NEW STRATEGY AND BUSINESS PLAN MEANS DIVIDING OPERATIONS IN TWO BUSINESS SEGMENTS

Interim report
January–March 2024

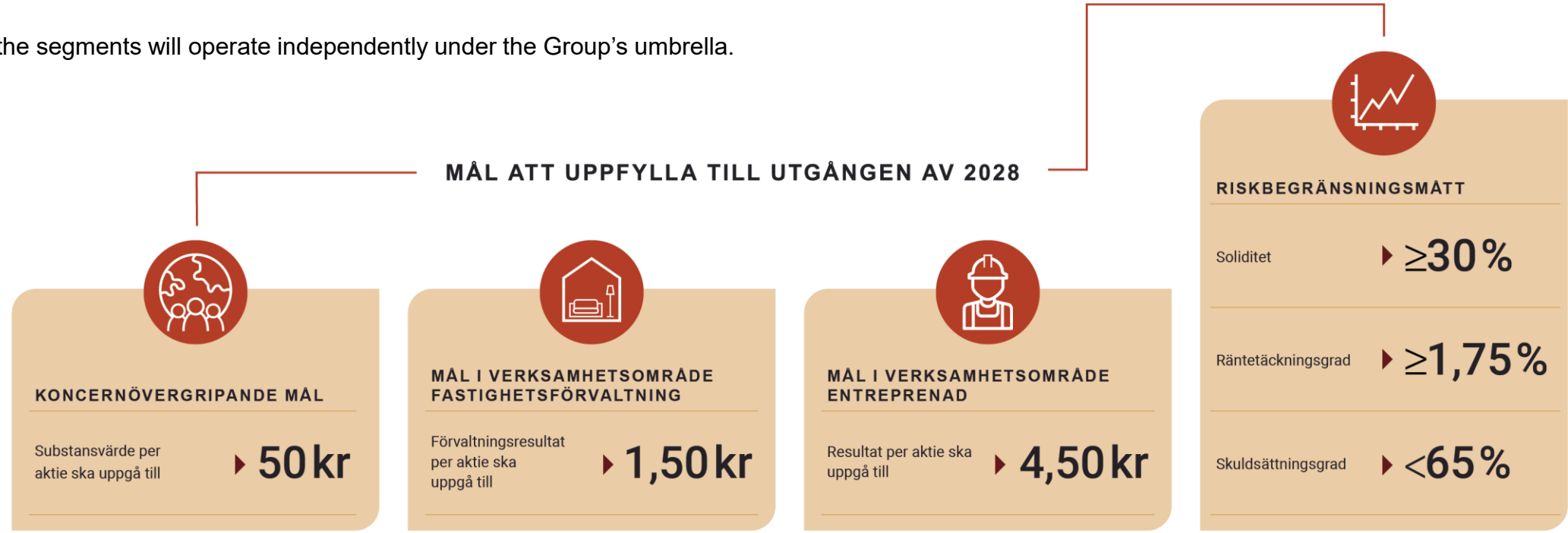
Presenters: Jacob Karlsson, CEO, and Martin Larsson, CFO

25 April 2024

K-FASTIGHETER

NEW BUSINESS PLAN FOR 2024-2028

- New strategy. To support expansion and own financing parts of what is constructed will be sold to extremal customers. It can be single properties or portfolios of new construction or from properties under management, as forward funding or Co-Ops.
- In order to highlight that K-Fastigheter is much more than a real estate company and has external customers for completed projects, as well as frame solution contracts, operations will be divided in to two business segments: Property Management and Construction. The business segment Construction will contain business areas project development, prefab and construction.
- The division into operating segments is a step towards highlighting the values created outside Property Management. The business segment now termed Construction, has provided 84 percent of Group profit (excluding unrealized value changes on completed investment properties and derivatives) since the financial year 2021 when prefab was incorporated into K-Fastigheter, and 82 percent in the period 2019 to 2023, the years covered by the previous business plan.
- For the time being, the segments will operate independently under the Group's umbrella.



