STABILE CREDIT PORTFOLIO AND HIGH OCCUPANCY RATE PROVIDES SECURITY

Interim report
January–September 2022

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

10 November 2022

K-FASTIGHETER

Q3 HIGHLIGTS

- 194 completed apartments and construction start of 161 apartments. Take over of 94 building rights in Höganäs.
- K-Prefab has order books of about SEK 1,000 million to be compared to the turnover for 2021 of just over SEK 1,000 million.
- The unique part of our business model is that most of the unrealized value in the company is not derived from reduced yield requirements, but from incremental profit recognition in project development and construction, amounting to SEK 537.5m.

Stabile credit portfolio

K-Fastigheter has no bond financing, but a stabile credit portfolio with about a dozen Nordic banks. 70 percent of the portfolio is interest rate secured. Average interest of 2.29 percent, an increase of only 0.44 percentage points during 2022.

Indexation of rents

In a little longer perspective history points to increased rental levels compensating inflation. In the short-term full compensation for inflation will not be reached.

Investment properties:
SEK 12,122.6m, an increase of 26% corresponding to SEK 2,518.9m*

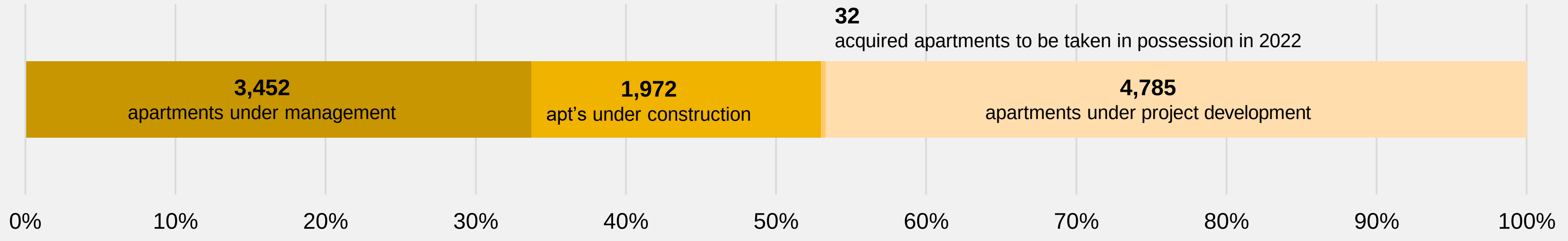
Long-term net asset value (NAV)
SEK 5,667.4 million, an increase of 14%, equivalent to SEK 691.4 million*

Profit from property management:
SEK 36.3m (+22%)**

Profit for the quarter:
SEK 115.8m (-63%)**

* change since Q4-21
** in comparison with Q3-21

Total property and project portfolio as of 30 June 2022: 10,245 apartments



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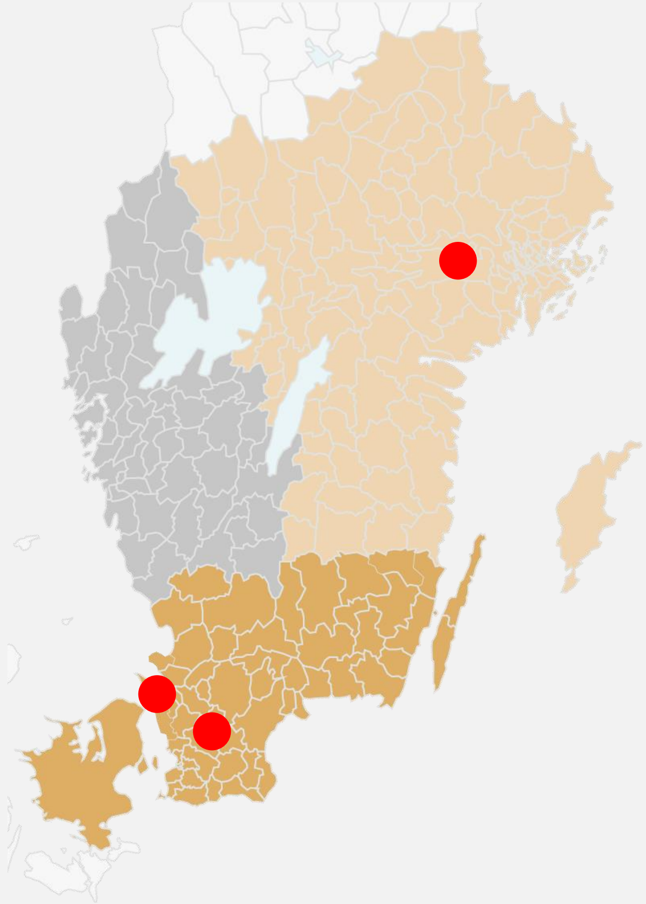
NEW PROJECTS Q3-22



