THE GROUP'S PROFIT INCREASED BY 122 PERCENT

Year-end report
January–December 2021

Presenters: Jacob Karlsson, CEO, and Martin Larsson, CFO

17 February 2022

K-FASTIGHETER

Q4 HIGHLIGHTS

- The first year of K-Prefab has strengthened the Group's operations and added expertise
- Continued high pace with several acquisitions of building rights, mainly in Mälardalen region
- Continued high occupancy and stable order intake from K-Prefab's customers. Acquisition of GH Sydgolv
- Development of a new concept building aimed at commercial tenants
- Share trading on Nasdaq, Large Cap

Availability of cement

K-Fastigheter has signed contracts with cement suppliers for the Group's estimated total production volume in 2022

Covid-19

Continued limited impact, few delays in rent payments and no effect on ongoing new construction

Investment properties:
SEK 9,599.7m, increase of 40% corresponding to SEK 2,746.2m*

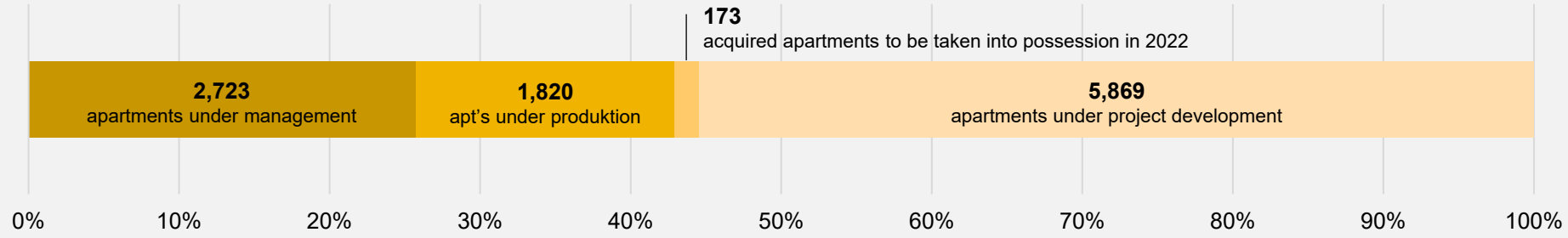
Long-term net asset value (NAV):
SEK 4,976.8m, increase of 36% corresponding to SEK 1,315.6m*

Profit from property management:
SEK 27,0m (+42%)**

Profit for the quarter:
SEK 361.8m (+115%)**

* in comparison with Q4-20 ** in comparison Q4-20

Total property and project portfolio as of 31 December 2021: 10,585 apartments



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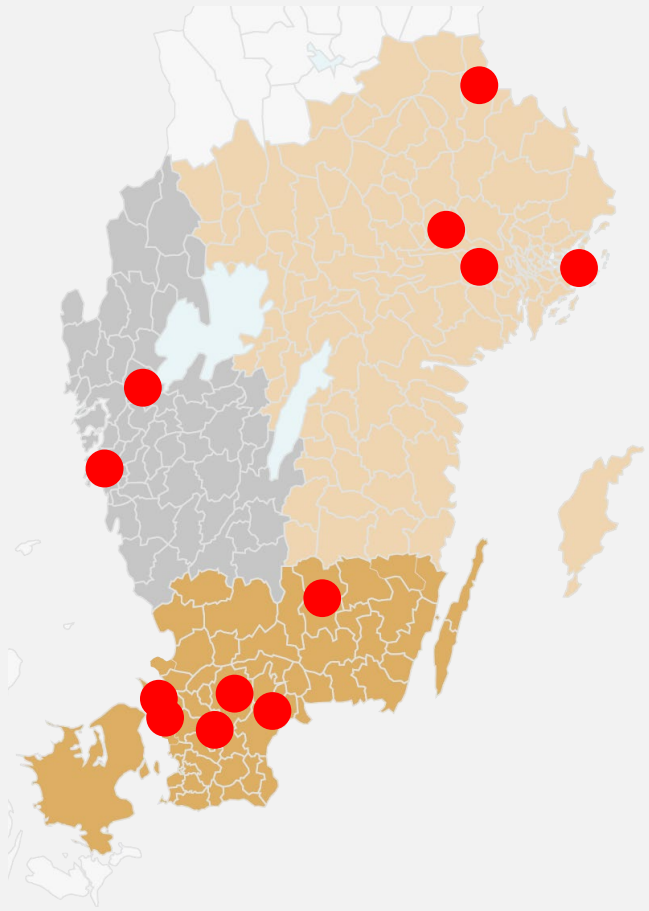
NEW PROJECTS Q4-21



