UNCERTAIN MARKET CONDITIONS ALSO GIVE BUSINESS OPPORTUNITIES FOR K-FASTIGHETER

Interim report
January–June 2023

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

25 July 2023

K-FASTIGHETER

SECOND QUARTER IN BRIEF

- Gross profit for the quarter improved to SEK 116.0m (94.1).
- Surplus ratio in the quarter 66.7% (71.8%) and profit from property management amounted to SEK 33.0m (41.3) a decrease of 20% compared to the corresponding quarter last year.
- 169 additional apartments under management and construction start of 146 apartments in Strängnäs/Helsingborg. Aquistion of building rights for a total of 479 apartments in Lund, Gothenburg, Vallentuna and Kävlinge.
- K-Prefabs gross profit for the quarter amounts to SEK 18.3m (25.2).

Unique business model

Through our business model we control the whole chain from project development via prefab and construction to property management. The majority of unrealized value in the company derives from incremental profit recognition in project development and construction, amounting to SEK 217.5m (417.4) for the period.

All rentals is now handled by own organization

Since mid-May all rentals, including new production, are handled by our own organization. In the long run, this leads to increased effeciency and reduced costs.

Investment properties:
SEK 14,258.1m, an increase of 9% corresponding to SEK 1,163.5m*

Long-term net asset value (NAV)
SEK 5,636.2 million, a decrease of 2%, equivalent to SEK 132.1 million*

Long-term net asset value per share:
SEK 26,17 kr (25,93)
Profit for the quarter:
SEK 74.5m (369.2)

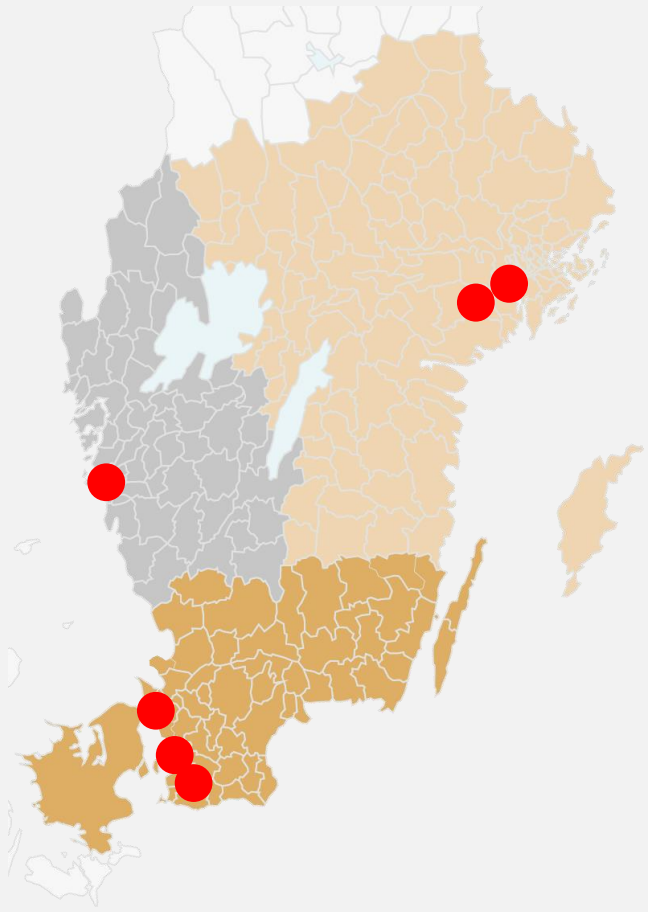
- change since Q4-22

Apartments under management:
4 002

Apartments under construction:
1 962

K-FASTIGHETER

NEW PROJECTS Q2-2023



CONSTRUCTION STARTED

HELSINGBORG (41 apt's)

STRÄNGNÄS (105 apt's)

ACQUIRED PROPERTIES, BUILDING RIGHTS and DEVELOPMENT PROPERTIES

LUND (83 apt's)

ALE (110 apt's)

VALLENTUNA (74 apt's, of which K-Fastigheters share 37 apt's)