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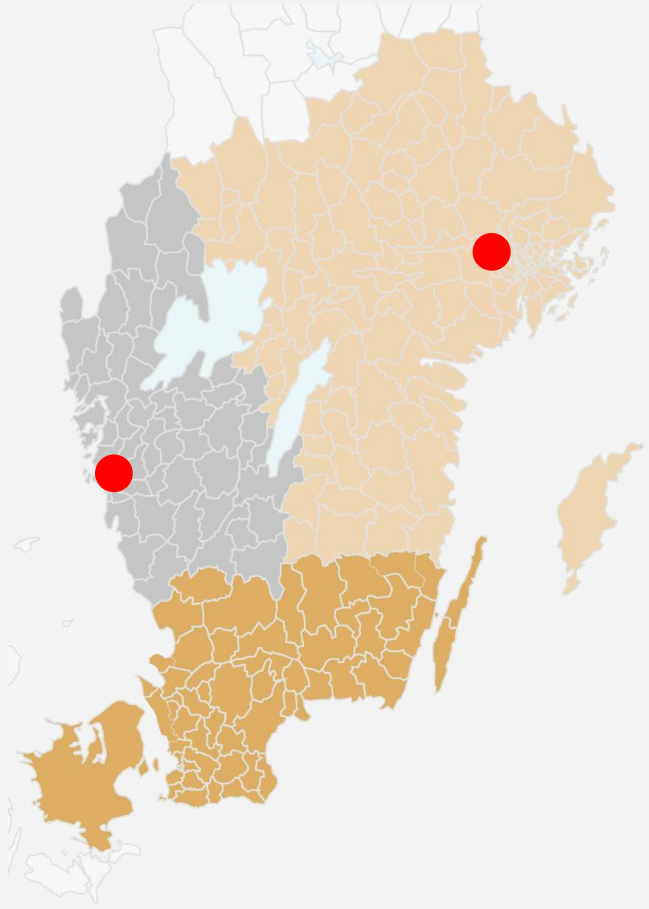
FIRST QUARTER IN BRIEF

- New strategy to sell parts of new construction projects or properties under management to support expansion and self financing. Business plan for 2024-2028 adopted under which two business segments is established: Construction and Property Management. This in order to clearify that K-Fastigheter is much more than a property company.
- Acquisition of one building right, construction start of two projects for a total of 341 apartments and completion of a total of 161 apartments.
- In the period, K-Prefab signed an agreement with NCC relating to the delivery of frame solutions for new training and storage premises for the the Swedish Armed Forces in Halmstad with a total order value of SEK 105 million, of which a majority will be delivered in 2024. K-Prefab also signed an agreement with Noccon AB relating to complete frame construction for new production of housing, premises and garages in Nacka, with a total order value of SEK 119 million and delivery in 2024/2025.
- In January, K-Fastigheter divested two preschools in Kristianstad and a residential care home in Hässleholm. The total rental value for the properties was SEK 3.8 million and the purchase consideration totaled SEK 50.8 million, in line with the book value as of 31 December 2023.
- In February, K-Fastigheter signed an agreement with the owners of Mjöbäcks Entreprenad AB relating to the redemption of 20 percent of K-Fastigheter's holding in Mjöbäcks Entreprenad, corresponding to 5 percent of the company's total number of shares. Remuneration corresponds to the shares' proportion of the company's equity as of 31 December 2023.
- In March K-Fastigheter signed a letter of intent with an institutional investor regarding divestment of four properties in the Copenhagen area. A transfer agreement has been signed after the end of the period and under condition that the underlying conditions for the transaction are fulfilled K-Fastigheter will relinquish the portfolio in June 2024. The transaction is based on an underlying property value of SEK 1,099 million.
- On 13 March 2024, K-Fastigheter announced that it had completed a directed new issue of 6,662,000 Class B shares. The subscription price was SEK 19.19 per share, corresponding to the closing price on the day of trading, and the issue was subscribed for by existing shareholders Second AP Fund, Capital SMALLCAP World Fund, Clearance Capital Limited, First Nordic Real Estate, Odin Fonder and Third AP Fund. Part of the issue was conditional on authorization by the Extraordinary General Meeting, which was held on April 8, 2024.
- Profit for the period amounted to SEK 35.5 million (-195.8). Long-term net asset value per share amounted to SEK 24.17. Profit for property management per share SEK 0.11. Earnings per share in business segment Construction amounted to SEK 0.58.