CONSTRUCTION STARTED

HÖÖR (74 apt’s)

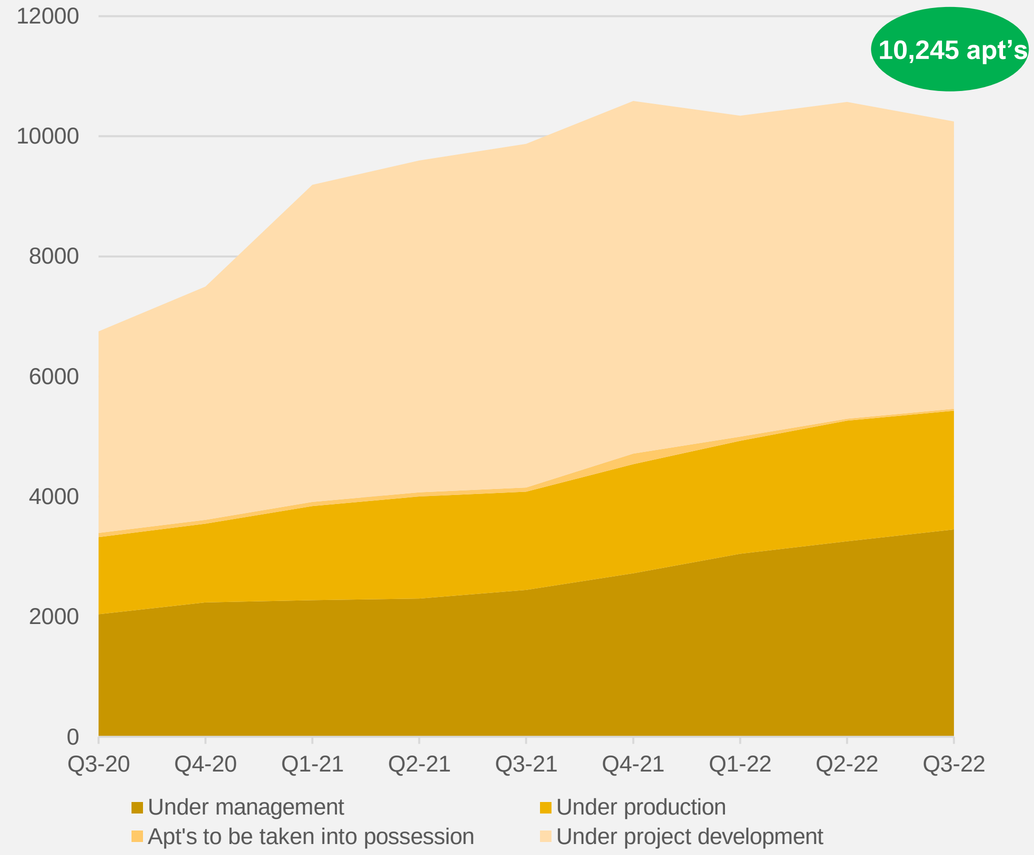
STRÄNGNÄS (871apt’s)

ACQUIRED PROPERTIES, BUILDING RIGHTS and DEVELOPMENT PROPERTIES

HÖGANÄS (94 apt’s)

