



# Public Property Invest ASA

Half-year results presentation - 11 July 2024



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# AGENDA



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I. Highlights

II. Operations

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IV. Summary and concluding remarks

V. Q&A

# Highlights



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## Key Figures H1 2024

<b>NOK 312m</b> Rental income	<b>NOK 279m</b> NOI	<b>NOK 129m</b> Income from property management	<b>NOK 0.62</b> EPRA Earnings per share
<b>NOK 692m</b> Normalized GRI	<b>NOK 1,872</b> GRI / BTA	<b>4.8 years</b> WAULT	<b>93%</b> Occupancy
<b>NOK 9.8bn</b> Investment properties	<b>NOK 26.7k</b> Property value / BTA	<b>6.3 %</b> NOI yield	<b>NOK 26.02</b> EPRA NRV per share

## Key Events

- Net operating income (NOI) NOK 279m with NOI-margin 89.4%.
- Adjusted cashflow from operations NOK 254m.
- Negative portfolio value changes from Q1 affecting results H1 2024. Values flat Q2.
- 92% income from public tenants
- Prolonged or new leases NOK 67.9m positive net letting NOK 11m.
- IPO, SBB acquisition and refinancing: Strong balance sheet, Run-rate NET DEBT/EBITDA 7.8x, LTV 40.2%.

# Highlights



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## Normalised annual run rate

Run rate figures below are presented on a 12 months basis from period end.

Amounts in NOK million	Q2 2024	Q4 2023
Rental income 1)	692	591
Other income	0	0
Property expenses	-69	-59
<b>Net operating income</b>	<b>623</b>	<b>532</b>
Administration expenses	-66	-24
Reimbursed property management fee 2)	18	-
<b>Run rate EBITDA</b>	<b>575</b>	<b>509</b>
Net realised financials 3)	-265	-255
<b>Net income from property management</b>	<b>310</b>	<b>254</b>
<b>Net income from property management per share (NOK)</b>	<b>1.49</b>	<b>3,5</b>
<b>Net debt/Run Rate EBITDA</b>	<b>7.8x</b>	<b>10,7</b>
<b>Run rate ICR</b>	<b>2.2x</b>	
<b>LTV</b>	<b>40.2%</b>	

1) Based on signed agreements at period end. 2) PPI receives reimbursement of property management fees from management of properties not owned by the Group. The organisation in PPI manages SBB's remaining Norwegian portfolio as well as Nordiqus AB's Norwegian portfolio. 3) Based on interest rates and swap agreements after closed refinancing in April and September 2024. Does not include amortisation of capitalised borrowing cost.

# PPI will position itself as a leading consolidator with low leverage, high growth ambitions and an attractive dividend policy



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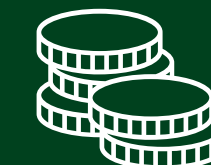
## Low Leverage

- Strong balance sheet to claim consolidator position
- Capital structure:
  - ✓ Approximately 45% loan to value
  - ✓  $\geq 3$  years average loan tenor



## Growth Focused

- Opportunistic growth strategy
- Focused on the four largest Norwegian cities
- High deal flow expected in 24-25 as refinancing wave hits the market



## Attractive dividend policy

- Quarterly dividend payments of approx. 60% of cash-earnings <sup>1</sup>

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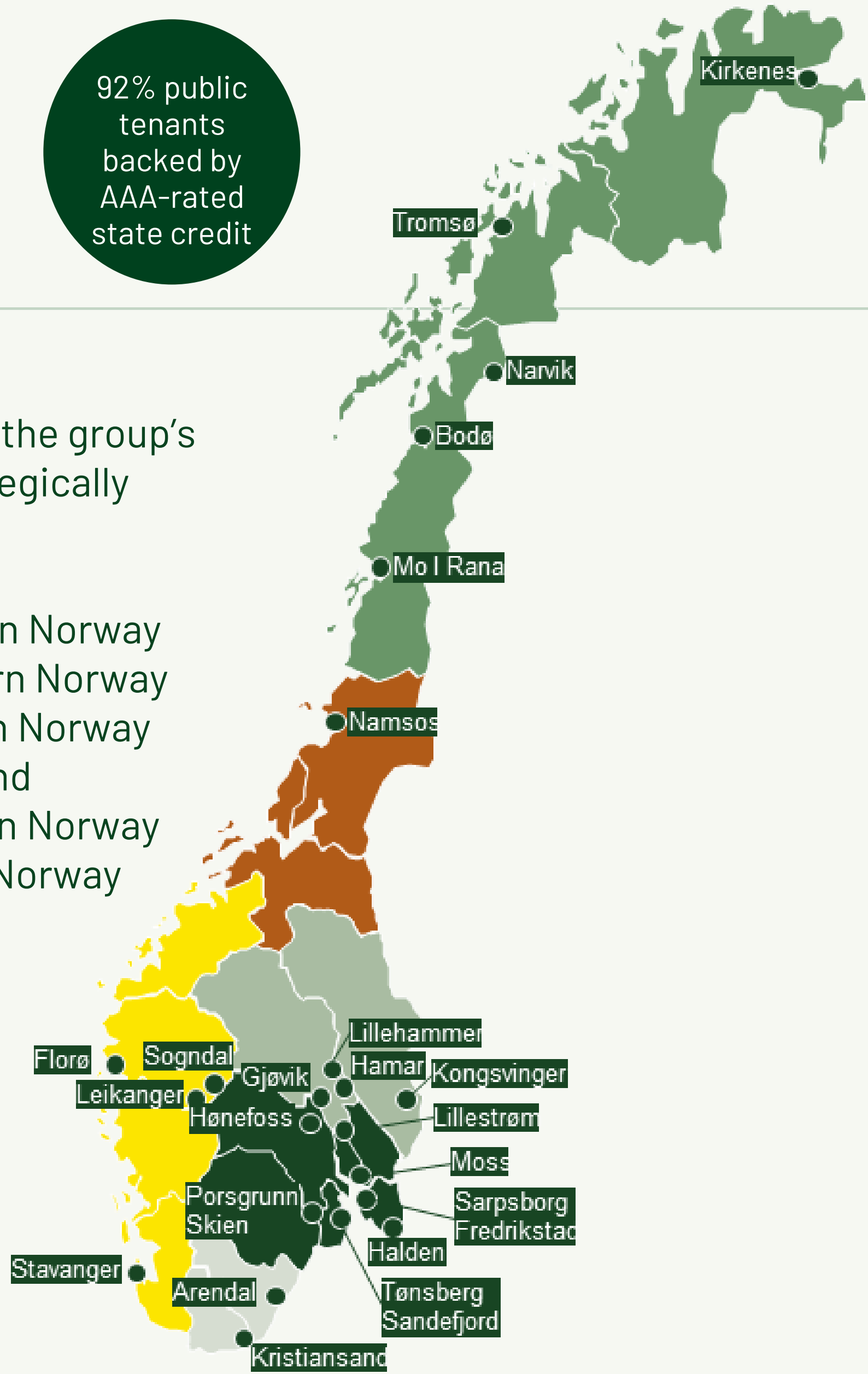
V. Q&A