CONSTRUCTION STARTS



TOTAL CONSTRUCTION STARTED APARTMENTS

341

THE FOLLOWING PROJECTS HAVE CONSTRUCTION STARTED

GÖTEBORG (173 apt's)

VÄSTERÅS (168 apt's)

Region South
Region West
Region East

Above: Sävenäs 131:14 i Göteborg with 173 apartments.
Below: Vapenrocken 3 in Västerås with 168 apartments.

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CONSTRUCTION

- The Business segment shall deliver completed housing properties with the Groups own developed concept houses as well as high quality frame solutions. A new focus on gaining external agreements for completed housing properties to support expansion and own financing.
- New construction is carried out with a high degree of prefabrication, which enables efficient cost and quality control and ensures production and delivery times.
- Property development portfolio comprising 2,693 apartments in different stages. Agreements regarding acquisitions of building rights has been terminated since the commercial terms has been seen as not attractive enough.
- Prefab had 75 ongoing frame solution contracts with an outstanding order value of SEK 1,118.5 million. Several large orders have been signed during the quarter.
- Business area Building had 16 ongoing construction projects of concept houses for a total of 1,729 apartments, and construction of Hässleholm Rusthållaren 3 & 4.Outstanding order value amounts to SEK 1,664.1 million

Business segment Construction as of 31 March 2024
(SEK million)

SEK million	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Income	452.9	639.2	2,359.7
of which concept building	*375.0*	*464.5*	*1,769.5*
of which other construction	*78.0*	*174.7*	*590.2*
Gross profit	159.5	117.0	416.0
Profit before tax	140.2	79.6	297.8
earnings per share (SEK)	*0.58*	*0.37*	*1.35*
Outstanding order value concept houses	1,664.1	1,554.9	1,297.5
Outstanding order value other construction	1,118.5	733.6	1,058.4
Number of construction starts for apartments in the period	341	53	450
Number of apartments under construction at the end of the period	1,729	1,986	1,549
Number of apartments in project development at the end of the period	2,693	4,058	4,176
Emissions intensity (scope 3) As of 31 Dec 2023			16,6
Accident frequency LTIF4 As of Dec 31, 2023			5,2

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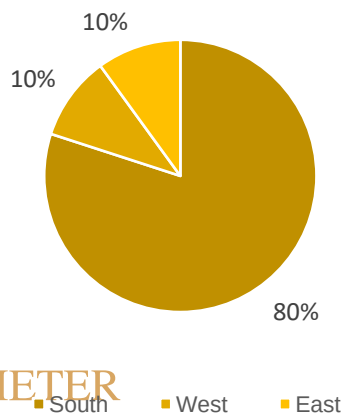
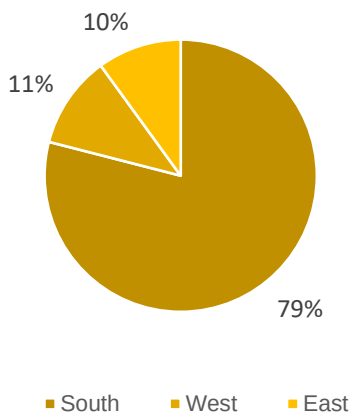
PROPERTY MANAGEMENT

- The business segment shall with efficient management and high occupancy rate in the portfolio with focus on housing properties built in accordance with the Groups concept contribute with stable and long-term cash flows.
- Number of apartments as of March 31, 2024, amounted to 5,037, +31% compared to the corresponding period 2023.
- High priority on improving the vacancy rate after high number of completed constructions with vacancies at completion during the end of 2023 decreased the letting. 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 93.3% compared to 91.9% at the end of 2023.
- Profit from property management for the period amounted to SEK 25.3 million.

Rental value of SEK 685.9m per region



Property value of SEK 12,833,4m per region



Property Management as of 31 March 2024

SEK million	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Income	146.8	114.8	480.2
Net operating income	88.0	73.4	307.3
Profit from property management	25.3	30.7	112.6
earnings per share (SEK)	*0.11*	*0.14*	*0.51*
Number of apartments under management	5,037	3,833	4,876
Lettable area, m2	372,258	295,564	362,806
Housing, m2	*329,518*	*249,145*	*318,664*
Commercial, m2	*42,740*	*46,419*	*44,142*
Rental value	685.9	503.8	661.0
Rental value per m2	*1,843*	*1,705*	*1,822*
Financial occupancy rate, %	93.3%	95.8%	91.9%
Average financial occupancy rate, %	88.7%	95.0%	92.6%
Surplus ratio, %	60.0%	64.2%	64.0%
Loan-to-value ratio, completed investment properties,%	62,6%	59.7%	62.5%
Service index As of 31 Dec 2023			82.3%
Proportion of proprietary solar panel production As of 31 Dec 2023			11.0%