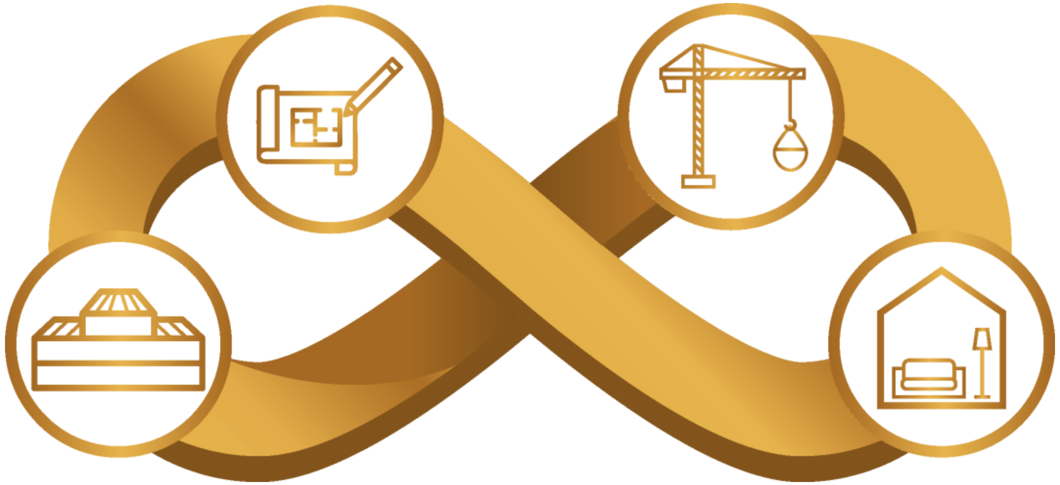
Region South
Region West
Region East

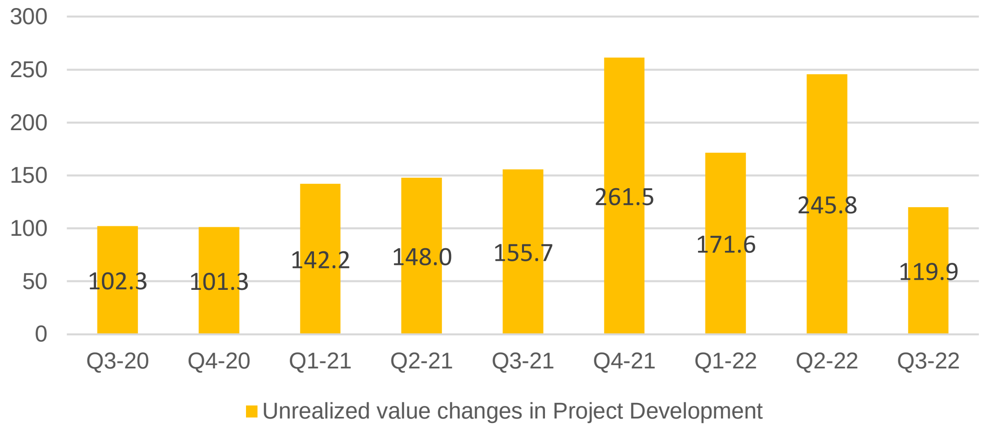
Property portfolio amounts to more than 10,000 apartments



K-FASTIGHETER

OUR UNIQUE BUSINESS MODEL ENSURES CONTINUED PROFITABLE GROWTH





Despite challenging market conditions, we see possibilities to develop K-Fastigheter and finish and construction start new projects with sound economy. Our unique business model, together with clear goals and competent employees provides the foundation to win market shares despite global headwinds since the underlying need for new housing remains.

K-FASTIGHETER

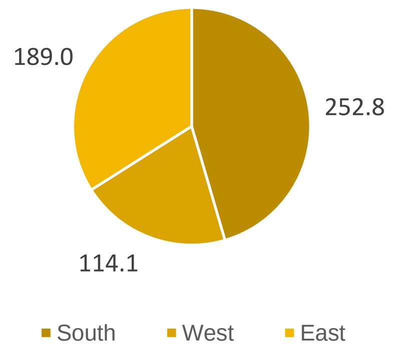
PROJECT DEVELOPMENT

- K-Fastigheter identifies and evaluates current building rights and undeveloped properties suitable for the Group's concept houses, in order to ensure both foresight and continued value creation
- Project development is at the core of K-Fastigheter's business model by creating employment and growth for the Construction and Prefab business areas, which later creates growth and earnings in the Property Management business area with newly produced attractive apartments with strong cash flows
- Number of apartments in project development: 4,785, compared to 5,723 in the corresponding quarter of 2021. In the third quarter of 2022, the take over of building rights for 94 apartments was completed.
- Profit before tax amounted to SEK 529.8 million, primarily impacted by the change in value of ongoing new developments