OPERATIONS

# Portfolio overview

Strategic locations in local communities

92% public tenants backed by AAA-rated state credit



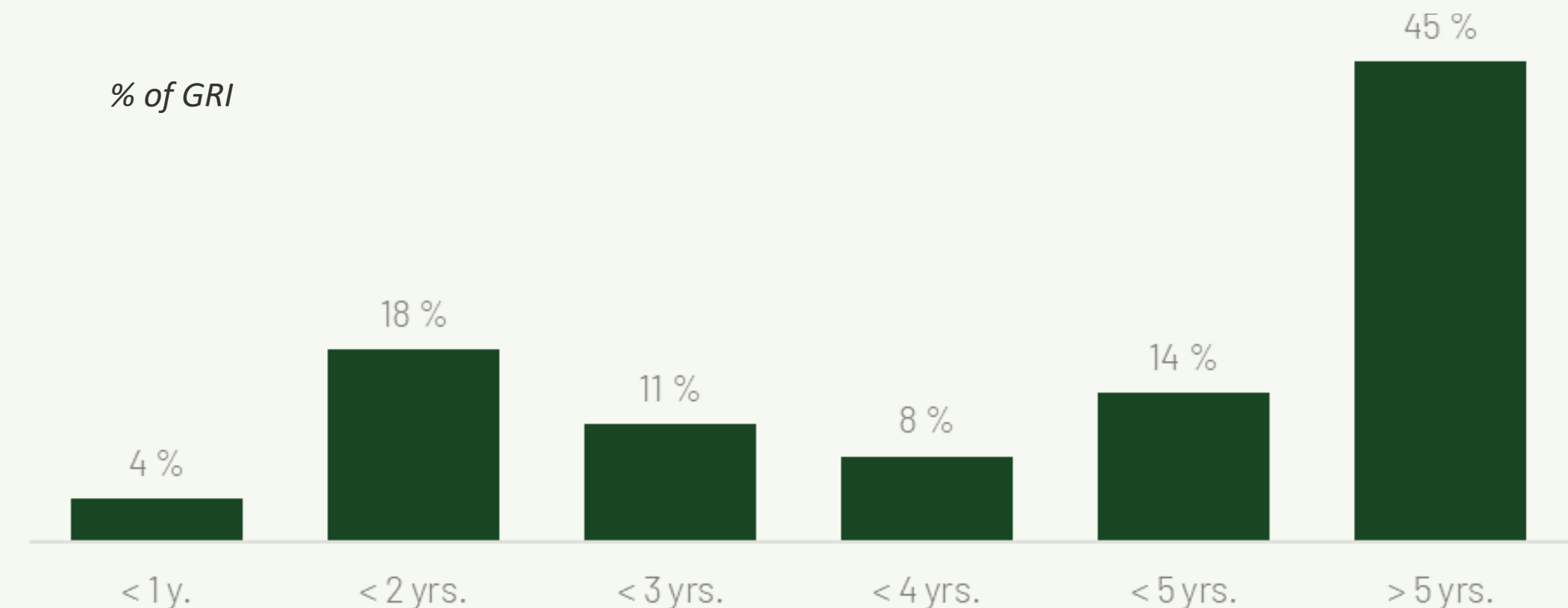
## No single asset constitutes more than 8% of the total portfolio



Geographically, the group's assets are strategically distributed:

- 62.8%** in Eastern Norway
  - 11.0%** in Northern Norway
  - 8.8%** in Western Norway
  - 8.6%** in the Inland
  - 7.7%** in Southern Norway
  - 1.2%** in Central Norway
- % of GAV

