FOURTH QUARTER SEES A RECORD IN COMPLETED APARTMENTS

Year End report
January–December 2023

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

15 February 2024

K-FASTIGHETER

2023 IN BRIEF

- Gross profit for the year amounted to SEK 395.8m (323.1).
- Surplus ratio for the year 63.7% (65.6) and profit from property management amounted to SEK 108.3m (130.7).
- 1,168 additional apartments under management during the year. 806 apartments handed over from construction to property management during the fourth quarter, which is a record.
- New issue in September and October raied SEK 323m to the company after trasaction costs.

Unique business model

The majority of unrealized value in the company derives from incremental profit recognition in project development and construction, amounting to SEK 330.6m (693.9) for the period.

Concentration of property portfolio started

Through divestments and ongoing divestments of properties not built according to our concepts the balance sheet is strenghtened. A strategic choice to focus on construction starts and aquisitions of building rights that aligns with our concept houses. This creates most value for the company and the shareholders.

Investment properties:
SEK 14,870.9m, an increase of 14% corresponding to SEK 1,776.3m*

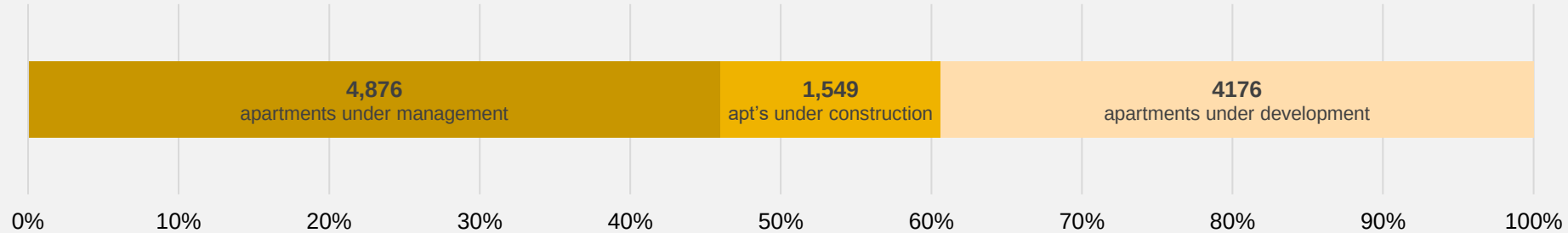
Long-term net asset value (NAV)
SEK 5,803.5m (5,768.3)

Long-term net asset value per share:
SEK 24.25 (26,79)**

Profit for the year:
SEK -398.1m (907.4)

*change since Q4-22 **adjusted for new issue

Total property and project portfolio as of 31 December 2023: 10,601 apartments



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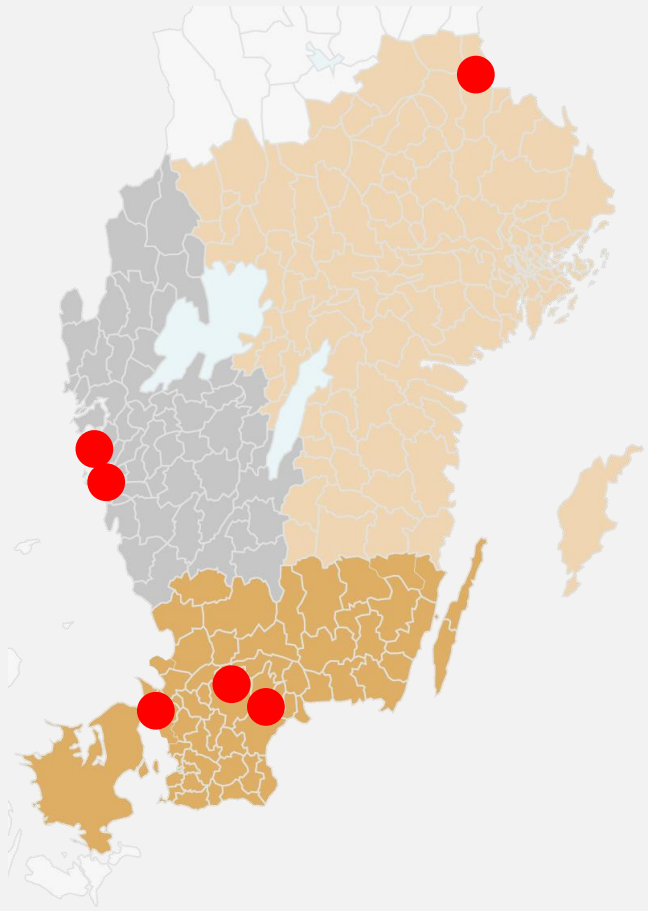
CHANGES IN PORTFOLIO Q4 2023