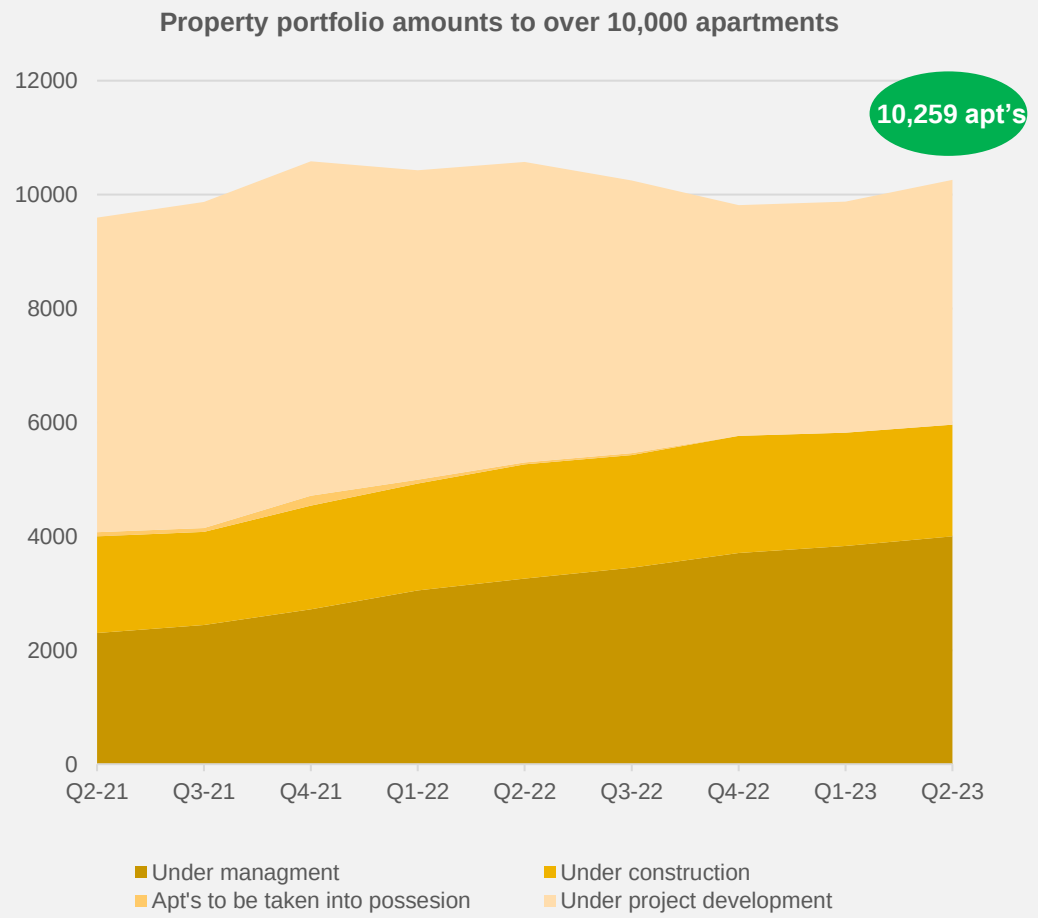
GÖTEBORG x 2 (297 apt's)

KÄVLINGE (25 apt's)

