** | **250,7** | **241,0** | **233,6** |
| Profit from property management attributable to: | | | | | |
| Owners of the parent company | 266,5 | 257,7 | 243,1 | 233,4 | 227,3 |
| Non-controlling interests | 2,0 | 7,6 | 7,6 | 7,6 | 6,3 |
| Current earnings capacity/share | 7,11 | 6,88 | 6,49 | 6,23 | 6,23 |

**Rental value**
**SEK 649 million**

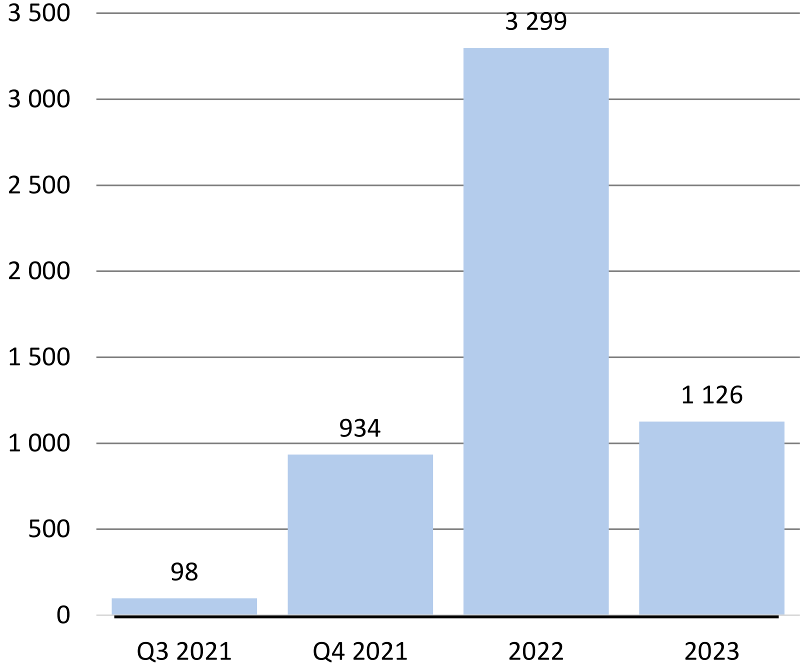
**Discounts and vacancies**
**SEK 30 million**