CONSTRUCTION STARTED

*GÄVLE (133 apt's)

*ALE (118 apt's)

TRANSFERRED PROPERTIES AND BUILDING RIGHTS

*GÖTEBORG x 2 (299 apt's)

DIVESTED PROPERTIES AND BUILDING RIGHTS

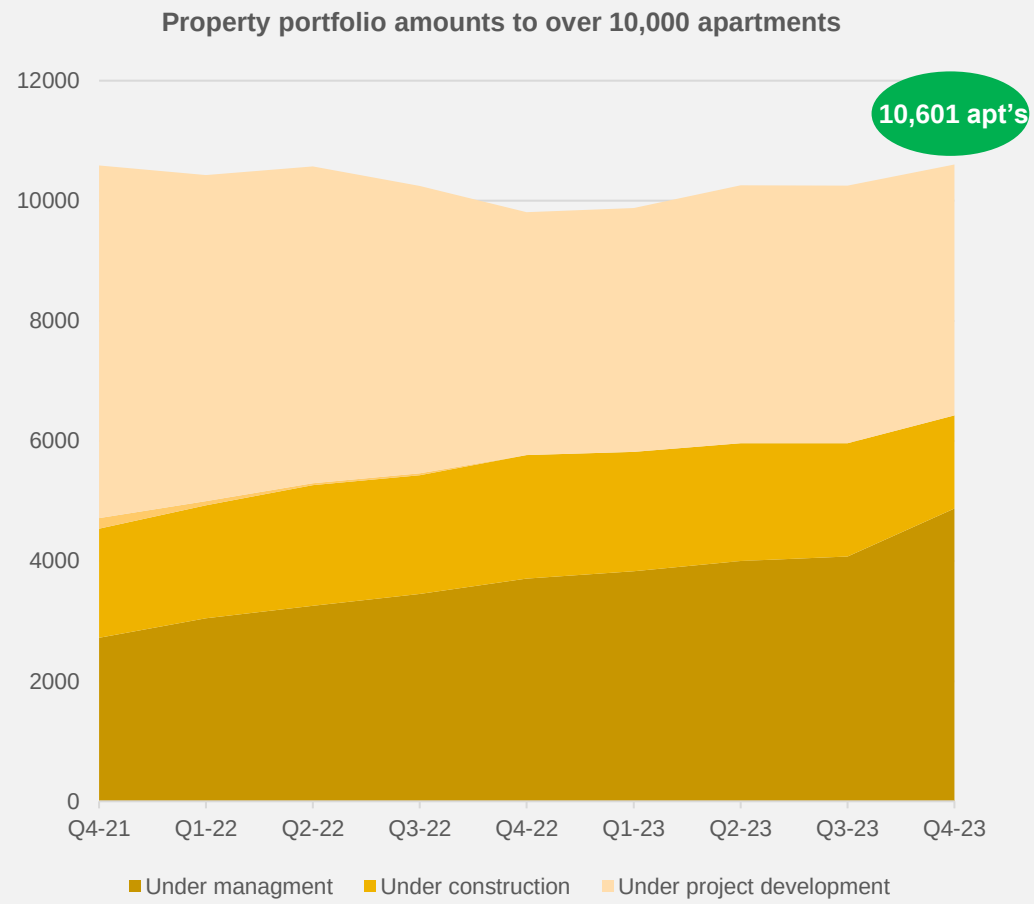
*HELSINGBORG (7 apt's + commercial premises)
*HÄSSLEHOLM (housing for persons with certain functional impairments)
*KRISTIANSTAD (preschools)

ONGOING/PLANNED DIVESTMENTS (not shown on map)

*COPENHAGEN X 4 (311 apt's)

*SWEDEN (commercial premises and apartments not constructed according to our concepts)