Region South

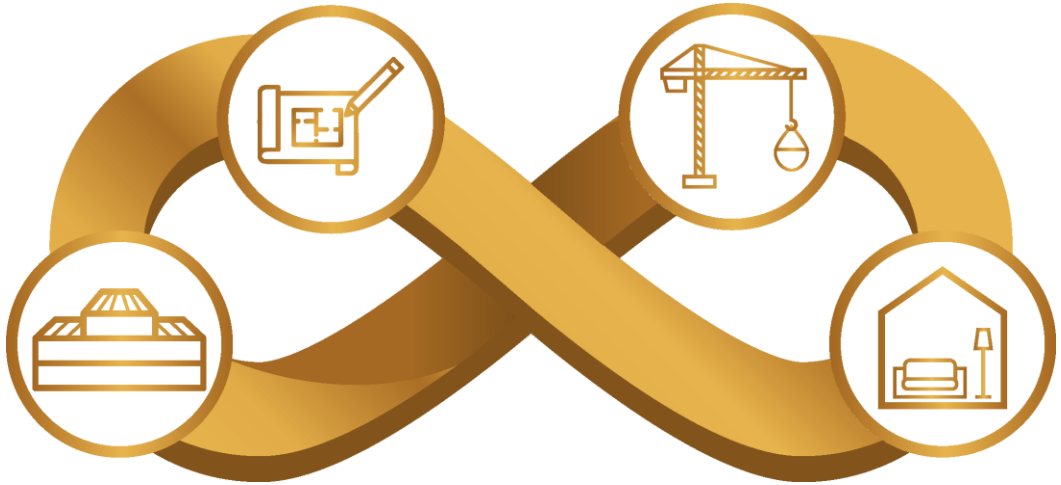
Region West

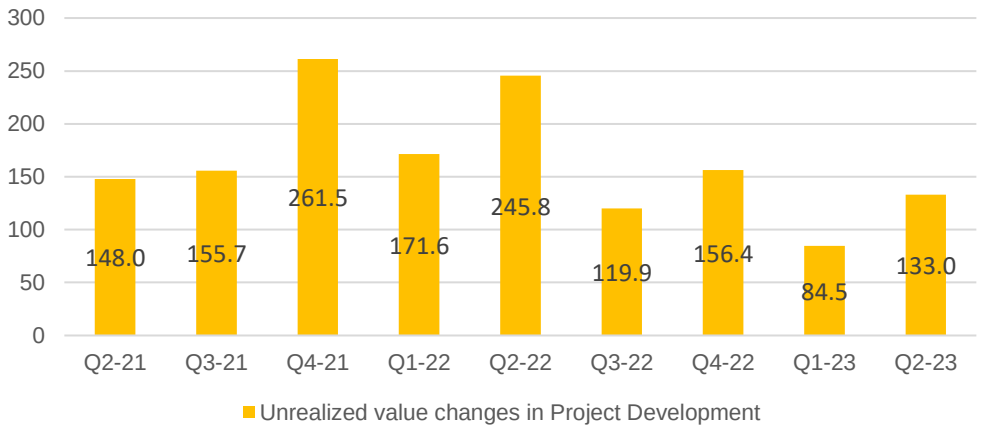
Region East



K-FASTIGHETER

UNIQUE BUSINESS MODEL THAT STANDS STRONG EVEN I HARDER TIMES





Despite challenging market conditions, we see possibilities to continue to develop K-Fastigheter through acquisitions of building rights and completion and construction start of new projects with sound economy. Our unique business model, together with clear goals and competent employees provides the foundation to handle deteriorated market conditions and add new attractive rental apartments since the underlying need for new housing in Sweden remains.

K-FASTIGHETER

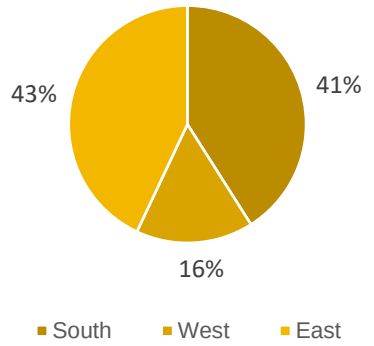
PROJECT DEVELOPMENT

- 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: 4,293, compared to 5,273 in the corresponding quarter of 2022. During the second quarter, the acquisition of building rights for 479 apartments in Lund, Gothenburg, Vallentuna and Kävlinge was made public.
- Profit before tax amounted to SEK 217.7 million (408.3), primarily impacted by the change in value of ongoing new developments.