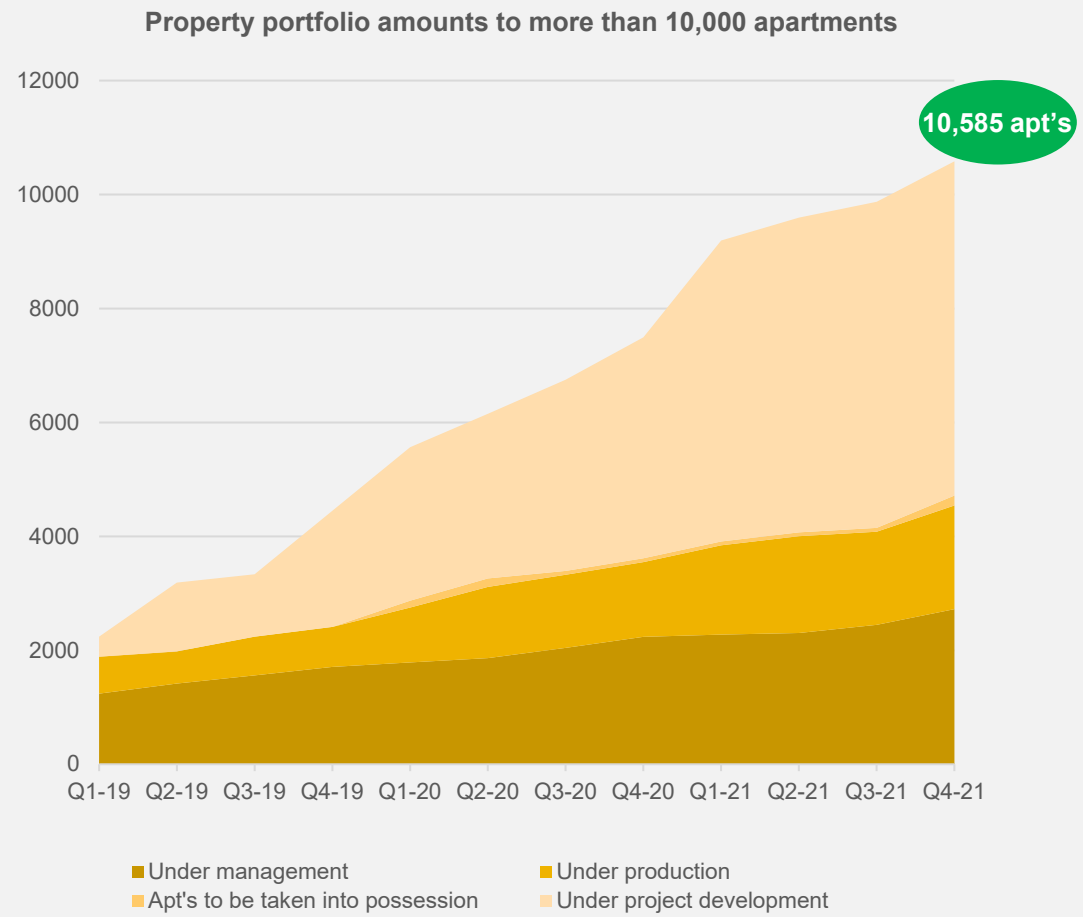
CONSTRUCTION STARTED

GOTHENBURG (110 apt's)
HÄSSLEHOLM (108 apt's)
HÖGANÄS (87 apt's)
VÄXJÖ (156 apt's)

ACQUIRED PROPERTIES, BUILDING RIGHTS and DEVELOPMENT PROPERTIES

ESKILSTUNA (106 apt's)
GÄVLE (111 lgh)
HELSINGBORG (90 lgh)
HÖÖR (95 lgh)
KRISTIANSTAD (124 lgh)
STRÄNGNÄS (367 lgh)
VÄNERSBORG (83 lgh)
VÄRMDÖ (81 lgh)

Region South
Region West
Region East



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K-COMMERCIAL – A NEW CONCEPT

The K-Commercial concept has been developed to meet the demand for flexible commercial space in central locations.

By building on the Group's combined resources in project development, design solutions and construction, K-Commercial can be established quickly from the moment demand and tenants are identified.

Evaluation of various new working practices and solutions, both during construction and to facilitate management and in the daily lives of tenants.