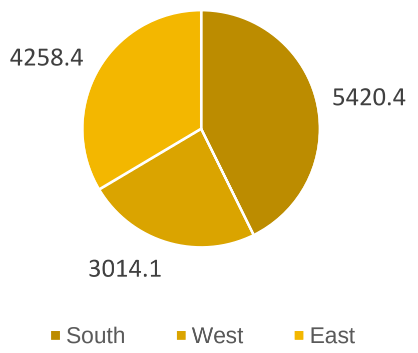
Ongoing project development, 30 September 2022

Number of units	**4,785**
Lettable area, total square meters	304,956
Property value, SEK m	12,692.9
Rental value, SEK m	555.9

Rental value, under project development, SEK 555.9m, by region



Property value, under project development, SEK 12,692.9m by region



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CONSTRUCTION

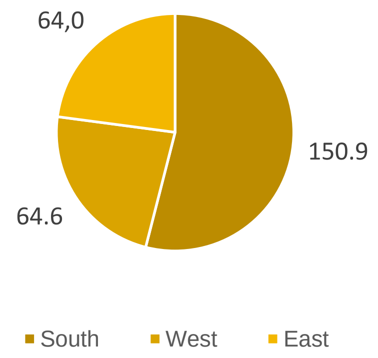
- New construction is carried out with a high degree of prefabrication, which enables efficient cost and quality control and ensures production and delivery times
- As of 30 September 2022, 26 ongoing construction projects to build a total of 1,976 apartments and construction of Rusthållaren with 8,000 sqm gross area within the concept K-Commercial.
- Standardized and repetitive construction increases productivity, predictability and cost-efficiency while achieving continuous quality improvement through feedback of experience throughout the value chain
- PTV* of 71% (ratio of total acquisition cost to market value) compared to 70% in the corresponding quarter of 2021
- Gross profit: SEK 3.9 million

Ongoing construction, 30 September 2022

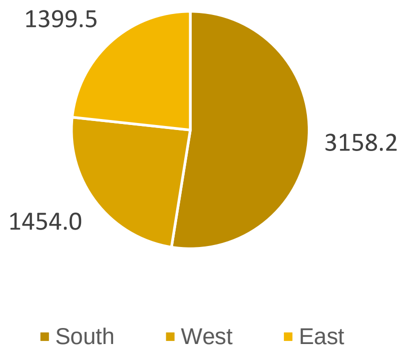
Number of units	**1,976**
Lettable area, total square meters	132,935
Property value, SEK m	6,011.7
Rental value, SEK m	279.5
Production-to-value (PtV)	**71%**

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

Rental value, ongoing construction, SEK 279.5m, by region



Property value, ongoing construction, SEK 6,011.7m, by region



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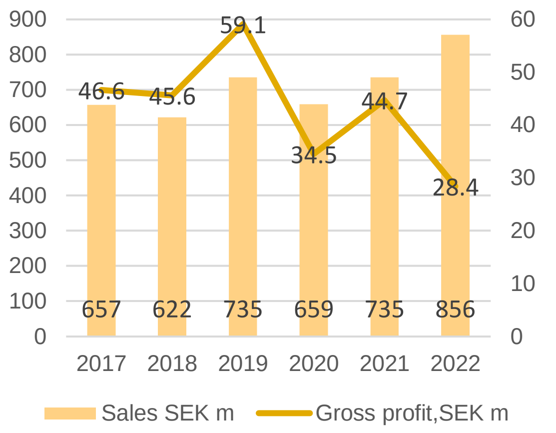
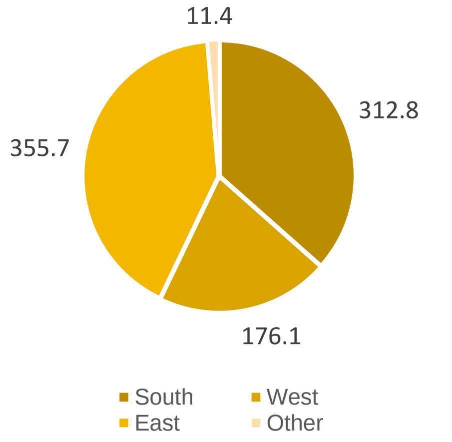
PREFAB