Region South
Region West
Region East



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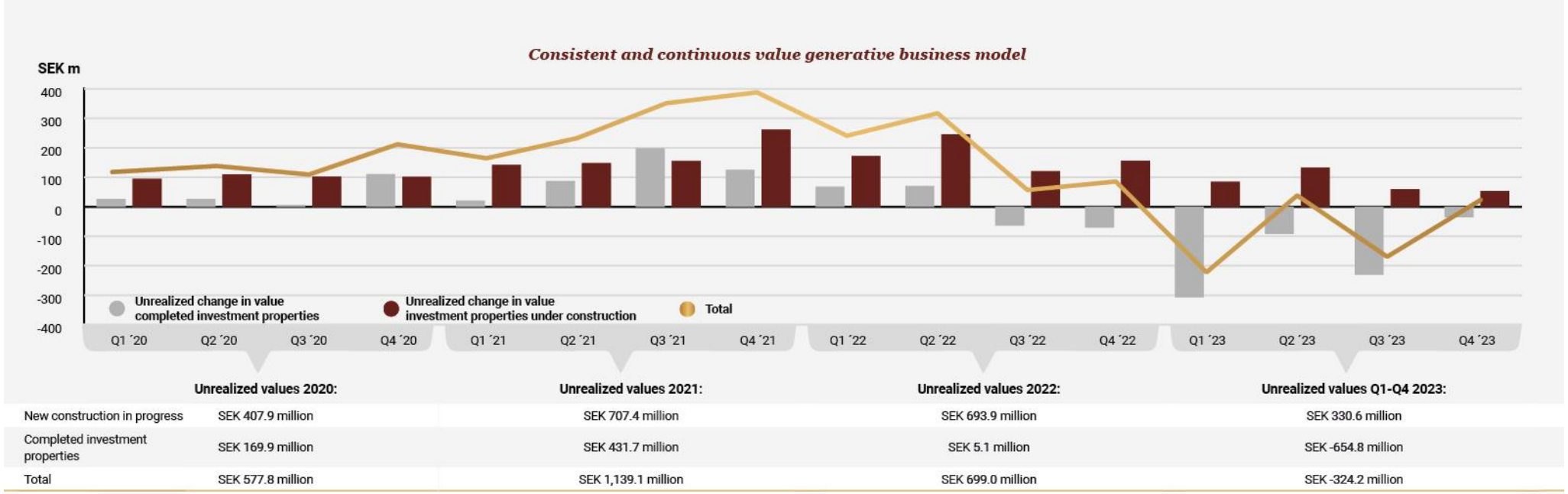
UNIQUE BUSINESS MODEL GIVES US SECURITY AND STABILITY



	Unrealized values 2020:	Unrealized values 2021:	Unrealized values 2022:	Unrealized values Q1-Q4 2023:
New construction in progress	SEK 407.9 million	SEK 707.4 million	SEK 693.9 million	SEK 330.6 million
Completed investment properties	SEK 169.9 million	SEK 431.7 million	SEK 5.1 million	SEK -654.8 million
Total	SEK 577.8 million	SEK 1,139.1 million	SEK 699.0 million	SEK -324.2 million

Even with challenging market conditions, we see possibilities to acquire building rights and continue to construction starts that meet our demands on direct return. We continue the work to strengthen the balance sheet to create possibilities for K-Fastigheter to be an offensive player. 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

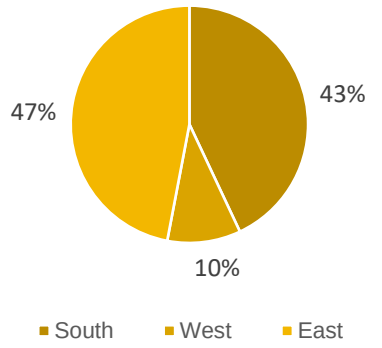
PROJECT DEVELOPMENT

- 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.
- Long processing times regarding building permits makes planning difficult.
- Number of apartments in project development: 4,176, compared to 4,346 at the end of 2022.
- Profit before tax amounted to SEK 331.0 million (684.5), primarily impacted by the change in value of ongoing new developments.