## Evenly distributed lease maturity profile





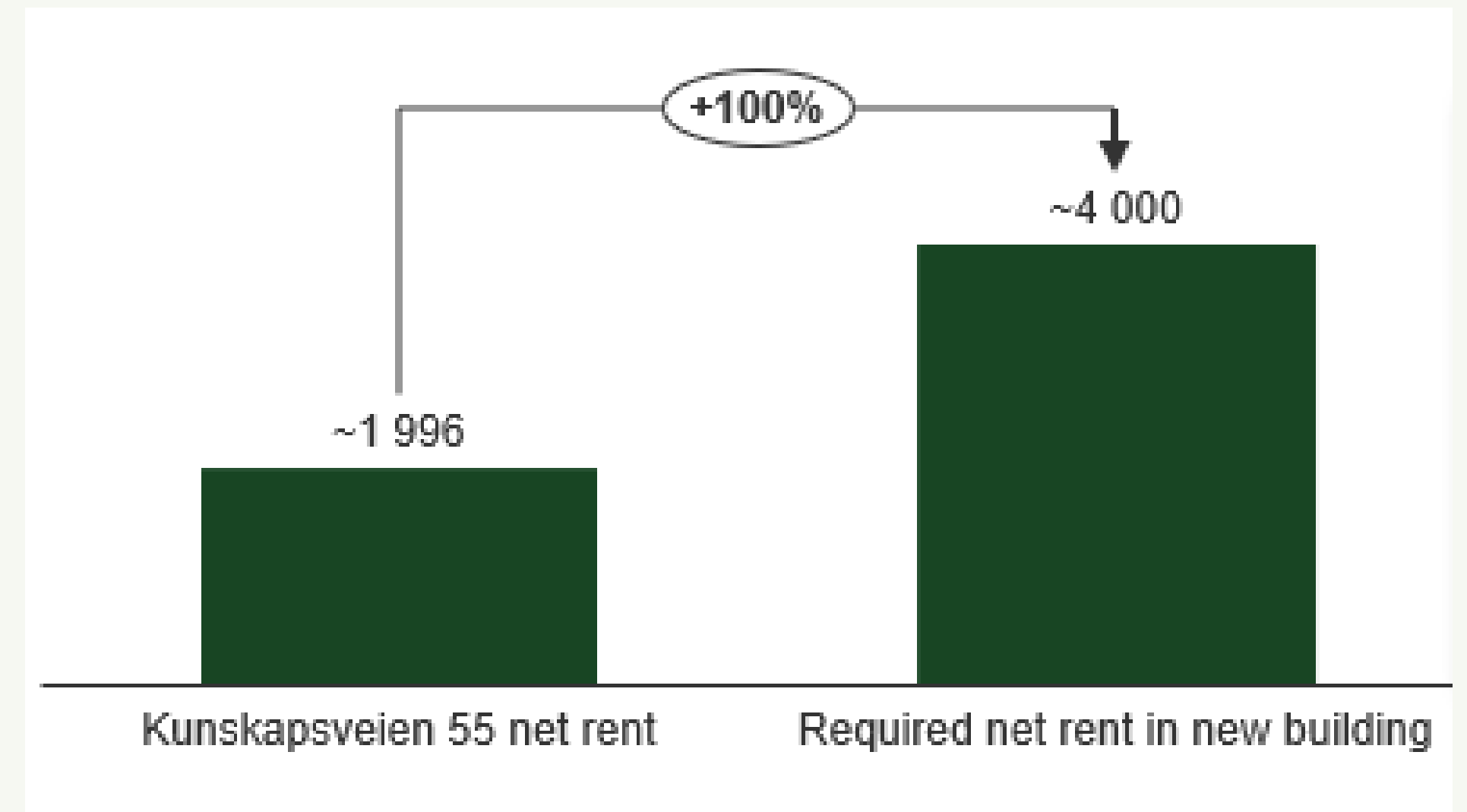
# Letting & Occupancy

- New and renewed leases of NOK 67.9 million (33,000 sqm)
- No terminated contracts first half year
- Net letting of NOK 10.8 million
- Occupancy at 93%
- Wault at 4.8 years

## Largest new and renegotiated tenants

Property	Tenant	Sqm Contract
Kunnskapsveien 55, Kjeller	Oslo Met	27,000 Renegotiation
Fjørevegen 20, Sogndal	Police	1,740 Renegotiation
Nordstrandveien 41, Bodø	Norgesgruppen	1,689 Renegotiation

PPI's competitive rent levels vs. newbuild alternative is a key factor in ensuring costumers retention – and one of the main reasons why OsloMet prolonged its contract at Kunnskapsveien 55





# Detailed and concrete sustainability strategy, with goal to be climate neutral by 2030



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## ✓ 1) Framework and strategy



Certified Eco-lighthouse in December 2023  
Corresponds with the EU's EMAS eco-labelling (ISO 14001)

### Company commitments and requirements to be certified:

1. Develop policies for their property operations
2. Map environmental aspects of the properties
3. Set goals and measures for sustainability improvement
4. Involve tenants in reducing emissions
5. Set requirements for suppliers

### Overall strategy:

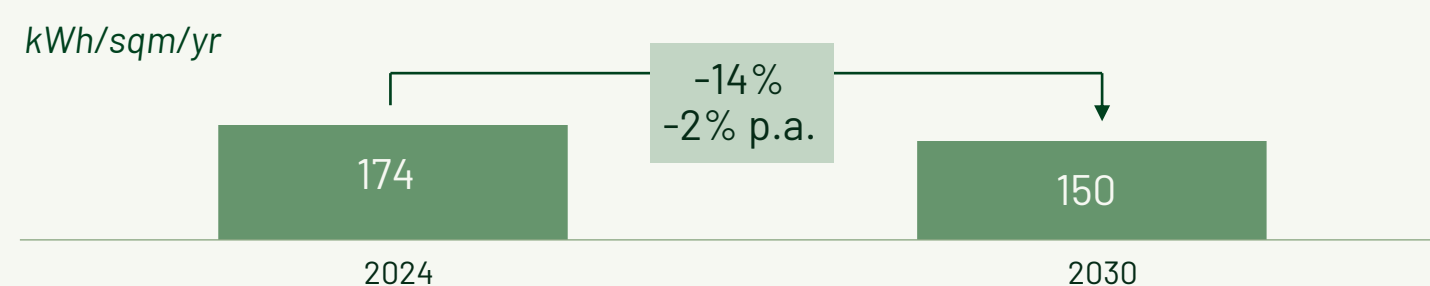
- PPI's board of directors has resolved that PPI must become a climate-neutral company within 2030
- The goal is to reduce greenhouse gas emissions by 20% by 2030, of which 16% will come from lower energy use and 4% will come from installation of local solar power, and increased use of renewable energy in the energy mix
- Mechanisms to offset remaining carbon footprint will be:
  - Purchase of Guarantees of Origin (GoO) of Norwegian power for all electricity use in the real estate portfolio
  - Purchase of CO2 allowances for other residual emissions

Share of renewable energy in the energy mix and greenhouse gas emission goals set in line with Carbon Risk Real Estate Monitor (CRREM) Global Pathways