- As part of K-Fastigheter, Prefab is strengthening its position as a leading partner to Swedish construction companies while K-Fastigheter secures access to critical components to continue building its concept houses in several locations in Sweden and Denmark
- Prefab's strength as a full-service building contractor is that it takes responsibility for the entire process, from sales, project management, design/engineering to production and assembly with its own resources.
- Secured order books for about SEK 1.000 million to be compared to the turn over for 2021 for just over SEK 1,000 million. The company has set a record for turn over for the first nine months and we expect all time high in sales for the year. Lower profit margin affects the result in a negative manner.
- Gross profit: SEK 38.1 million

K-Prefab, sales and gross profit*
Q1-Q3 2017-2022



Sales by region*, SEK m
Total sales Q1-Q3 2022: SEK 856m



*Excluding the production facility in Strängnäs (Strängnäs Prefab) and GH Sydgolv.

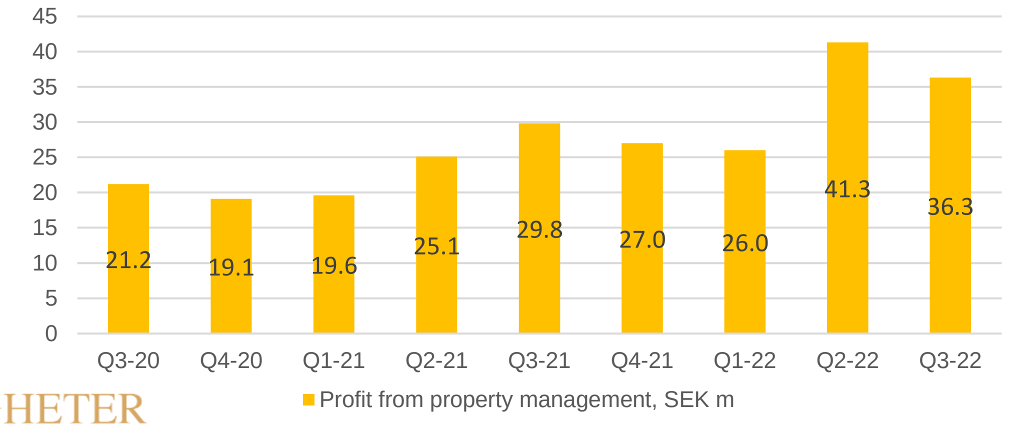
PROPERTY MANAGEMENT

- K-Fastigheter has a perpeutal perspective on its property ownership and is therefore a long-term partner for municipalities as well as suppliers and tenants. Local management is the key to providing a high level of service and accessibility
- Construction of new 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 30 September 2022 amounted to 3,452, an increase of 41% compared to the corresponding period in 2021. Occupancy rate 98%
- Profit from property management in the second quarter 2022 amounted to SEK 36.3 million (+22% compared to Q3 2021)

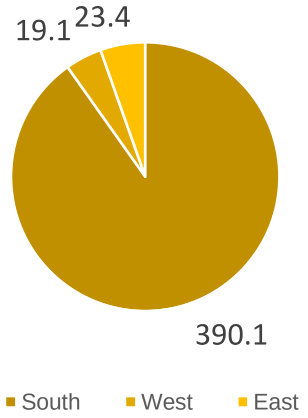
Property portfolio, 30 September 2022

Number of apartments under management	**3,452**
Total lettable area, square meters	269.466
Total property value, SEK million	9,090.6
Total rental value, SEK million	432.7
Rental income from housing, share of Group's total rental income	88%
Location A/B rating, share of property value	100%
Construction year > 2010, share of property value	84%
Economic occupancy rate	98%
Surplus ratio	68%