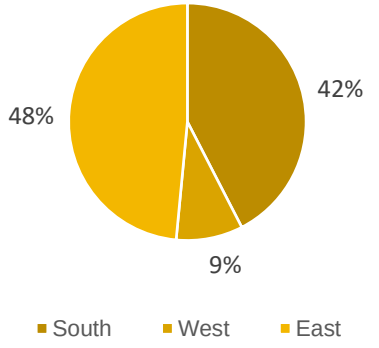
Ongoing project development, 31 December 2023

Number of units	**4,176**
Lettable area, total square meters	254,736
Property value, SEK m	11,610.7
Rental value, SEK m	635.8

Rental value, under project development, SEK 635.8m, by region



Property value, under project development, SEK 11,610.7m by region



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CONSTRUCTION

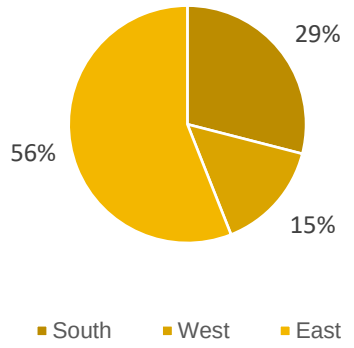
- New construction is carried out with a high degree of prefabrication, which enables efficient cost and quality control and ensures production and delivery times. Standardized and repetitive construction gives continuous quality improvement through feedback of experience throughout the value chain
- 806 apartments handed over to property management in the fourth quarter 2023 alone which is a record.
- As of 31 December 2023, 17 ongoing construction projects to build a total of 1,549 apartments and construction of Rusthållaren with 8,000 sqm gross area within the concept K-Commercial.
- PTV* of 78% (ratio of total acquisition cost to market value) compared to 72% in the corresponding quarter of 2022 affected mainly by higher interest costs and lower market values in ongoing construction.
- Gross profit: SEK 30.6 million (5.0).

Ongoing construction
31 December 2023

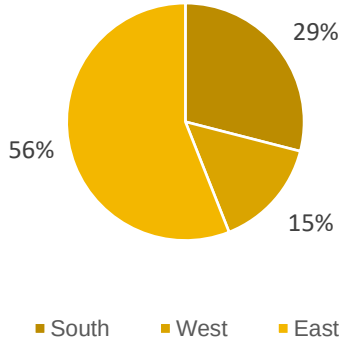
Number of apartments	**1,549**
Lettable area, total square meters	100,425
Property value, SEK m	4,611.1
Rental value, SEK m	236.4
Production-to-value* (PTV)	**78%**

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

Rental value, ongoing construction, SEK 236.4m, per region



Property value, ongoing construction, 4,611.1m, per region



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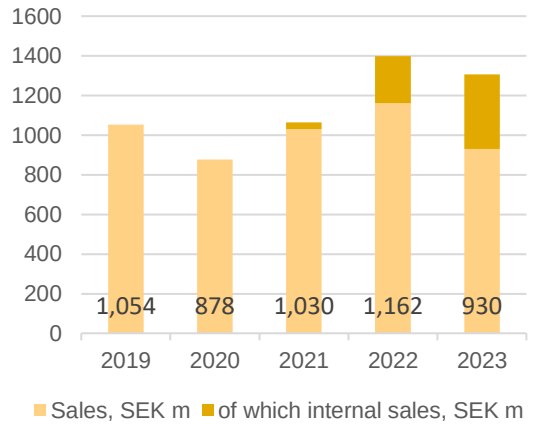
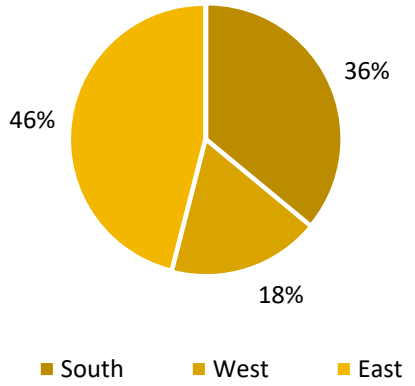
PREFAB

- Business area 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. Delivers internally as well as to external customers.
- During 2023 the volumes have decreased during the end of the year after an initially adequate order situation. Part of the loss of external sales is compensated by internal sales.
- Gradual adjustment of the work force and cooperation between production facilities to meet a more uncertain order situation for 2024 with the highest possible efficiency. The first half of 2024 has a tough order situation while the second half of the year sees better volumes, in part due to signed contracts for delivery of frames for a housing project in Nacka and new facilities at LV6 in Halmstad.
- Gross profit: SEK 58.6 million (66,3).