K-Prefab to develop concrete frames

Floor area is 417 sqm

The design of the building, including façade lighting, adds value to an urban environment

User-friendly digital solutions throughout the building

Third floor: Health and fitness

Second floor: Restaurant

Ground floor: Shared reception for all tenants

On the property Rusthållaren 3 & 4 in central Hässleholm, a new concept building with space-efficient and flexible office and retail premises will soon be built.

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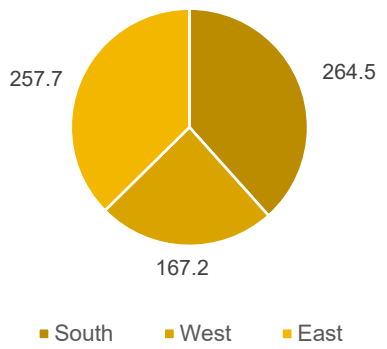
PROJEKTUTVECKLING

- K-Fastigheter continuously identifies and evaluates potential building rights and undeveloped land that may be suitable for the Group's concept buildings, this to ensure necessary planning and allow the Group to generate additional profitability
- Continued increase of apartments under project development – 5,869 – to be compared with 3,880 in corresponding quarter 2020. In the fourth quarter 2021, the Group agreed on acquiring building rights of 760 apartments
- The business area reported a strong 2021 result. Earnings before tax amounted to SEK 697m, primarily attributable to value change in ongoing construction
- Project development is the core of K-Fastigheter's business model by creating employment and growth for the Construction business area, which in turn creates growth and profit for the Property Management business area, with attractive properties with strong cash flows

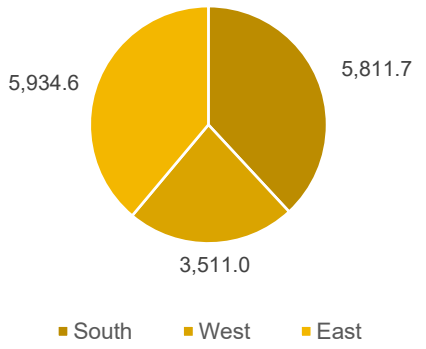
Ongoing project development, 31 December 2021

Number of units	**5,869**
Lettable area, total square meters	357,451
Property value, SEK m	15,257.2
Rental value, SEK m	689.4

Rental value, under project development, SEK 689.4m, by region



Property value, under project development, SEK 15,257.2m by region



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CONSTRUCTION

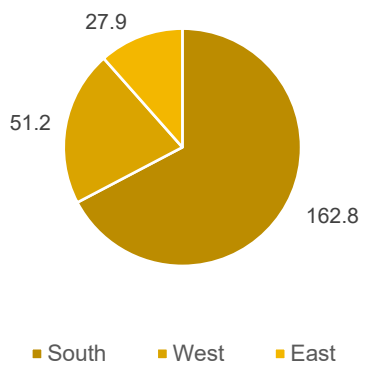
- New property construction is carried out with a high degree of prefabrication, which enables high cost and quality control as well as guarantees production and delivery times
- On 31 December 2021, 28 ongoing construction sites to build a total of 1,820 apartments
- Standardized and repetitive construction increases productivity, predictability and cost-efficiency while achieving continuous quality improvement through feedback of experience throughout the value chain
- Another good quarter for BA Construction, the number of apartments in ongoing production increased by 39% compared to 31 December 2020

Ongoing construction, 31 December 2021

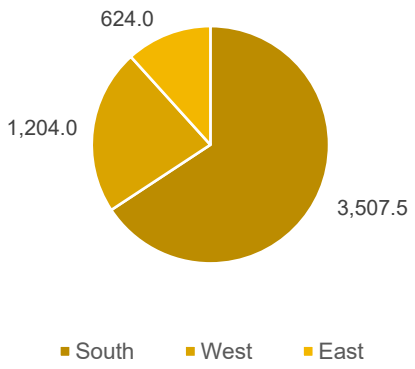
Number of units	**1,820**
Lettable area, total square meters	124,599
Property value, SEK m	5,335.5
Rental value, SEK m	242.0
Production-to-value (PtV)	**70%**

Production-to-Value is defined as estimated investment / property value and illustrates the potential value created at completion