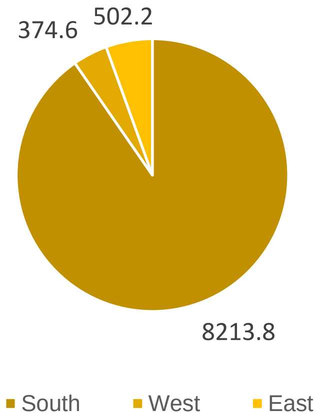
Profit from property management by quarter 2020–2022



Rental value of SEK 432.7m by region



Property value of SEK 9,090.6m by region



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	2022 Jan-Sep	2021 Jan-Sep	2021 Oct-2022 Sep	2021 Full-year
Rental income	275.1	190.7	350.4	265.9
Project and contracting sales	782.5	700.5	1,058.1	976.1
Net sales	**1,057.6**	**891.2**	**1,408.5**	**1,242.1**
Other income	13.9	8.2	16.4	10.7
Gross operating income	**230.2**	**190.0**	**318.0**	**277.9**
Of which, gross profit from property mgmt (operating surplus)	*186.6*	*127.6*	*235.2*	*176.1*
Of which, gross profit from project and contracting operations	*43.5*	*62.4*	*82.9*	*101.8*
Central administration	-48.4	-27.5	-61.6	-40,7
Impairment and depreciation	-46.6	-38.7	-66.1	-58.2
Profit from participations in Group, associated and jointly controlled companies	-0.5	3.8	19.0	23.3
Net interest income	-81.3	-52.0	-104.9	-75.6
Profit before changes in value	**53.4**	**75.7**	**104.3**	**126.6**
Of which, profit from property management	*103.6*	*74.4*	*130.6*	*101.4*
Change in value of investment properties	612.8	752.0	999.9	1,139.1
Change in value of derivatives and other	368.4	45.4	389.1	66.0
Profit before tax	**1,034.6**	**873.0**	**1,493.2**	**1,331.7**
Income tax	-221.4	-190.5	-318.3	-287.3
Profit for the period	**813.2**	**682.6**	**1,175.0**	**1,044.4**
Comprehensive income for the period	**833.4**	**685.6**	**1,196.0**	**1,048.1**

Development in Property Management

- No. of apartments under management at the end of the period 3,452 (2,448) +41%
- Rental income in the period SEK 275.1 million (190.7), +44%
- Rental value end of period SEK 432.7 million (298.7), +45%
- Average occupancy rate in the quarter 96.4 (94.1) and the period 95.7% (91.7)
- Occupancy rate at end of period: 97.7% (97.2)
- Surplus ratio in the quarter amounted to 68.0% (73.0) and in the period to 67.8% (66.9) – improved occupancy rate, higher costs for property management and energy prices
- Profit from property management amounted to SEK 103.6 million (74.4) - SEK 0.48 per share, +39%
- Unrealized value changes in investment properties amounted to SEK 75.3 million (306.1) – direct return amounted to 3.83% (3.91)

Development for Project Development, Construction and Prefab

- At end of period, 26 ongoing construction projects, totalling 1,976 units (1,634), +21%
- Total investments amounted to SEK 1,297.1 million (969.1) in new construction, extension and remodelling during the period, +34%
- Unrealized value changes related to ongoing construction amounted to SEK 537.5 million (445.9) – direct return amounted to 3.79% (3.84)
- Income from project development and construction operations amounted to SEK 1,465.4 million (1,171.9), +25%, of which SEK 682.9 million (471.3), +45%, was related to construction for the Group.
- Gross profit for construction: SEK 3.9 million (11.6) – investments in the organization, low accruement Q3
- K-Prefab's revenue in the period amounted to SEK 924.5 million (755.6), +22%, of which SEK 141.7 million (51.6) is intragroup. Gross profit SEK 38,1 million (50.8). Results affected by higher prices on material, high absenteeism in production during January/February and seasonal variations.
- **Higher central administration costs,** non-recurring costs, continued investments in central organisation to accommodate for planned growth, reduced during Q3, distribution of costs related to Project development approx. SEK 1,3 million.
- **Net interest income** for the period amounted to SEK -81.3 million (52.0), +56%
  - interest-bearing debt +41%, average interest rate 2.29% (1.77)
  - interest coverage ratio 12m rolling 2.6x (3.0)
- Positive **unrealized value change from derivates and other** of SEK 368.4 (45.4) million – primarily attributed to higher market interest rates
- **Profit for the period: SEK 813.2 million** (682.6), +19% - SEK 3.78 per share