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PROPERTY MANAGEMENT

SEK million	Property Management 2024 Jan-Mar	Property Management 2024 Jan-Mar
Income	146.8	114,8
Expenses	-58.8	-41,4
Gross profit	**88.0**	**73,4**
Central administration	-2.8	-1,8
Depreciation/amortization and impairment	-0.5	-0,1
Profit from holdings in associated companies*	0.0	0,0
Net financial items	-59.4	-40,8
Profit before changes in value	**25.3**	**30,7**
Change in value of investment properties	-152.6	-307,4
Change in value, derivatives	59.7	-55,9
Profit before tax	**-67.6**	**-332,6**
Tax on profit for the period	*19.1*	*74,8*
Profit/loss for the period	**-48.4**	**-257,7**
Total assets	12,998.2	10,075.7
Total liabilities	10,687.7	7,655.7
of which interest-bearing liabilities	*8,035.9*	*5,851.3*
of which other liabilities	*2,651,8*	*1,804.3*
Earnings per share	**0.11**	**0.14**
Debt-to-equity ratio	**61.8%**	**58.1%**

* Profit from participations in associated and jointly controlled companies.

Business segment Property Management

- Number of apartments under management at the end of the period 5,037 (3,833), +31%
- Rental value at the end of the period amounted to SEK 685.9 million (503.8), +36%
- Rental income during the period amounted to SEK 146.8 million (114.4), +28%

- Surplus ratio during the period; 60.0% (64.2)
- Average financial occupancy rate during the period: 88.7% (95.0)
- Financial occupancy rate at the end of the period: 93.3% (95.8)

- Net financial items for the period amounted to SEK 59,4 million (40.8) increase primarily due to higher interest bearing liabilities with more apartments under management ang higher average interest rate.
- Unrealized value changes in investment properties amounted to SEK -152.6 million (-307.4).
    - Impairment of Danish portfolio with SEK 99 million
- Direct return requirement 4.42% (4.15) – up 0.05 percentage points since the start of the year
- Profit from property management amounted to SEK 25.3 million (30.7) – SEK 0.11 per share

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CONSTRUCTION

SEK million	Construction 2024 Jan-Mar	Construction 2024 Jan-Mar
Income	452.9	639.2
Expenses	-293.4	-522.2
Gross profit	**159.5**	**117.0**
Central administration	-10.5	-9.1
Depreciation/amortization and impairment	-14.5	-16.2
Profit from holdings in associated companies*	10.0	-3.1
Net financial items	-4.3	-9.0
Profit before changes in value	**140.2**	**79.6**
Change in value of investment properties	0.0	0.0
Change in value, derivatives	0.0	1.7
Profit before tax	**140.2**	**81.3**
Tax on profit for the period	*-38.0*	*-18.5*
Profit/loss for the period	**102.1**	**62.8**
Total assets	4,318.9	5,582.9
Total liabilities	3,885.8	4,550.1
of which interest-bearing liabilities	*2,196.1*	*3,143.4*
of which other liabilities	*1,689.6*	*1,406.7*
Earnings per share	**0.58**	**0.37**
Debt-to-equity ratio	**50.8%**	**56.3%**

*Profit from participations in associated and jointly controlled companies.

Business segment Construction

- Income amounted to SEK 452.9 million (639.2), -29%
  - Concept houses SEK 375.0 million (464.5), -19%
  - Other construction SEK 78.0 million (174.7), -55%

Concept houses

- Continued high activity – construction start of 341 apartments (53) and completed 161 apartments
- At the end of the period 16 ongoing construction projects of concept houses for at total of 1,729 apartments (1,986) Outstanding order value amounts to SEK 1,664.1 million (1,554.9)
- Unrealized value change in ongoing construction SEK 147,8 million (84.5)

Other construction

- The quarter has been affected by weaker construction market
- At the end of the period K-Prefab had 75 ongoing frame solution contracts, for an outstanding order value of SEK 1,118.5 million. .
- Improved order situation in prefab