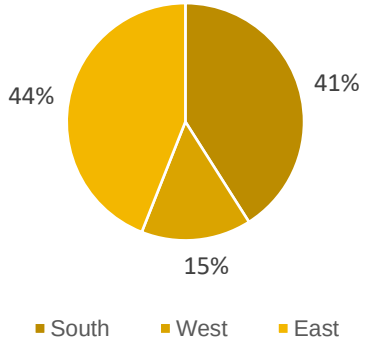
Ongoing project development, 30 June 2023

Number of units	**4,293**
Lettable area, total square meters	269,482
Property value, SEK m	11,607.0
Rental value, SEK m	618.5

Rental value, under project development, SEK 618.5m, by region



Property value, under project development, SEK 11,607.0m by region



K-FASTIGHETER

CONSTRUCTION

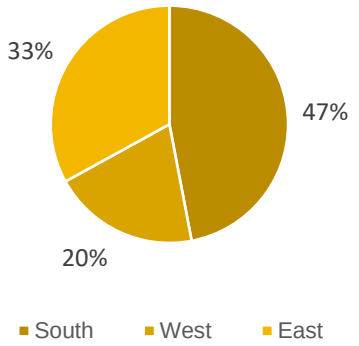
- New construction is carried out with a high degree of prefabrication, which enables efficient cost and quality control and ensures production and delivery times
- As of 30 June 2023, 22 ongoing construction projects to build a total of 1,962 apartments and construction of Rusthållaren with 8,000 sqm 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 74% (ratio of total acquisition cost to market value) compared to 70% in the corresponding quarter of 2022.
- Gross profit: SEK 12.6 million (-1.5).

Ongoing construction
30 June 2023

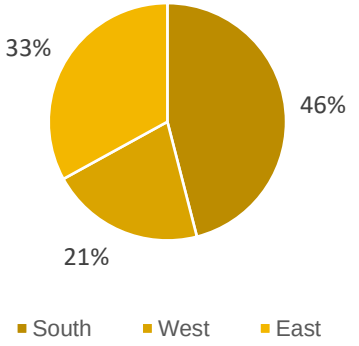
Number of apartments	**1 962**
Lettable area, total square meters	131,095
Property value, SEK m	6,139.7
Rental value, SEK m	302.0
Production-to-value* (PTV)	**74%**

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

Rental value, ongoing construction, SEK 302.0m, per region



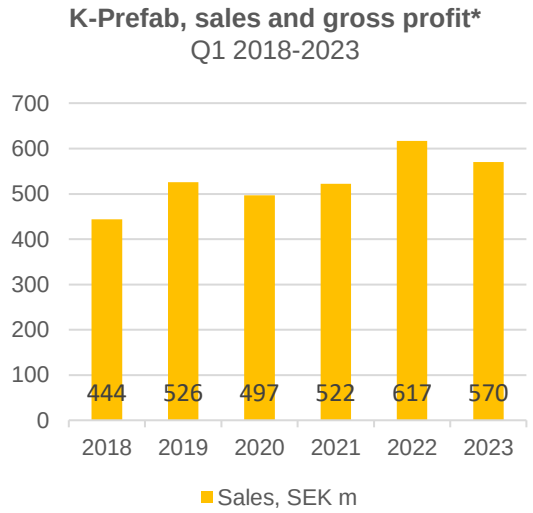
Property value, ongoing construction, 6 139.7m, per region

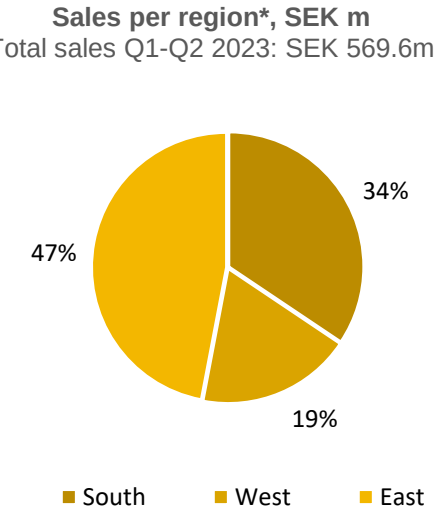


K-FASTIGHETER

PREFAB

- As part of K-Fastigheter, Prefab can strengthen 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.
- Adequate order situation for 2023 with an increased share of intra-group turnover and a certain shift when external housing production decreases but being replaced by projects within warehouse/logistics, industry and infrastructure. Adjustment of work force to meet a more uncertain order situation for 2024 as we go.
- Gross profit: SEK 42.1 million (36.5).





* Refers to the legal entity K-Prefab AB.