Rental value, ongoing construction, SEK 242.0m, by region



Property value, ongoing construction, SEK 5,335.5m, by region



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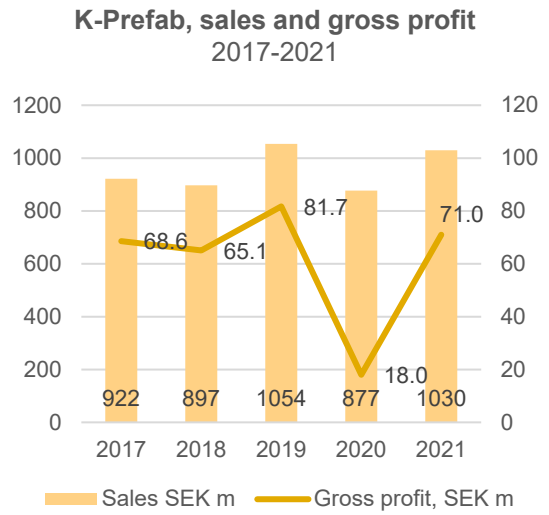
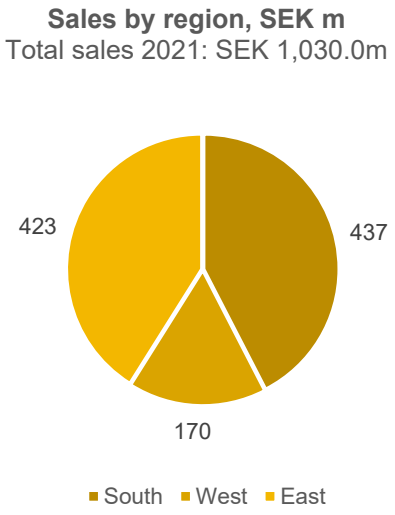
PREFAB

- As part of K-Fastigheter, Prefab will be able to strengthen its position as a leading partner to Swedish construction companies. In parallel, K-Fastigheter will ensure access to vital components for construction of the Group's concept buildings in Sweden and Denmark
- Prefab has a strong market position, taking on the complete process, from sales, project management, design/construction to production and assembly with own capabilities
- Total income amounted to SEK 1,059.9 million and gross profit to SEK 81.9 million, in line with a normal year and seasonal variations
- Continued good order intake. The order books contain concrete frames for approximately 900 apartments in ongoing production for K-Fastigheter, including two Danish projects, and approximately 1,000 apartments under project development





IMPROVED CONCRETE RECIPES TO REDUCE CLIMATE FOOTPRINT

Optimizing the concrete recipes for building frames is one of the projects within Prefab to achieve the company's set climate goal – to halve the CO_2 footprint in three years. In step one, K-Prefab started optimizing the recipes with the help of additives. In step two, work is now being done to replace cement with alternative binders, in this case slag.

SUPPLIES OF CEMENT SECURED

K-Fastigheter has signed agreements with cement suppliers for the Group's estimated total production volume in 2022. The agreements mean that both the Group's own residential construction and deliveries to customers can take place according to plan.

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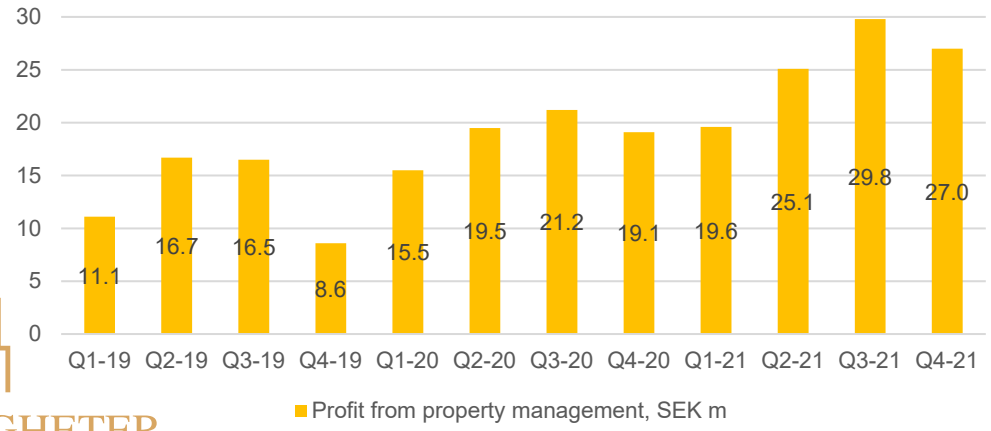
PROPERTY MANAGEMENT