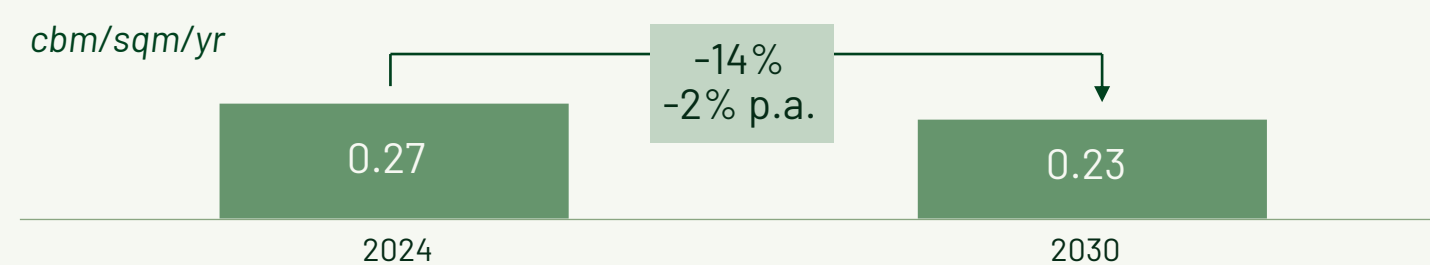
## ✓ 2) KPIs and goals

### ⚡ Energy consumption



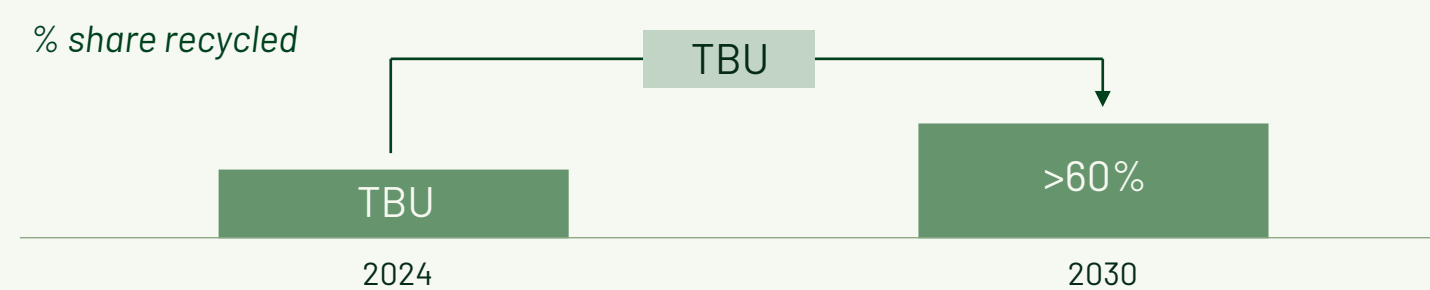
Baseline consumption of 174kwh set based on last 3 years (avg)

### 💧 Water consumption



Baseline consumption of 0.27m3 set based on last 3 years (avg)