- Profit from participation in associated and jointly controlled companies for the period amounted to SEK 10.0 million (-3.1). The profit is primarily due to K-Fastigheters share of the profit in Mjöbäcks Entreprenad AB och Novum Samhällsfastigheter AB
- Net financial items for the period amounted to SEK 4.3 million (9.0) where the decrease is primarily due to lower interest bearing liabilities, iincluding the promissory note relating to the acquisition of K-Prefab, which was amortized in full in the quarter and changes in currency.
- Profit before tax SEK 140.2 million (81.3), which is SEK 0.58 per share

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GROUP

SEK million	Property Management	Construction	Other	Eliminering	Group Jan-Mar 2024	Group Jan-Mar 2023
Income	146.8	452.9	0.6	-368.2	232.0	296.3
Expenses	-58.8	-293.4	-0.7	220.4	-132.5	-190.6
Gross profit	**88.0**	**159.5**	**-0.1**	**-147.8**	**99.6**	**105.7**
Central administration	-2.8	-10.5	-3.4	0.0	-16.6	-12.1
Depreciation/amortization and impairment	-0.5	-14.5	-1.5	0.0	-16.4	-17.0
Profit from holdings in associated companies*	0.0	10.0	0.0	0.0	10.0	-3.1
Net financial items	-59.4	-4.3	0.6	0.0	-63.2	-48.8
Profit before changes in value	**25.3**	**140.2**	**-4.4**	**-147.8**	**13.3**	**24.7**
Change in value of investment properties	-152.6	0.0	0.0	147.8	-4.8	-222.9
Change in value, derivatives	59.7	0.0	0.0	0.0	59.7	-54.2
Profit before tax	**-67.6**	**140.2**	**-4.4**	**0.0**	**68.2**	**-252.4**
Tax on profit for the period	*19.1*	*-38.0*	*-13.9*	*0.0*	*-32.8*	*56.6*
Profit/loss for the period	**-48.4**	**102.1**	**-18.2**	**0.0**	**35.5**	**-195.8**
Total assets	12,998.2	4,318.9	2,914.8	-2,899.5	17,332.5	15,679.2
Total liabilities	10,687,7	3,885.8	408.1	-2,899.5	12,082.1	10,700.8
of which interest-bearing liabilities	*8,035.9*	*2,196.1*	134.6	0.0	10,342.4	9,104.6
of which other liabilities	*2,651.8*	*1,689.6*	273.5	-2,899.5	1,739.7	1,596.2
Earnings per share	**0.11**	**0.58**	**-0.02**	**-0.61**	**0.06**	**0.11**
Debt-to-equity ratio	**61.8%**	**50.8%**			**59.7%**	**58.1%**

* Profit from participations in associated and jointly controlled companies.

Financial position:

Equity/assets ratio:	30.3% (30.3)
Debt-to-equity:	59.7% (60.2)
Interest coverage ratio (12m):	1.6 times (2.1)

Group

- Central administration: SEK 16.6 mkr (12.1), of which SEK 13.3 milion distributed
- Interest coverage ratio (12mo): 1.6 times (2.1)
- **Profit for the Group for the period: SEK 35.5** million (-195.8), SEK 0.15 kr per share

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	2024 31 Mar	2023 31 Dec
Assets		
Tangible non-current assets	469.3	471.3
Investment properties	15,337.6	14.870.9
Business properties	514,4	537.1
Other short-term and long-term assets (inc. derivatives)	984.7	922.2
Cash and cash equivalents	26.5	5.8
Total assets	**17,332.5**	**16.807.2**
Equity and liabilities		
Total equity	5,250.4	5,100.4
Deferred tax liabilities	985.3	953.2
Interesting bearing liabilities	10,342.4	10.117.8
Other short-term and long-term liabilities	754.4	635.9
Total equity and liabilities	**17,332.5**	**16,807.2**

Financial position

Equity/assets ratio:	30.3% (30.3)
Debt-to-equity ratio	59.7% (60.2)
Interest coverage ratio (12mo):	1.6 times (2.1)

Investment properties: SEK 15,337.6 (+3%)

- completed investment properties: SEK 12,833.4 million (12,514.0), +3%
- undeveloped land and building rights: SEK 576.2 million (578.1), +/-0%
- ongoing construction: SEK 1,910.0 million (1,760.8), +8%