- K-Fastigheter has an eternal perspective on its property ownership and is therefore a long-term partner for municipalities as well as suppliers and tenants. Local government is the key to being able to offer a high level of service and availability
- New development and construction of rental apartments is solely for own long-term property management, which contributes to a high level of operational reliability and optimization, as well as efficiency in maintenance and repairs
- Number of apartments on 31 December 2021 amounted to 2,723, an increase of 22% compared to the corresponding period in 2020
- Profit from property management in the fourth quarter 2021 amounted to SEK 27.0 million (+41% y-o-y)

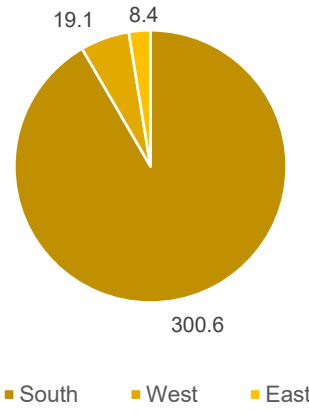
Property portfolio, 31 December 2021

Number of apartments under management	**2,723**
Total lettable area, square meters	213,952
Total property value, SEK million	6,923.4
Total rental value, SEK million	1,533
Rental income from housing, share of Group's total rental income	85%
Location A/B rating, share of property value	100%
Construction year > 2010, share of property value	81%
Economic occupancy rate	97%
Surplus ratio	66%

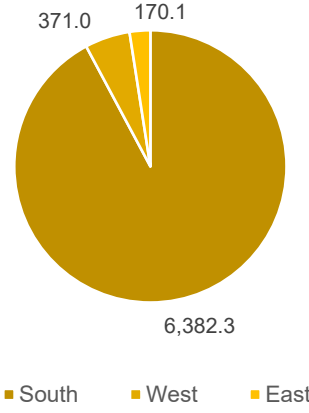
Profit from property management by quarter 2019–2021



Rental value of SEK 328.0m by region



Property value SEK 6,923.4m by region



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2021 Oct-Dec	2020 Oct-Dec	2021 Full-year	2020 Full-year
Rental income	75.3	56.2	265,9	203,9
Project and contracting sales	275.6	0.0	976,1	10,2
Other income	2.5	0.4	10,7	1,0
Net sales	**353.4**	**56.5**	**1 252,7**	**215,1**
Gross operating income	**87.8**	**37.8**	**277,9**	**145,1**
Of which, gross profit from property mgmt (operating surplus)	*48.5*	*35.2*	*176,1*	*137,0*
Of which, gross profit from project and contracting operations	*39.3*	*2.6*	*101,8*	*8,1*
Central administration	-13.2	-9.9	-40,7	-33,6
Impairment and depreciation	-19.5	-3.7	-58,2	-8,5
Profit from participations in Group, associated and jointly controlled companies	19.5	-1.0	23,3	2,6
Net interest income	-23.6	-11.7	-75,6	-47,7
Profit before changes in value	**51.0**	**11.6**	**126,6**	**57,9**
Of which, profit from property management	*27.0*	*19.1*	*101,4*	*75,3*
Change in value of investment properties	387.1	211.7	1 139,1	577,8
Change in value of derivatives and other	20.6	8.0	66,0	-24,2
Profit before tax	**458.7**	**231.2**	**1 331,7**	**611,4**
Income tax	-96.9	-60.2	-287,3	-136,9
Profit for the period	**361.8**	**171.1**	**1 044,4**	**474,5**
Comprehensive income for the period	**362.5**	**169.7**	**1 048,1**	**473,1**

Development in Property Management

- No. of apartments under management increased by 22% till 2,723
- Rental income in the period increased by 30%, to SEK 265.9 million
- Rental value end of period increased by 25% to SEK 328.0 million
- Averages financial letting ratio in the period: 92.7% (92.0)
- Financial letting ratio at end of period: 97.0% (91.2)
- Surplus ratio in the period amounted to 66.2% (67.2) – relatively low average letting ratio, which, however, has gradually improved
- Net interest income in the period increased by 58% to SEK -75.6 million
- Profit from property management increased by 35% to SEK 101.4 million – SEK 0.47 per share, +30.6%
- Unrealized value changes in investment properties amounted to SEK 431.7 million (169.9) – direct return amounted to 3.82% (4.08)