**Earnings capacity**
**7,11 SEK/share**

**Current earnings capacity, fully let**
**7,91 SEK/share**

# Financial statement

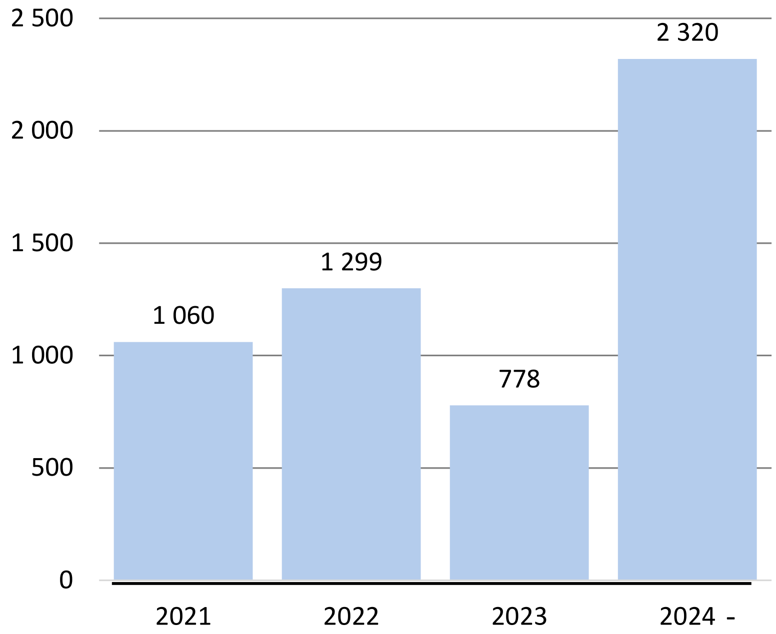
## Loan maturity




**Average fixed-term maturity 1,2 yrs**

**New bond loans, SEK 100 million**

## Fixed interest rates




**Average fixed-rate period 3,3 yrs**

**Average rate 2,1%**

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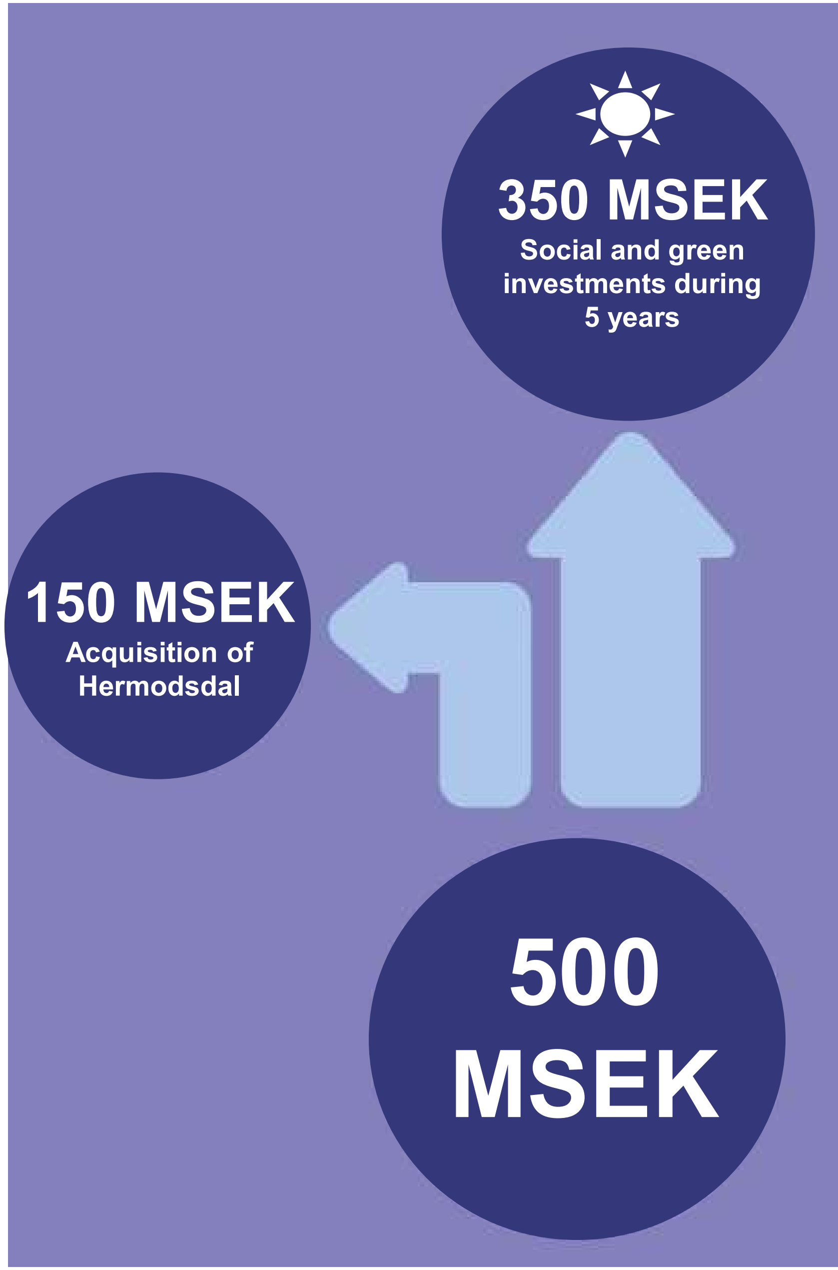
# Trianon's Sustainable Hybrid Bond

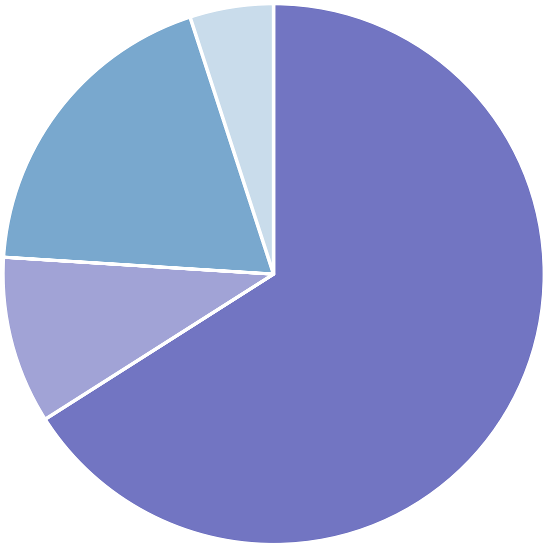
- **Social investments:**
  Creating jobs and internships, affordable housing, safe environment