-net acquisition of SEK 36.9 million (210.9) and investments in ongoing new construction amounted to SEK 428.4 million (11,990.8)

Interest-bearing liabilities: SEK 10,342.4 million (+2%)

- Financing of acquisitions and ongoing construction
  - SEK 7,085.4 million (6,747.9) first mortgage for completed investment properties
  - SEK 89.4 million (92.1) lease liabilities
  - SEK 1,234.0 million (949.9) operating and acquisition loans
  - SEK 0 million (250) promissory note regarding the acquisition of K-Prefab
  - SEK 1,933.6 million (2,077.9) used construction credits (limit SEK 2,738.2 million)

Derivative instruments: SEK 200.4 million (141.4) of which swaps SEK 201.1 million.
Cash and cash equivalents: SEK 26.5 million (5.8) excluding unutilized overdraft facility SEK 6.0 million)

Equity: SEK 5,250.4 million (5,100.4)

Long-term net asset value: SEK 5,925.2 million (5,803.5), +2%, SEK 24.17 per share,+/-0%

FINANCING OF THE GROUP

Financing

- Only finanacing trough banks, total comittment SEK 11,100 million
  - First mortgage for completed investment properties — SEK 7,100 million
  - Acquisition and operating loans — SEK 1,200 million – used 1,200 million
  - Construction credits — SEK 2,700 million – used 1,900 million
- Evenly distributed on +10 banks
- Average credit term for interesting-bearing liabilities 2.7 years – main part distributed over 1-2 years

Securing of interest rates

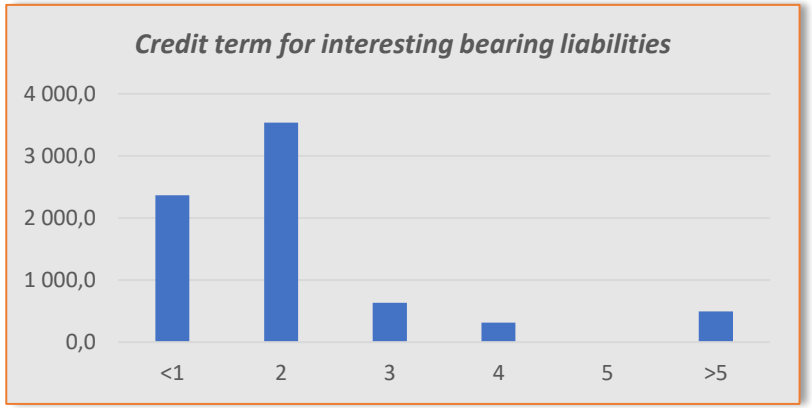
- Average interest period on interesting-bearing liablities 3.2 years, underlying loans only variable interest rates
- Swap portolio of total SEK 6,400 million distributed on 1-10 years, average interest rate 1.53% (1.52%)
- Average interest rate incl. swap portfolio 3,38% (3.22%) and excl. swap portfolio 5.59% (5.47%)
- Share of loans with variable interest rate 13% (first mortgage and acquisition loans)