### ♻️ Waste handling

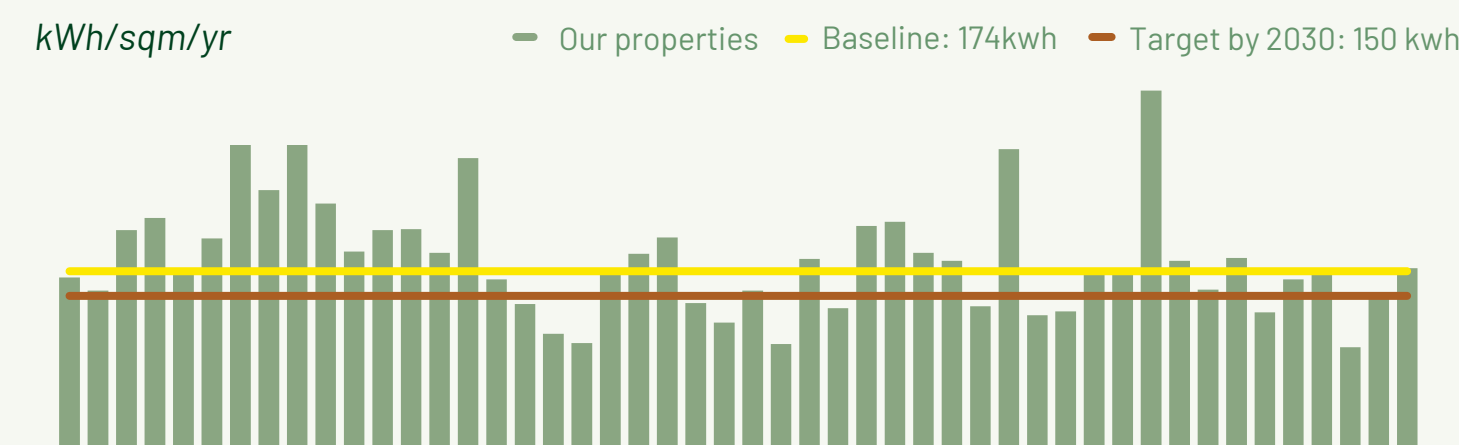


Baseline to be set in 2024. Working with suppliers to get data in

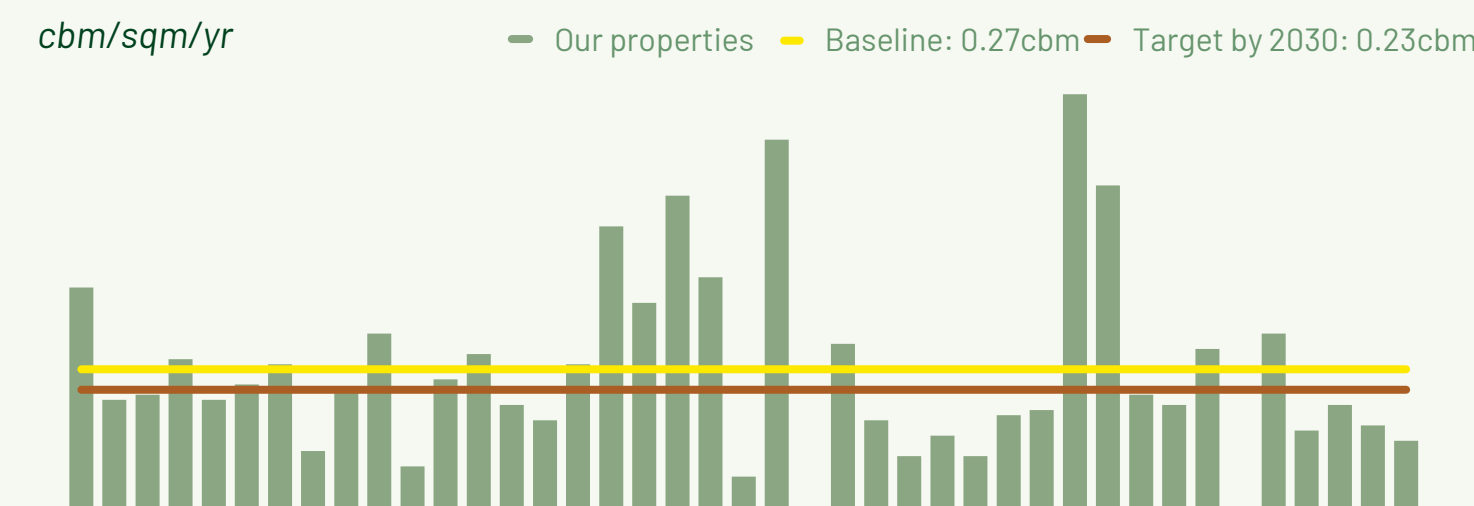
## ✓ 3) Measuring and reporting

PPI has mapped out the entire property portfolio using Malling and Co's Energy and Environment tools and created a reporting framework for its KPIs and goals. The mapping of waste handling is still ongoing.

### ⚡ Energy consumption



### 💧 Water consumption



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# IPO and refinancing built the base for strong balance sheet and long-term performance


## An eventful half-year



**Full refinancing**



**New assets**



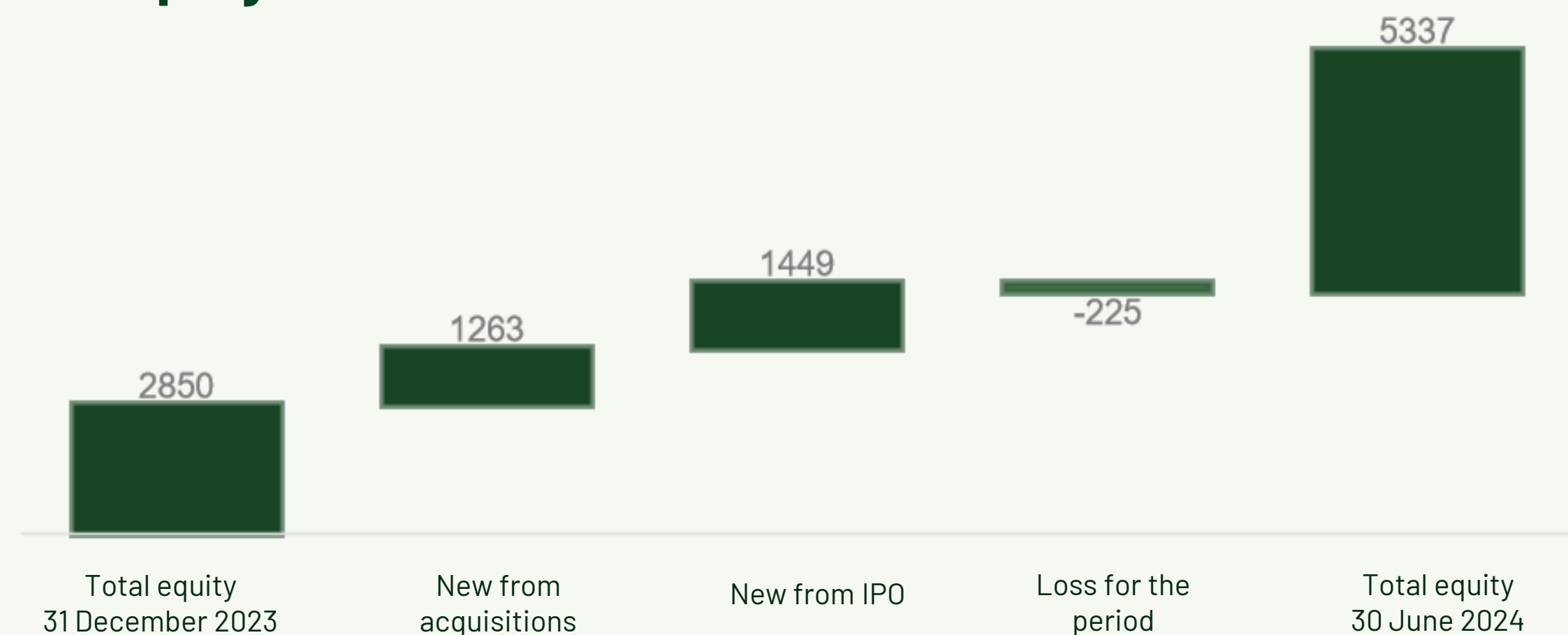
**New equity**

- Full refinancing of NOK 4 698 million secured bonds and bank loan. Maturity all debt is increased to 3.1 years.
- Acquisition of a portfolio of 13 properties with settlement in shares completed.
- Successful listing at Oslo Stock Exchange. Public offering with cash proceeds from IPO of NOK 1 523 million. Net proceeds from offering amounted to NOK 1 336 million, of which NOK 1 020 million will be used to repay existing debt.
- The completion of above financial transactions has provided the Company with a total new equity of NOK 2 785 million.