K-Prefab, sales*
Q1-Q4 2019-2023



Sales per region*, SEK m
Total sales Q1-Q4 2023: SEK 929.5m



* Refers to the legal entity K-Prefab AB.

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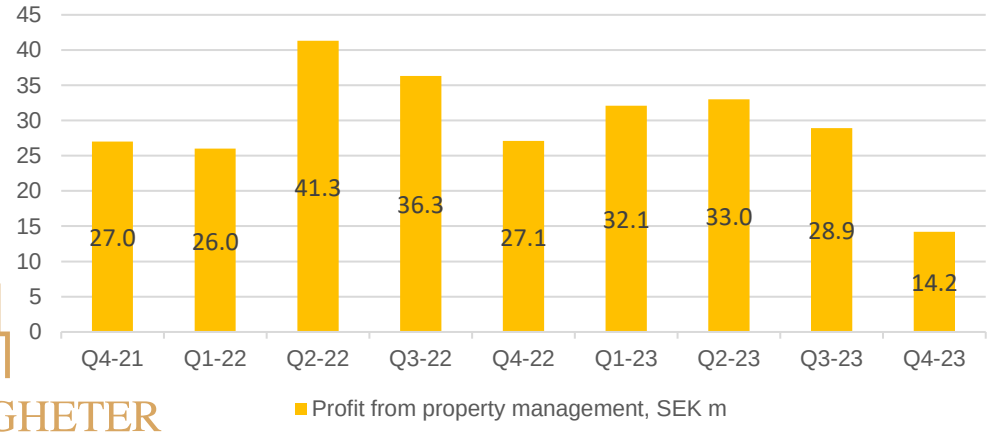
PROPERTY MANAGEMENT

- Construction of new rental apartments is solely for own long-term property management, which contributes to high quality, a high level of operational reliability and optimization.
- The vacancy rate has increased since certain new construction projects has vacancies at completion. A more even completion rate during the first half of 2024 gives better possibilities to close the vacancies during this time. Occupancy rate at the end of the period 91.9% (97.3).
- Number of apartments on 31 December 2023 amounted to 4,876, an increase of 31% compared to the end of 2022.
- Profit from property management for the year amounted to SEK 108.3 million (130.7).

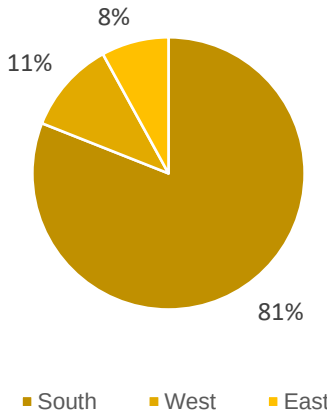
Property portfolio
31 December 2023

Number of apartments under management	**4,876**
Total lettable area, square meters	362,806
Total property value, SEK million	12,514.0
Total rental value, SEK million	661.0
Rental income from housing, share of Group's total rental income	92%
Location A/B rating, share of property value	100%
Construction year > 2020, share of property value	66%
Economic occupancy rate	91.9%
Surplus ratio	63.7%

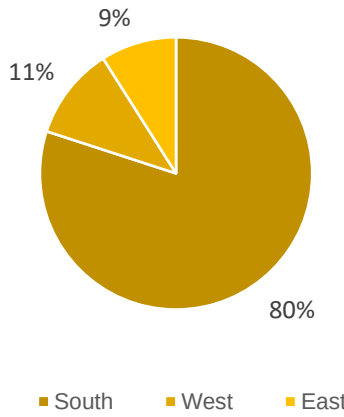
Profit from property management by quarter 2021–2023