K-FASTIGHETER

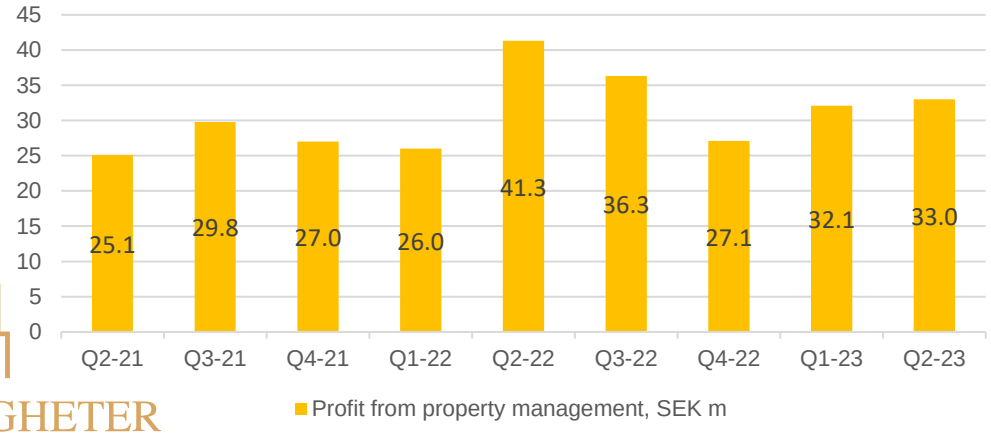
PROPERTY MANAGEMENT

- 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.
- Construction of new rental apartments is solely for own long-term property management, which contributes to a high level of operational reliability and optimization.
- Since mid-May all rentals, including new production, are handled by our own organization. In the long run, this leads to increased effeciency and reduced costs.
- Number of apartments on 30 June 2023 amounted to 4,002, an increase of 23% compared to the corresponding period in 2022. Occupancy rate at the end of the period 94.5%.
- Profit from property management during the period amounted to SEK 65.1 million (-3% compared to the same period 2022).

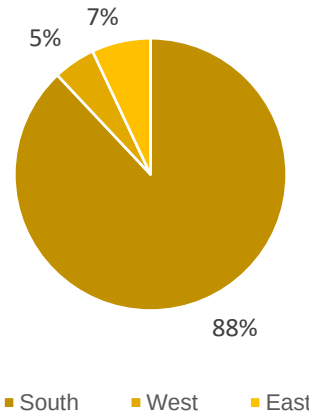
Property portfolio
30 June 2023

Number of apartments under management	**4 002**
Total lettable area, square meters	306,249
Total property value, SEK million	10,131.9
Total rental value, SEK million	528.1
Rental income from housing, share of Group's total rental income	89%
Location A/B rating, share of property value	100%
Construction year > 2020, share of property value	58%
Economic occupancy rate	94,5%
Surplus ratio	65,4%

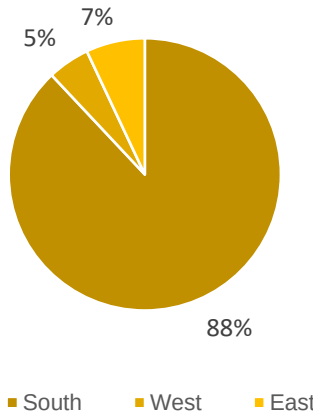
Profit from property management by quarter 2021–2023



Rental value of SEK 528.1m per region



Property value of SEK 10,131.9m per region



K-FASTIGHETER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	2023 Jan-Jun	2022 Jan-Jun
Rental income	231.5	173.2
Project and contracting sales	359.3	570.4
Net sales	**590.8**	**743.5**
Other income	9.0	13.3
Gross operating income	**221.7**	**152.3**
Of which, gross profit from property management (operating surplus)	*151.4*	*117.3*
Of which, gross profit from project and contracting operations	*70.3*	*34.9*
Central administration	-26.6	-36.6
Impairment and deprecation	-50.3	-30.8
Profit from participations in Group, associated and jointly controlled companies	2.6	2.4
Financial net *Of which, net interest income*	-97.1 -102.8	-46.7 -46.6
Profit before changes in value	**50.3**	**40.6**
Of which, profit from property management	*65.1*	*67.3*
Change in value investment properties	-182.4	556.4
Change in value of derivatives	-15.0	305.2
Profit before tax	**-147.1**	**902.1**
Income tax	25.8	-204.7
Profit for the period	**-121.3**	**697.4**
Comprehensive income for the period	**-98.9**	**709.9**