## Strong performance

- Net operating income (NOI) NOK 279m with NOI-margin 89.4%.
- EBITDA adjusted for NOK 8m non-recurring administrative expenses relating to IPO was NOK 263m.
- Cash-flow from operations NOK 254m, adjusted with non-recurring IPO costs.
- EPRA Earnings per share NOK 0.62

## New equity





## Income statement

### Condensed consolidated statement of comprehensive income

Amounts in NOK millions	Half year 2024	Half year 2023	Full year 2023
Rental income	312	289	575
Other income	0	0	0
<b>Operating income</b>	<b>313</b>	<b>289</b>	<b>576</b>
Property expenses	-33	-27	-75
<b>Net operating income</b>	<b>279</b>	<b>262</b>	<b>501</b>
Administration expenses	-28	-12	-31
Reimbursed property management fee	4	0	0
Net realised financials	-126	-119	-247
<b>Net income from property management</b>	<b>129</b>	<b>131</b>	<b>223</b>
Net unrealised financials	-25	-12	-25
Transaction costs	-92	0	0
Changes in value of financial instruments	25	33	-25
Changes in value of investment properties	-240	-442	-1 143
<b>Profit (loss) before tax</b>	<b>-203</b>	<b>-290</b>	<b>-969</b>
Income tax expense	-22	22	69
<b>Net profit (loss)</b>	<b>-225</b>	<b>-268</b>	<b>-900</b>

### Comments

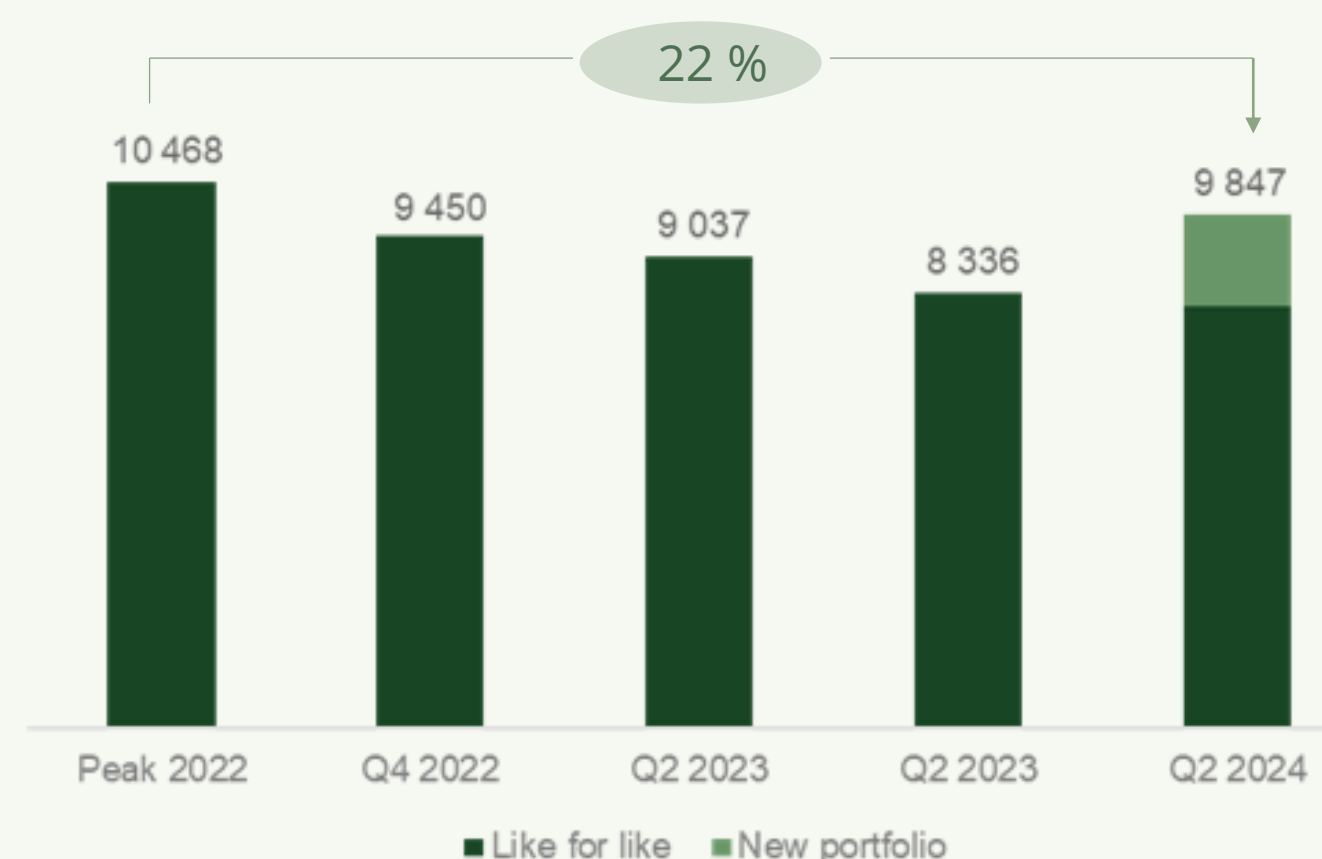
- Rental income for the first half year of 2024 was NOK 312 million, an increase of NOK 23 million compared to the previous period last year. The majority of the increase relates to income from new acquisitions and CPI adjustments from 2023 to 2024.
- NOI amounted to 279 million, NOI margin at 89.4%
- Administrative expenses amounted to 28 million (12). The increase in expenses is mainly due to non-recurring expenses related to the preparation for listing the company on Oslo Stock Exchange as well as cost for converting to IFRS before the IPO. The Group has an income from managing properties not owned by the group. Administration expenses, adjusted with this income and non-recurring costs, was 17 million.
- Transaction costs are due to IPO-process in first half year and are non-recurring costs.