Development Project Development, Construction and Prefab

- At end of period, 28 ongoing construction projects, totalling 1,820 units, +39%
- Total investments in 2021 amounted to SEK 1,366.5 million (855.1) in new construction, extension and remodelling, +60%
- Income from project development and construction operations amounted to SEK 1,659.7 million (448.8), of which SEK 683.6 million (438.6) was related to construction for the Group and SEK 976.1 million (10.2) pertained to external customer (=Prefab)
- Gross profit: SEK 101.8 million (8.1) – following increased activity and Prefab
- Unrealized value changes related to ongoing construction amounted to SEK 707.4 million (407.9) – direct return amounted to 3.77% (3.96)

Higher central administration costs, continued investments in central organisation to accommodate for planned growth

Increased conributions from **associated companies and JV's,** primararily from recently acquired share in Mjöbäcks Entreprenad

Positive unrealized value change from derivates and other of SEK 66.0 million – primarily attributed to higher market interest

Profit for the period: SEK 1,044.4 million (+120%) – SEK 4.85 per sharer, +112%

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK m	2021 31 Dec	2020 31 Dec
Assets		
Tangible non-current assets	484.7	0.0
Investment properties	9,603.7	6,853.5
Business properties	448.4	30.9
Other short-term and long-term assets	851.9	267.6
Cash and cash equivalents	94.0	507.6
Total assets	**11,482.7**	**7,659.6**
Equity and liabilities		
Total equity	4,233.7	3,209.8
Deferred tax liability	796.4	451.2
Interesting bearing liabilities	5,943.9	3,848.4
Other short-term and long-term liabilities	508.7	150.2
Total equity and liabilities	**11,482.7**	**7,659.6**

Investment properties: SEK 9,603.7 million (+40%)

- completed investment properties: SEK 6,923.4 million (5,067.2)
- undeveloped land and building rights: SEK 740.3 million (725.7)
- ongoing construction: SEK 1,940.0 million (1,060.6)

- net acquisition of SEK 241.6 million (1,033.5) and investments in ongoing new construction amounted to SEK 1,366.5 million (855.1)

Interest-bearing liabilities: SEK 5,943.9 million (+54%)

- Financing of acquisitions and ongoing construction
  - SEK 4,017.8 million (3,145.1) first mortgage for completed investment properties
  - SEK 732.5 million (0.0) related to the acquisitions of Finja Prefab AB and Mjöbäcks Entreprenad AB
    - Acquisition loan SEK 482,5 million
    - Promissory note SEK 250.0 million
  - SEK 1,057.9 million (681.2) construction credits (limit SEK 2,132.1 million)

Cash and cash equivalents: SEK 94.0 million
(+ unutilized overdraft facility SEK 343.4 million)

Equity: SEK 4,233.7 million (+32%)

Long-term net asset value: SEK 4,976.1 million (+36%) – SEK 23.11 per share, +36%

Financial position

Equity/assets ratio:	36.9% (41.9)
Debt-to-equity ratio	51.8% (50.2)
Interest coverage ratio, multiple:	3.4 (2.4)

Key credit data

Average credit term for interesting-bearing liabilities:	2.8 years (2.6)
Swap portfolio:	SEK 3,200.0 million
Average interest period on interesting-bearing liabilities:	4.4 years (3.8)
Average interest:	1.85% (1.77)
Share of loan with variable interest rates:	29% (39)

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CONCLUSION

- Continued strong business momentum – several acquisitions of properties and building rights in the Mälardalen region
- Supply of cement secured for the Group's projected total production volume in 2022
- Profit from property management amounted to SEK 27.0 million, an increase of 42% compared to the corresponding quarter last year
- Four robust business areas generating positive cash flow and earnings, approximately 50 per cent from Property Management and approximately 50 per cent from other business areas
- Value of investment properties increased by 40 percent compared to 31 December 2020
- Number of apartments under management increased by 22 percent compared to the same quarter last year
- Continued high occupancy and stable order intake from K-Prefab's customers – acquisition of GH Sydgolv
- Development of new concept building – K-Commercial
- Magnus Persson, Business Development Manager, new member of Group Management
- Green framework established as part of preparations for potential bond issue
- Long-term net asset value per share: SEK 23.11 (17.00)
- From 3 January 2022, K-Fast B is traded on Nasdaq Stockholm, Large Cap

K-FASTIGHETER

Share price, latest paid, 31 December: SEK 87.00

Total no. of class A shares: 22,500,000
Total no. of class B shares on Nasdaq Stockholm: 192,831,168

Total no. of outstanding shares: 215,331,168
Total no. of votes: 305,331,168

Thank you

Questions?

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Interim report Jan-Mar 2022:
5 May 2022

Annual General Meeting:
12 May 2022

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