Rental value of SEK 661.0m per region



Property value of SEK 12,514.0m per region



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	2023 Jan-Dec	2022 Jan-Dec
Rental income	480.2	384.2
Project and contracting sales	603.0	1,000.2
Net sales	**1,083.2**	**1,385.4**
Other income	11.6	20.6
Gross operating income	**395.8**	**323.1**
Of which, gross profit from property management (operating surplus)	*306.1*	*251.9*
Of which, gross profit from project and contracting operations	*89.7*	*71.2*
Central administration	-55.6	-54.9
Impairment and deprecation	-80.5	-62.6
Profit from participations in Group, associated and jointly controlled companies	25.9	2.5
Financial net *Of which, net interest income*	-218.2 -220.2	-124.8 -124.8
Profit before changes in value	**67.3**	**83.3**
Of which, profit from property management	*108.3*	*130.7*
Change in value investment properties	-316.3	699.0
Change in value of derivatives	-262.6	364.1
Profit before tax	**-511.6**	**1,146.4**
Income tax	113.6	-239.0
Profit for the period	**-398.1**	**907.4**
Comprehensive income for the period	**-392.8**	**934.8**

Development in Property Management

- No. of apartments under management at the end of the period 4,876 (3,708) +31%
- Rental income in the period SEK 480.2 million (384.2), +25%
- Rental value end of period SEK 661.0 million (488.6), +35%
- Average occupancy rate in the quarter 92.6% (95.8).
- Occupancy rate at end of period: 91.9% (97.3)
- Surplus ratio in the period amounted to 63.7% (65.6) – positive: increased rental income due to high completion rate; negative: occupancy rate and higher costs for property management including establishment of own project rental organization.
- Profit from property management SEK 108.3 million (130.7) - SEK 0.49 per share,--19%.
- Unrealized value changes in investment properties amounted to SEK -654.8 million (5.1) – direct return amounted to 4.37% (4.03) – up 0.40 to 0.45 percentage points during the year.

Development for Project Development, Construction and Prefab

- At end of period, 17 ongoing construction projects, totalling 1,549 units (2,171), -29%
- Total investments amounted to SEK 2,151.9 million (1,886.2) in new construction, extension and remodelling during the period, +14%
- Unrealized value changes related to ongoing construction amounted to SEK 330.6 million (693.9) – direct return amounted to 4.33% (4.01) – up 0.40 to 0.45 percentage during the year.
- Income from project development and construction operations amounted to SEK 2,022.0 million (2,038.8), -1%, of which SEK 1,419.0 million (1,037.6), +37%, was related to construction for the Group.
- Gross profit for construction: SEK 30.6 million (5.0) – high construction rate.
- K-Prefab's revenue in the period amounted to SEK 982.3 million (1,251.0), -21%, of which SEK 381.9 million (249.6) is intragroup. Gross profit SEK 58.6 million (66.3). Turnover is held at a fairly high level due to increased intragroup sales and the result by a stable cost development compared to 2022.
- **Stabile costs for central administration,** primarly due to 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 -220.2 million (-124.8), +77%
  - interest-bearing debt +20%, average interest rate 3.22% (2.72)
  - interest coverage ratio 12m rolling 1.7x (2.2)
- **Unrealized value change from derivates** of SEK -262.6 (+364.1) million – lower market interest rates = lower market value.
- **Profit for the period: SEK -398.1 million** (907.4), SEK -1.96 per share

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	2023 31 Dec	2022 31 Dec
Assets		
Tangible non-current assets	471.3	480.2
Investment properties	14,870.9	13,094.6
Business properties	537.1	447.6
Other short-term and long-term assets (inc. derivatives)	922.2	1,214.1
Cash and cash equivalents	5.8	35.4
Total assets	**16,807.2**	**15,272.0**
Equity and liabilities		
Total equity	5,100.4	5,169,6
Deferred tax liabilities	953.2	1,033.5
Interesting bearing liabilities	10,117.8	8,461.4
Other short-term and long-term liabilities	635.9	607.5
Total equity and liabilities	**16,807.2**	**15.272.0**

Financial position

Equity/assets ratio:	30.3% (33.9)
Debt-to-equity ratio	60.2% (55.4)
Interest coverage ratio (12mo):	1.7 times (2.2)

Investment properties: SEK 14,870.9 (+14%)

- completed investment properties: SEK 12,514.0 million (9.775.3), +28%
- undeveloped land and building rights: SEK 578.1 million (695.1), -17%
- ongoing construction: SEK 1,760.8 million (2,606.1), -32%