Development in Property Management

- No. of apartments under management at the end of the period 4,002 (3,258) +23%
- Rental income in the period SEK 231.5 million (173.2), +34%
- Rental value end of period SEK 528.1 million (402.3), +31%
- Average occupancy rate in the quarter 93.5% (95.3).
- Occupancy rate at end of period: 94.5% (97.8)
- Surplus ratio in the quarter amounted to 65.4% (67.8) – positive: increased rental income due to high completion rate; negative: higher costs for electricity, heating, water and sewage and property management including establishment of own project rental organization.
- Profit from property management amounted to SEK 65.1 million (67.3) - SEK 0.30 per share,-3%.
- Unrealized value changes in investment properties amounted to SEK -399.9 million (138.9) – direct return amounted to 4.20% (3.78) – up 0.20 to 0.25 percentage points since year started

Development for Project Development, Construction and Prefab

- At end of period, 22 ongoing construction projects, totalling 1,962 units (2,009), -2%
- Total investments amounted to SEK 1,133.1 million (886.8) in new construction, extension and remodelling during the period, +28%
- Unrealized value changes related to ongoing construction amounted to SEK 217.5 million (417.4) – direct return amounted to 4.16% (3.75) – up 0.20 to 0.25 percentage points since start of the year.
- Income from project development and construction operations amounted to SEK 1,094.3 million (969.6), +13%, of which SEK 735.0 million (399.2), +84%, was related to construction for the Group.
- Gross profit for construction: SEK 12.6 million (-1.5) – high construction rate.
- K-Prefab's revenue in the period amounted to SEK 596.9 million (673.9), -11%, of which SEK 240.6 million (102.9) is intragroup. Gross profit SEK 42.1 million (36.5). Turnover can be held at a fairly high level due to increased intragroup sales and the result by a stable cost development compared to 2022.
- **Decreasing central administration costs,** continued investments in central organisation to accommodate for planned growth, distribution of costs related to Project development and Property management.
- **Depreciation/amortization and impairment** affected with SEK 16.5 million due to impairment of inventory and business properties in connection with the divestment of Prefabs factory in Borensberg.
- **Net interest income** for the period amounted to SEK -102.8 million (-46.6), +120%
  - interest-bearing debt +31%, average interest rate 3.20% (1.81)
  - interest coverage ratio 12m rolling 2.0x (3.0), 2,2 end of 2022
- **Unrealized value change from derivates** of SEK -15.0 (+305.2) million – lower market interest rates = lower market value.
- **Profit for the period: SEK -121.3 million** (697.4), SEK -0.68 per share

K-FASTIGHETER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	2023 30 Jun	2022 31 Dec
Assets		
Tangible non-current assets	475.0	480.2
Investment properties	14,258.1	13,094.6
Business properties	434.0	447.6
Other short-term and long-term assets (inc. derivatives)	1,151.7	1,214.1
Cash and cash equivalents	16.0	35.4
Total assets	**16,334.8**	**15,272.0**
Equity and liabilities		
Total equity	5,070.6	5,169,6
Deferred tax liabilities	1,003.8	1,033.5
Interesting bearing liabilities	9,613,3	8,461.4
Other short-term and long-term liabilities	647,0	607.5
Total equity and liabilities	**16,334,8**	**15.272.0**

Financial position

Equity/assets ratio:	31.0% (33.9)
Debt-to-equity ratio	58.9% (55.4)
Interest coverage ratio (12mo):	2.0 times (2.2)

Investment properties: SEK 14,258.1 (+9%)

- completed investment properties: SEK 10,131.9 million (9.775.3)
- undeveloped land and building rights: SEK 768.4 million (695.1)
- ongoing construction: SEK 3,339.8 million (2,606.1)