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	2022 30 Sep	2021 30 Sep	2021 31 Dec
Assets			
Tangible non-current assets	479.4	487.4	484.7
Investment properties	12,122.6	8,765.6	9,603.7
Business properties	448.8	390.5	448.4
Other short-term and long-term assets	1,247.6	837.5	851.9
Cash and cash equivalents	47.7	134.5	94.0
Total assets	**14,346.1**	**10,615.5**	**11,482.7**
Equity and liabilities			
Total equity	5,067.1	3,895.4	4,233.7
Deferred tax liability	1,020.0	702.9	796.4
Interesting bearing liabilities	7,758.1	5,518.4	5,943.9
Other short-term and long-term liabilities	500.8	498.8	508.7
Total equity and liabilities	**14,346.1**	**10,615.5**	**11,482.7**

Financial position (compared to 2021 Q4)

Equity/assets ratio:	35.3% (36.9)
Debt-to-equity ratio	54.1% (51.8)
Interest coverage ratio (12mo):	2.6 times (3.4)

Investment properties: SEK 12,122.6 (+26%)

- completed investment properties: SEK 9,090.6 million (6,923.4)
- undeveloped land and building rights: SEK 602.5 million (740.3)
- ongoing construction: SEK 2,429.6 million (1,940.0)

-net acquisition of SEK 577.3 million (191.1) and investments in ongoing new construction amounted to SEK 1,282.7 million (936.2)

Interest-bearing liabilities: SEK 7,758.1 million (+31%)

- Financing of acquisitions and ongoing construction
  - SEK 5,097.3 million (4,017.8) first mortgage for completed investment properties
  - SEK 90.1 million (92.7) lease liabilities
  - SEK 763.8 million (525.6) operating and acquisition loans
  - SEK 250.0 million (250) promissory note regarding the acquisition of K-Prefab
  - SEK 1,556.9 million (1,057.9) construction credits (limit SEK 2,732.4 million)

Derivative instruments: SEK 404.0 mkr (37,0)
Cash and cash equivalents: SEK 47.7 million (94.0) (+ unutilized overdraft facility SEK 326.2 million)

Equity: SEK 5,067.1 (4,233.7), +20%

Long-term net asset value: SEK 5,667.4 million (4,976.1), +14% – SEK 26.32 per share

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FINANCING OF THE GROUP

Financing

- Only finanacing trough banks, total comittment SEK 8,900 million
  - First mortgage for completed investment properties — SEK 5,100 million
  - Acquisition and operating loans — SEK 1,100 million (SEK 800m used)
  - Construction credits — SEK 2,700 million (SEK 1,600m used)
- Evenly distributed on +10 banks
- Average credit term for interesting-bearing liabilities 2.3 years – evenly distributed over 1-4 years

Securing of interest rates

- Average interest period on interesting-bearing liablities 3.3 years, underlying loans only variable interest rates
- Swap portolio of total SEK 3,800 million distributed on 1-9 years, average interest rate 0.75%
- Average interest rate incl. swap portfolio 2.29% (1.77%) and excl. swap portfolio 2.99% (1.44%)
- Share of loans with variable interest rate 30% (first mortgage and acquisition loans) – interest rate sensitivity +1.0% = SEK 17.4 million (16.3)

Interest strategy

- Share of variable interest rate 30% in pace with restructuring of construction credits to first mortgage
- Restructure current swaps with a market value of SEK 404 million
  - Close current swaps with longer terms and high market value
  - Sign a new swap and use the market value from closed swap in combination with shorter term to obtain a swap with higher volume and a fixed interest rate below market interest rate.