-net acquisition of SEK 210.9 million (830.3) and investments in ongoing new construction amounted to SEK 1,990.8 million (1,857.4)

Interest-bearing liabilities: SEK 10,117.8 million (+20%)

- Financing of acquisitions and ongoing construction
  - SEK 6,747.9 million (5,743.2) first mortgage for completed investment properties
  - SEK 92.1 million (93.1) lease liabilities
  - SEK 949.9 million (783.8) operating and acquisition loans
  - SEK 250.0 million (250) promissory note regarding the acquisition of K-Prefab
  - SEK 2,077.9 million (1,591.2) used construction credits (limit SEK 2,937.6 million)

Derivative instruments: SEK 141.4m (399.1) of which swaps SEK 140.6 million.
Cash and cash equivalents: SEK 5.8 million (35.4) excluding unutilized overdraft facility SEK 147.3 million)

Equity: SEK 5,100.4 million (5,169.6)

Long-term net asset value: SEK 5,803.5 million (5,768.3), +1%, SEK 24.25 per share,-9%

FINANCING OF THE GROUP

Financing

- Only finanacing trough banks, total comittment SEK 10,800 million
  - First mortgage for completed investment properties — SEK 6,700 million
  - Acquisition and operating loans — SEK 1,100 million – used 900 million
  - Construction credits — SEK 2,900 million – used 2,100 million
- Evenly distributed on +10 banks
- Average credit term for interesting-bearing liabilities 2.8 years – evenly distributed over 1-3 years

Securing of interest rates

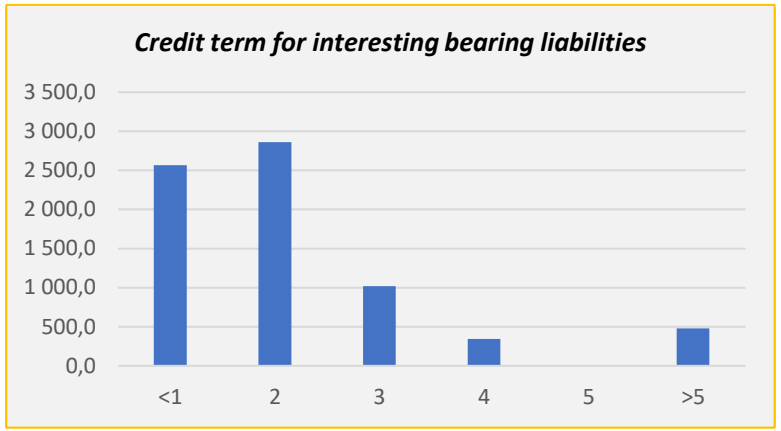
- Average interest period on interesting-bearing liablities 3.5 years, underlying loans only variable interest rates
- Swap portolio of total SEK 6,400 million distributed on 1-10 years, average interest rate 1.52% (0.96%)
- Average interest rate incl. swap portfolio 3,22% (2.72%) and excl. swap portfolio 5.47% (3.85%)
- Share of loans with variable interest rate 9% (first mortgage and acquisition loans) – interest rate sensitivity +1.0% = SEK 6.5 million (17.2)