-net acquisition of SEK 145.9 million (563.8) and investments in ongoing new construction amounted to SEK 1,096.0 million (878.6)

Interest-bearing liabilities: SEK 9,613.3 million (+14%)

- Financing of acquisitions and ongoing construction
  - SEK 5,995.0 million (5,693.3) first mortgage for completed investment properties
  - SEK 95.9 million (93.1) lease liabilities
  - SEK 1,092.0 million (783.8) operating and acquisition loans
  - SEK 250.0 million (250) promissory note regarding the acquisition of K-Prefab
  - SEK 2,180.4 million (1,591.2) used construction credits (limit SEK 3,266.0 million)

Derivative instruments: SEK 387.0m (399.1) of which swaps SEK 395.5 million.
Cash and cash equivalents: SEK 16.0 million (35.4) (+ unutilized overdraft facility SEK 261.7 million)

Equity: SEK 5,070.6 million (5,169.6), -2%

Long-term net asset value: SEK 5,636.2 million (5,768.3), -2% – SEK 26.17 per share

FINANCING OF THE GROUP

Financing

- Only finanacing trough banks, total comittment SEK 9,600 million
  - First mortgage for completed investment properties SEK 6,000 million
  - Acquisition and operating loans SEK 1,300 million
  - Construction credits SEK 2,200 million
- Evenly distributed on +10 banks
- Average credit term for interesting-bearing liabilities 2.0 years – evenly distributed over 1-3 years

Securing of interest rates

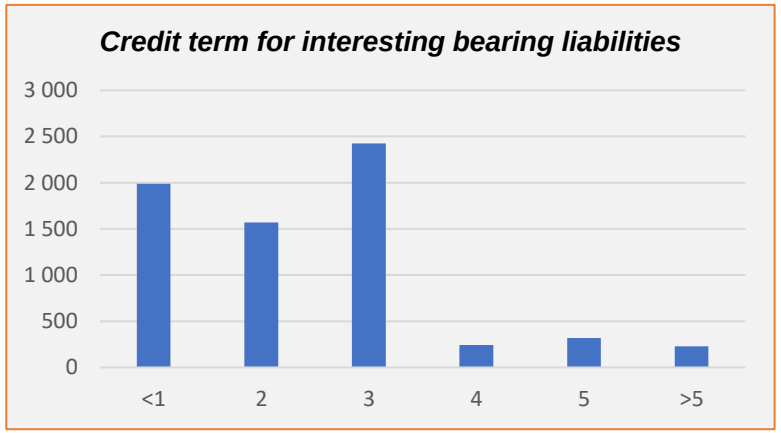
- Average interest period on interesting-bearing liablities 2.9 years, underlying loans only variable interest rates
- Swap portolio of total SEK 4,900 million distributed on 1-10 years, average interest rate 1.10% (0.96%)
- Average interest rate incl. swap portfolio 3,20% (2.72%) and excl. swap portfolio 5.18% (3.85%)
- Share of loans with variable interest rate 24% (first mortgage and acquisition loans) – interest rate sensitivity +1.0% = SEK 16.1 million (17.2)