- **Environmental investments:** Green buildnings, energy efficiencies, renewable energy


Affordable and clean energy | Decent work and economic growth | Reduced inequalities | Sustainable cities and communities | Climate action



# Our segments



| | Proportion of property value, % | Property value, SEK billion | Yield, % |
|---|---|---|---|
| Residential properties | 69 | 6,7 | 4,1 |
| Community Service properties | 6 | 0,5 | 5,1 |
| Retail | 20 | 2,0 | 5,7 |
| Office | 5 | 0,5 | 4,4 |

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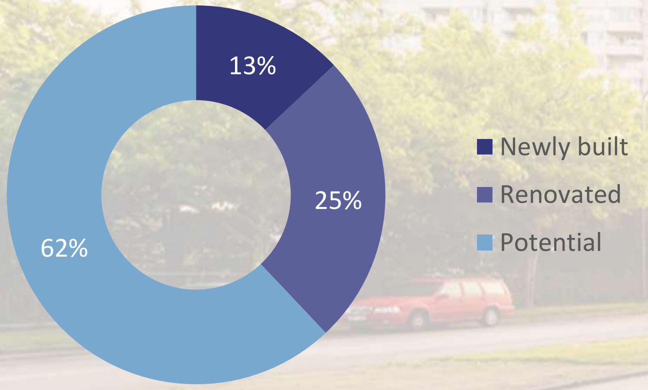
# Residential and community service properties

## Apartments





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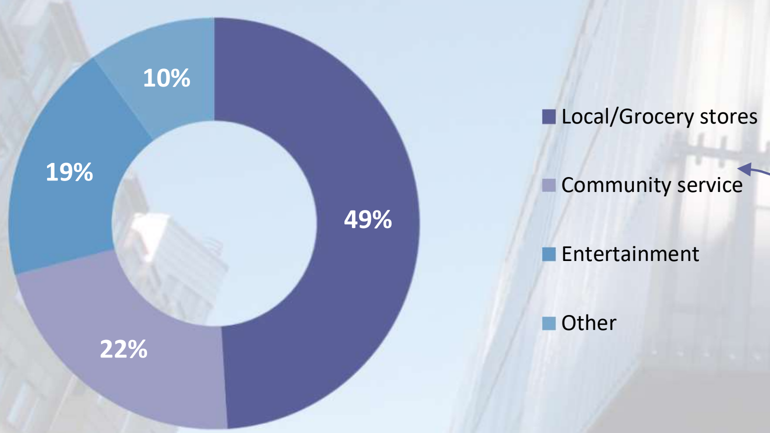
# Retail properties

## Retail, share of rental value




71% local retail stores and community service

## Largest tenants

- Axfood
- Coop
- ICA
- Malmö stad
- Apotek

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# Apartments and service in Rosengård Centrum

Fully rented shopping center

Development of Rosengård library, finished June 2022

+Possible densification: 100 000 sqm apartments

Sale of 50 procent to Brunswick Real Estate and Bonnier Fastigheter, joint venture.

# Increasing the share of community service in the Entré properties

4 500 sqm → 7 000 sqm

# Major urban development project in Burlöv for housing together with Wallfast

43,000 sqm retail area
+ 48,000 sqm zp residential building rights
+ 100,000 sqm of potential building rights


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# Transactions in Malmö and Limhamn

signatur
FASTIGHETER

# Signatur Fastigheter, earnings capacity

| Earnings capacity, MSEK | Q2 2021 |
| --- | --- |
| Rental income | 89 |
| Operating surplus | 61 |
| Profit from property management | 25 |

**Trianon's earning per share**

**BEFORE:**
**0,65**
**SEK/share**

**AFTER:**
**1 ,00**
**SEK/share**



Planning to build 700 apartments the next 10-12 months



# Full speed ahead

- Reduce vacancies
- Transactions
- Constructing new rental apartments
- Creating long-term value - existing and new residential properties

# Q&A