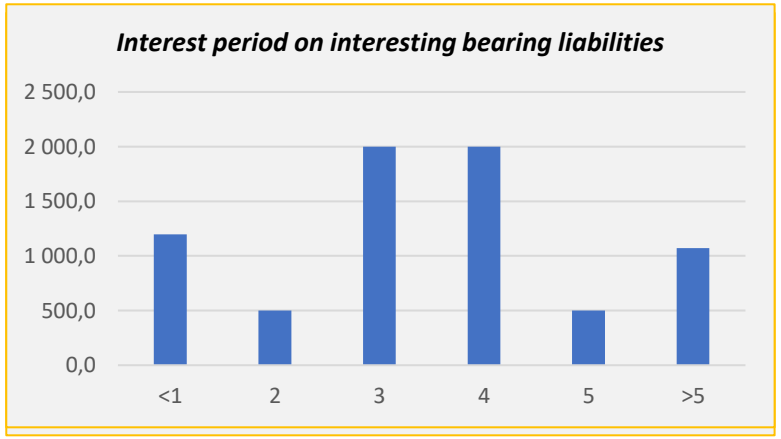
Interest strategy

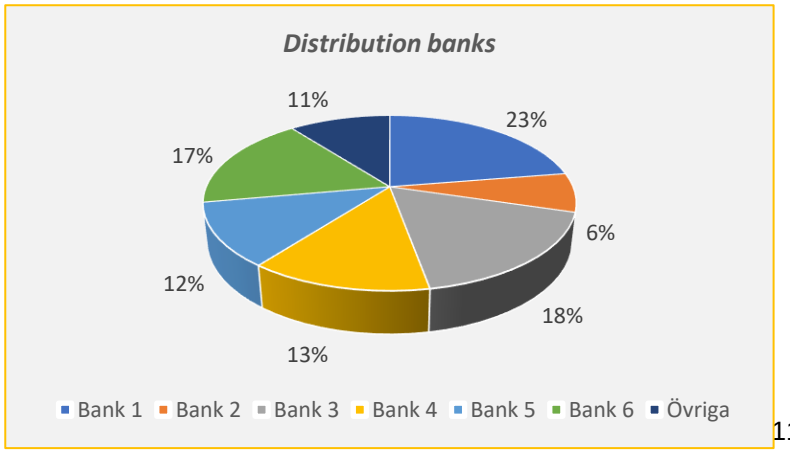
- Share of variable interest rate 20-30% in pace with restructuring of construction credits to first mortgage - at year end ongoing change of larger volumes (SEK 1,100 million) from construction credits to long term financing.
- Focus moving forward rather on duration than interest rate securing rate (share variable interest rate).

Sensitivity

- Debt-to-equity, market value -10%: 65%
- Interest coverage ratio, STIBOR90d +1.0%: 1.6 times







Key credit data

Average credit term for interesting-bearing liabilities:	2.8 years (2.4)
Swap portfolio:	SEK 6,372m
Average interest period on interesting-bearing liabilities:	3.5 years (3.4)
Average interest rate:	3.22% (2.72)
Share of loan with variable interest rates:	9% (27)

Financial position

Equity/assets ratio:	30.3% (33.9)
Debt-to-equity ratio:	60.2% (55.4)
Loan-to-value ratio	62.5% (58.2)
Interest coverage ratio (12mo):	1.7 x (2.2)

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CONCLUSION

- Strengthening of the balance sheet through a new issue that raised SEK 323 million after transaction costs and ongoing divestment processes for housing properties in Denmark and commercial premises and housing properties in Sweden not bulit in accordance with our concepts.
- Stabile credit portfolio placed at about a dozen Nordic banks. 91 percent of the portfolio is interest rate secured. Average interest of 3.22 percent. No financing through bonds.
- Improved gross profit to SEK 395.8 million.
- Profit from property management amounted to SEK 14.2 million in the fourth quarter and SEK 108.3 million for the year. Number of apartments under management has increased with 31 percent during 2023 to 4,876 apartments. Occupancy rate of 91.9 percent at the end of the year and a surplus ratio of 63.7 percent. Rental value of SEK 661 million.
- Positive net rental in existing portfolio. Increased vacancy rate due to vacancies in new production in certain cities. A more even completion rate during the upcoming six months gives the property management organization better possibilities to close vacancies.
- Through increased completion of ongoing new construction we can meet the decrease in market value in investment properties. During 2023 unrealized values in ongoing construction amounted to about SEK 331 million which shows the strength in K-Fastigheters business model.
- 17 ongoing constructions to build a total of 1,549 apartments. 450 apartments construction started.
- Gradual adjustment of work force in the prefab business area together with cooperation between production facilities in order to meet lower volumes. The measures that has been taken and will be taken short term will contribute to efficiency when volumes increase during the second half of 2024.
- Long-term net asset value SEK 5,803.5 million. Long-term net asset value per share: SEK 24.25.
- K-Fastigheter has been named a Karriärföretag (Career company) for 2024.

K-FASTIGHETER

Share price, latest paid, 30 September: SEK 13.67

Total no. of class A shares: 22,500,000
Total no. of class B shares on Nasdaq Stockholm: 211,011,168

Total no. of outstanding shares: 233,511,168
Total no. of votes: 323,511,168

Thank you

Questions?

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Interim report January–March 2024:
April 25th, 2024

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