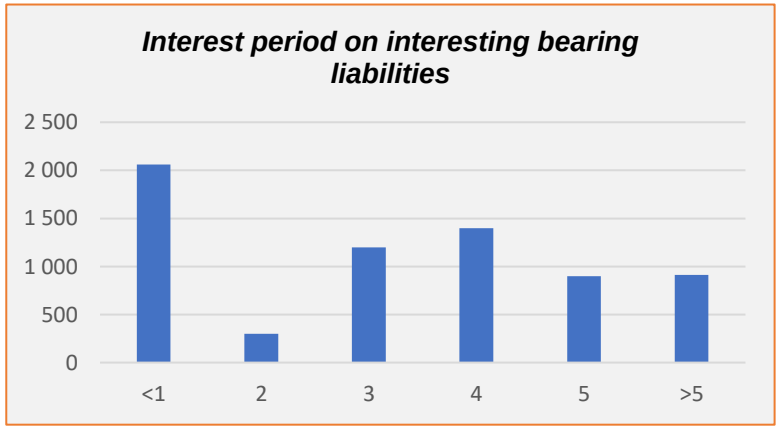
Interest strategy

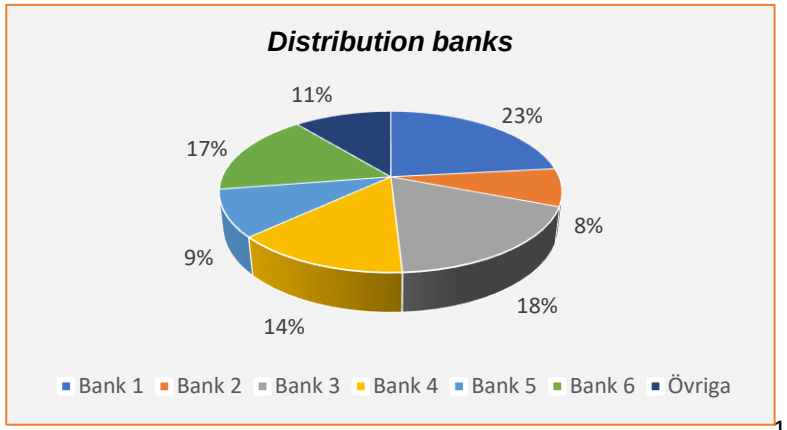
- Share of variable interest rate 20-30% in pace with restructuring of construction credits to first mortgage
- Restructure current swaps with a market value of SEK 395 million
  - Close current swaps with longer terms and high market value
  - Sign a new swap and use the market value from closed swap 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%: 63%
- Interest coverage ratio, STIBOR90d +1.0%: 1.9 times







Key credit data

Average credit term for interesting-bearing liabilities:	2.0 years (2.4)
Swap portfolio:	SEK 4,914m
Average interest period on interesting-bearing liabilities:	2.9 years (3.4)
Average interest rate:	3.20% (2.72)
Share of loan with variable interest rates:	24% (27)

Financial position

Equity/assets ratio:	31,0% (33.9)
Debt-to-equity ratio:	58.9% (55.4)
Loan-to-value ratio	59,2% (58.2)
Interest coverage ratio (12mo):	2.0 x (2.2)

K-FASTIGHETER

CONCLUSION

- Acquisition of building rights for a total of 479 apartments in Lund, Gothenburg, Kävlinge and together with Titania in Vallentuna.
- Stabile credit portfolio placed at about a dozen Nordic banks. 76 percent of the portfolio is interest rate secured. Average interest of 3.20 percent. No financing through bonds.
- Improved gross profit to SEK 221.7m (152.3).
- Profit from property management amounted to SEK 33.0 million in the second quarter, a decrease of 20 percent compared to the corresponding quarter last year. Number of apartments under management has increased with 23 percent compared to the corresponding quarter last year. 4,002 apartments under management. Occupancy rate of 94.5 percent at the end of the period. Surplus ratio of 65.4 percent in the period compared to 67.8 percent the corresponding period last year.
- Since mid-May all rentals, including new production, are handled by our own organization. In the long run this leads to increased efficiency and reduced costs.
- Through increased completion of ongoing new construction more than half of the decrease in market value in investment properties have been met which shows the strength in K-Fastigheters business model.
- 22 ongoing constructions to build 1,962 apartments of which 146 was started during the quarter.
- Adequate order situation at K-Preab for 2023. Adjustment of work force to meet av more unceratin order situation for 2024 as we go.
- Long-term net asset value per share: SEK 26.17 (December 31st 2022, 26.79), an increase of about 1 percent since the corresponding quarter last year.

K-FASTIGHETER

Share price, latest paid, 30 June: SEK 19.31

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?

ir@k-fastigheter.se

Interim report January–September 2023:
November 9th, 2023

IMPORTANT INFORMATION: This presentation has been prepared by K-Fast Holding AB solely for use at this presentation and is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. The presentation does not constitute an invitation or offer to acquire, purchase or subscribe for securities. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations. Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially and adversely affected by other factors such as the effect of economic conditions, exchange-rate and interest rate movements, political risks, the impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses. The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice. No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of K-Fastigheter, or any of its principal shareholders or subsidiary undertakings or any of such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.