# Balance sheet summary

## IFRS figures



Assets, amounts in NOK million	30.06.2024	31.12.2023
Investment properties	9 847	8 336
Interest rate derivatives	41	37
Other non-current assets	6	7
<b>Total non-current assets</b>	<b>9 894</b>	<b>8 380</b>
Trade receivables	2	5
Other current assets	25	15
Cash and cash equivalents	1 108	123
<b>Total current assets</b>	<b>1 135</b>	<b>142</b>
<b>Total assets</b>	<b>11 029</b>	<b>8 522</b>
Equity and liabilities, amounts in NOK million	30.06.2024	31.12.2023
Share capital	10	4
Share premium	6 297	3 591
Translation reserve		0
Retained earnings	-970	-745
<b>Total equity</b>	<b>5 337</b>	<b>2 850</b>
Deferred tax liabilities	66	66
Non-current interest-bearing liabilities	4 874	3 353
Interest rate derivatives	13	34
Other non-current liabilities	26	23
<b>Total non-current liabilities</b>	<b>4 978</b>	<b>3 476</b>
Current interest-bearing liabilities	662	2 152
Trade payables	23	17
Current tax liabilities	0	0
Other current liabilities	28	27
<b>Total current liabilities</b>	<b>713</b>	<b>2 196</b>
<b>Total liabilities</b>	<b>5 692</b>	<b>5 672</b>
<b>Total equity and liabilities</b>	<b>11 029</b>	<b>8 522</b>



Key Figures	Half year	
	2024	2023
Net debt/Run rate EBITDA	7.8x	10.7x
ICR	2.0x*	1.9x
LTV	40.2%	64.9%
EPRA LTV	45.5%	65.1%

\* Adjusted EBITDA with non-recurring IPO costs ICR is 2.1x

### Comment on value

- 100 % of portfolio valued externally
- Slightly decrease in external valuations for total portfolio in first quarter, below 2 %, flat development in second quarter
- Portfolio net yield 6.3 %
- Like-for-like property values written down by 22 % since peak in 2022

### Comment on capex

- Approx. NOK 86 million in capex, related to committed tenant alterations, technical upgrades and ESG initiatives for Anton Jenssens gate 5 in Tønsberg
- Tenant alterations are costs solely associated with new lease contracts, extensions, or investment leases for existing tenants
- Tenant alterations include all associated renovation costs, capitalized broker fees and leasing fees to managers

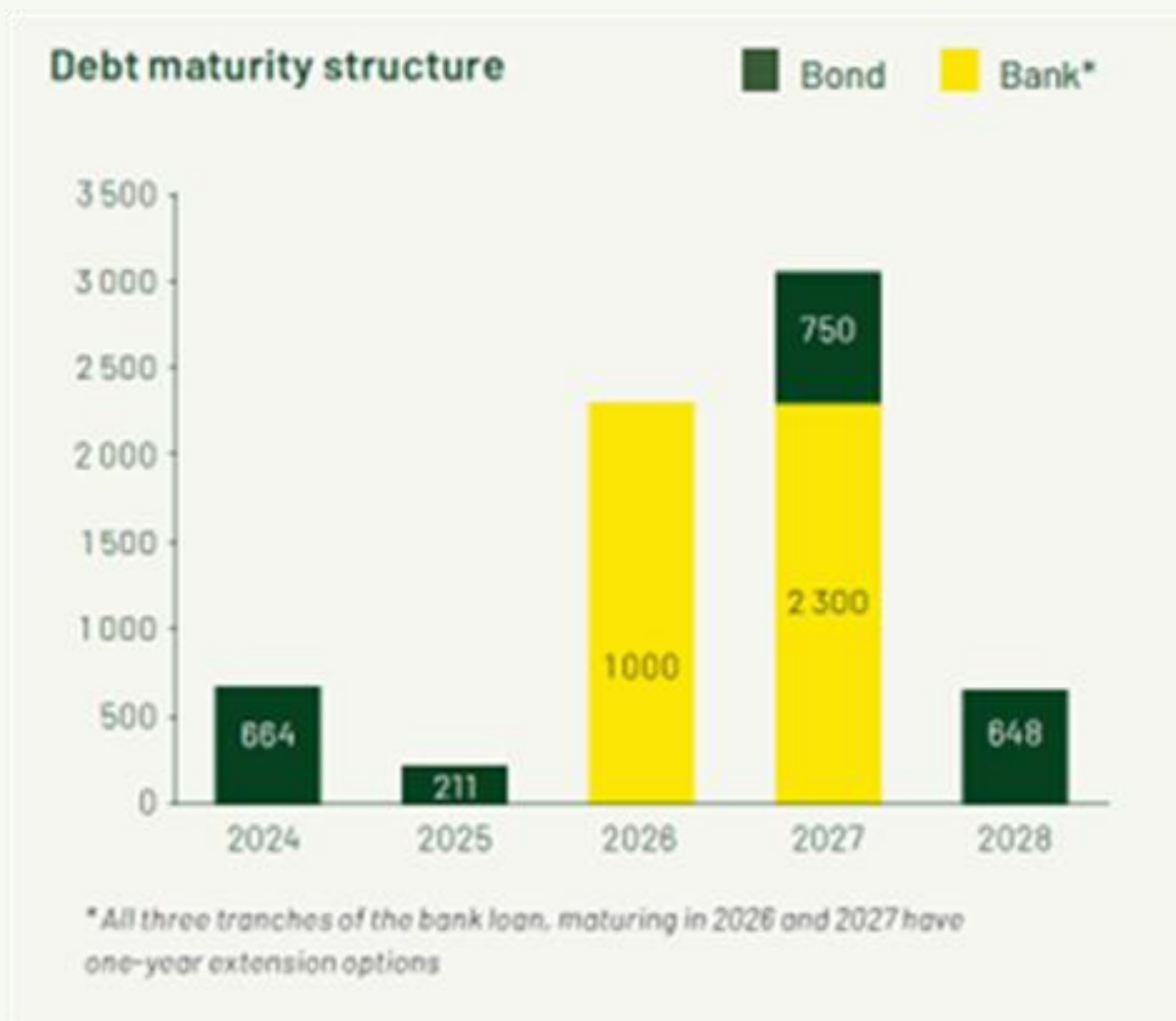
### Comment on equity and liabilities

- New equity during first half year amounted to approximately 2.7 million
- Nominal interest-bearing debt is by the end of period 5.5 billion but will be reduced in Q3.