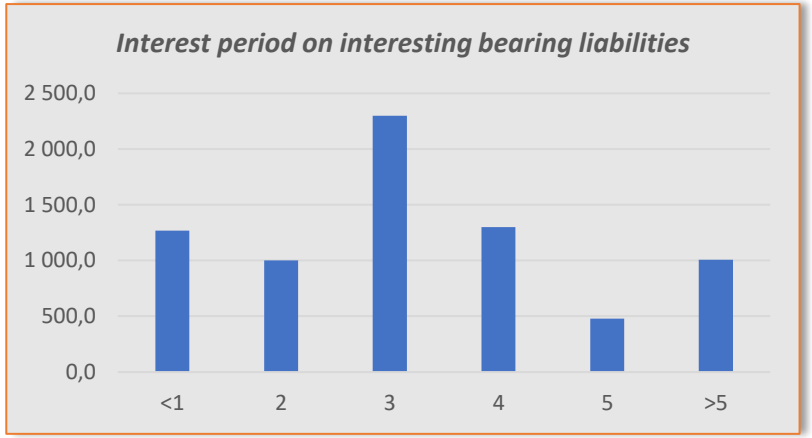
Interest strategy

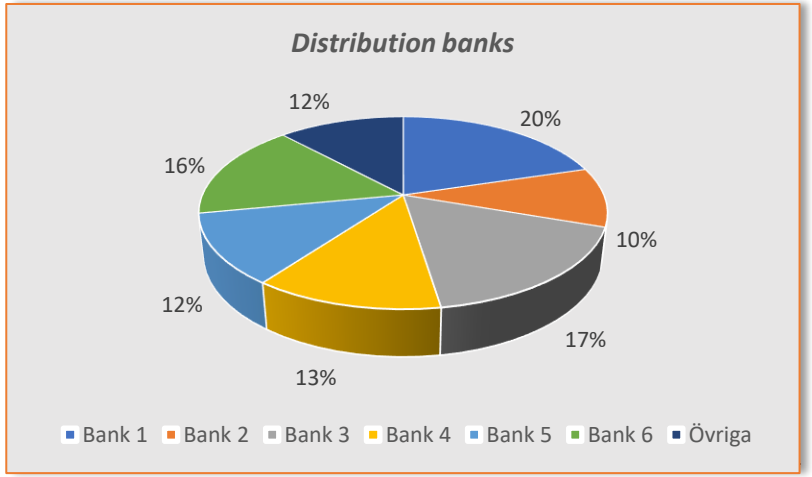
- Share of variable interest rate 20-30% in pace with restructuring of construction credits to first mortgage.
- Focus moving forward rather on duration than interest rate securing rate (share variable interest rate).

Sensitivity

- Debt-to-equity, market value -10%: 64%
- Interest coverage ratio, STIBOR90d +1.0%: 1.6 times







Key credit data

Average credit term for interesting-bearing liabilities:	2.7 years (2.8)
Swap portfolio:	SEK 6,384m
Average interest period on interesting-bearing liabilities:	3.2 years (3.5)
Average interest rate:	3.38% (3.22)
Share of loan with variable interest rates:	13% (9)

Financial position

Equity/assets ratio:	30.3% (30.3)
Debt-to-equity ratio:	59.7% (60.2)
Loan-to-value ratio	62.6% (62.5)
Interest coverage ratio (12mo):	1.6 x (2.1)

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CONCLUSION

- The Board has decided on a new strategy and business plan. Operations will be divided in two business segments: Construction and Property Management. A shift of strategy to also sell completed housing properties constructed in accordance with the Groups concepts to external customers.
- Strengthening of the balance sheet through a new issue that raised SEK 109 million after transaction costs. A conditional transfer agreement for divestment of a housing property portfolio in Denmark have been signed. Also, ongoing divestment processes for commercial premises and housing properties in Sweden not built in accordance with our concepts.
- Stable credit portfolio placed at about a dozen Nordic banks. 87 percent of the portfolio is interest rate secured. Average interest of 3.38 percent. No financing through bonds.
- Profit from property management amounted to SEK 25.3 million in the first quarter. Number of apartments under management amounted to 5,037. Surplus ratio of 60.0 percent and a rental value of SEK 685.9 million.
- Occupancy rate of 93.3 percent at the end of the quarter compared to 91.9 percent at the end of the year. Still some lagging due to vacancies in new constructions due to many completions during the end of 2023. Positive net letting of 144 apartments during the quarter. A more even completion rate during the upcoming months gives the property management organization better possibilities to close vacancies.
- 16 ongoing constructions to build a total of 1,729 apartments. Construction start of 341 apartments during the quarter to be compared to 450 during the entire year 2023.
- An upward trend in production volumes in the prefab section of operations during the second half of the year after lower volumes during the first six months. Among other things through several large orders during the first quarter. Positive future outlook when operations gets through the lower volumes of the first six months.
- Long-term net asset value SEK 5,925,2 million. Long-term net asset value per share: SEK 24.17.Profit from property management per share SEK. Earnings per share in business segment Construction: SEK 0.58.

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Share price, latest paid, 31 March: SEK 21.30

Total no. of class A shares: 22,500,000
Total no. of class B shares on Nasdaq Stockholm: 222,651,168

Total no. of outstanding shares: 245,151,168
Total no. of votes: 335,151,168

Thank you

Questions?

ir@k-fastigheter.se

Interim report January–June 2024:
July 23rd, 2024