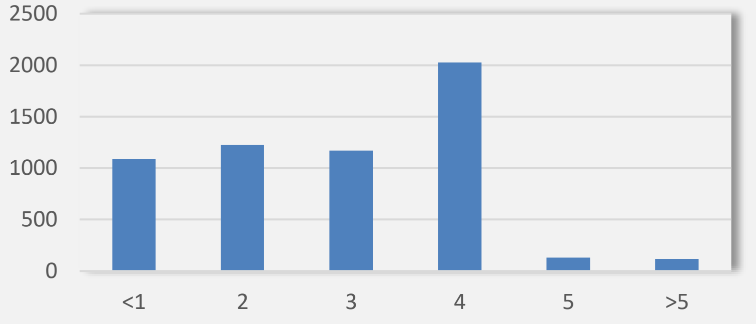
Sensitivity

- Debt-to-equity, market value -10%: 58%
- Interest coverage ratio, STIBOR90d +1.0%: 2.4 times

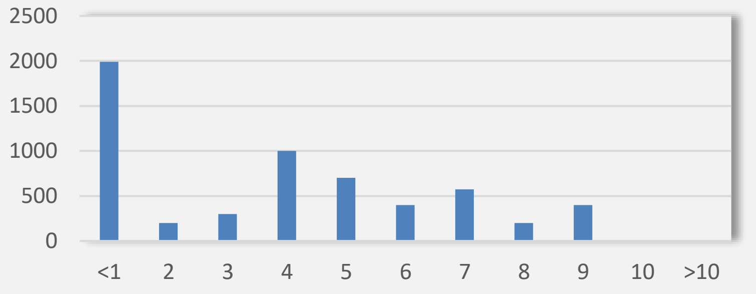
Key credit data (compared to 2021 Q3)	
Average credit term for interesting-bearing liabilities:	2.3 years (2.8)
Swap portfolio:	SEK 3,773.4m
Average interest period on interesting-bearing liabilities:	3.3 years (4.4)
Average interest rate:	2.29% (1.85)
Share of loan with variable interest rates:	30% (29)

Financial position (compared to 2021 Q3)	
Equity/assets ratio:	35.3% (36.9)
Debt-to-equity ratio:	54.1% (51.8)
Interest coverage ratio (12mo):	2.6 x (3.4)

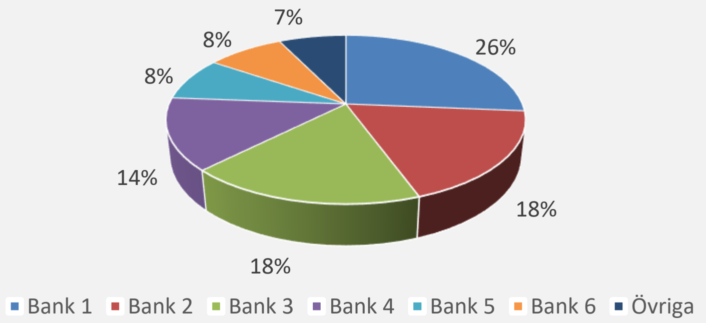
Credit term for interesting-bearing liabilities



Interest period on interesting-bearing liabilities



Distribution banks



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CONCLUSION

- Stabile credit portfolio placed at about a dozen Nordic banks. 70 percent of the portfolio is interest rate secured. Average interest of 2.29 percent. No financing through bonds.
- Through volume and by working more efficiently we have been able to keep production costs in line with what we entered 2021 with.
- Profit from property management amounted to SEK 36.3 million, an increase of 22% compared to the corresponding quarter last year. Number of apartments under management has increased with 41% compared to the corresponding quarter last year. 3,452 apartments under management. Occupancy rate of 98 percent.
- Profit from property management amounted to SEK 0.48 and increase of 39 percent compared to the corresponding quarter last year.
- 26 ongoing constructions to build 1,976 apartments of which 161 was started during the quarter
- Expected record sales for the year for K-Prefab with secured order books of about SEK 1,000 million.
- On September 5th, 2022, Jimmy Fröberg started working as Head of Group Accounting and is a member of the Group Managment.
- Long-term net asset value per share: SEK 26.32 (December 31st: 23.11), an increase of 24 percent since the corresponding quarter last year.

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Share price, latest paid, 30 September: SEK 21.12

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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Year end report Jan–Dec 2022: February 16th, 2023

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