# With ~45% LTV, PPI is well positioned to reduce funding cost over time

## Debt maturity and key credit ratios



### Interest-bearing debt

Average remaining duration, borrowing	3.1 yrs
Average interest rate (including margin)	4.92 %
Hedging ratio	70 %

## Investment grade financial policy

Metric	Policy
LTV	Below 50%
ICR	Minimum 2.2x
Average time to maturity	Minimum 3 yrs
Credit lines to cover short-term interest-bearing debt (<12m)	100 %
Dividend	approx. 60% of cash earnings paid
First dividend	Targeting 2025

## Financing sources now and in the future

### New debt financing

- Senior secured bank debt from leading Nordic banks extended to 2026 and 2027
- Senior secured bonds (not listed) extended to 2027 and 2028

### Near-term plan

- Become frequent investment grade bond issuer
- Decrease borrowing margin

# Interest rate management

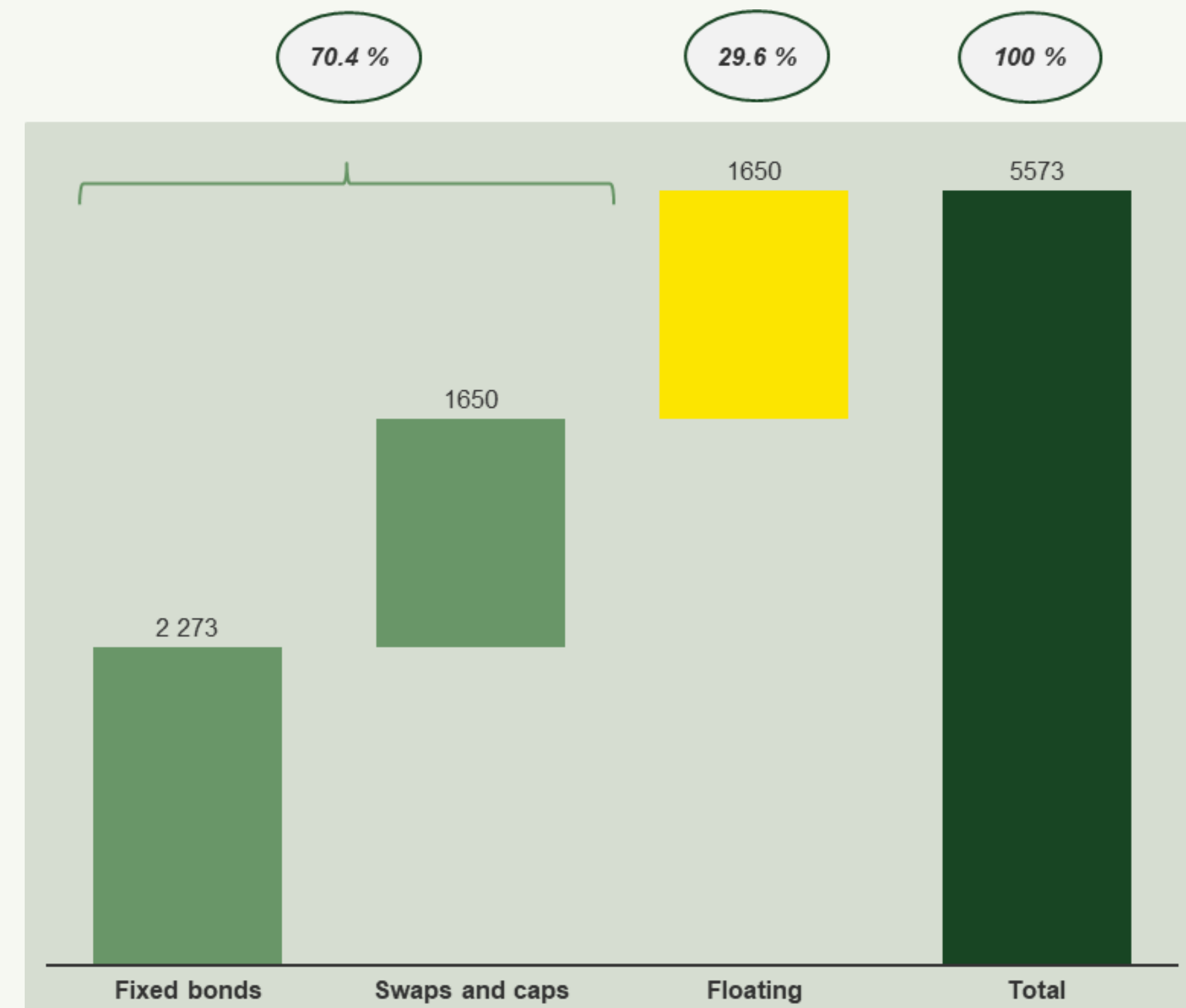
70% interest rate exposure is currently fixed



## In-place swaps

SWAPS, In place	Amount, NOK	Maturity date	Fixed interest
IRS Nordea	238 500 000	30.06.2026	1.34 %
IRS Nordea	100 000 000	27.03.2025	1.03 %
IRS Nordea	150 000 000	18.04.2028	1.65 %
IRS Danske	27 540 000	30.06.2027	3.78 %
IRS Nordea	27 540 000	30.06.2027	3.80 %
IRS Nordea	409 750 000	30.06.2025	3.46 %
IRS Danske	409 750 000	30.06.2025	3.39 %
IRS Nordea	143 460 000	30.06.2028	3.93 %
IRS Danske	143 460 000	30.06.2028	3.98 %
<b>Total</b>	<b>1 650 000 000</b>		<b>2.92%</b>

## Distribution of fixed and floating interest





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## Closing remarks and outlook

Strong operational performance and financial position



*Rambergveien 9, Tønsberg*

- Strong operational performance
- Strong balance sheet and available liquidity
- Proceeds from IPO improved debt metrics significantly
- Prudent valuations – PPI has taken fair value adjustments of approximately 22% since peak in 2022, substantially more than peers
- Good pipeline with possible transactions to further grow the company both in Norway and the Nordics



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## Q & A

- Questions can be sent to [ir@publicproperty.no](mailto:ir@publicproperty.no)

**Thank you!**

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**Next report 31 October 2024**

**For more information:**  
[Public Property Invest | Investor relations](#)