

ALL BUSINESS AREAS CONTRIBUTES TO PROFIT GROWTH

*Interim report
January–September 2021*

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

12 November 2021



K-FASTIGHETER

Q3 HIGHLIGHTS

- Continued strong momentum with several acquisitions of building rights
- Continued high occupancy and stable order intake from K-Prefab customers
- Martin Johannesson (BA Property Management), Leif Astikainen (HR) and Magnus Persson (Business Development) are new members of Group Management

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 8,765.6m, increase of 28%
motsvarande SEK 1,912.1m***

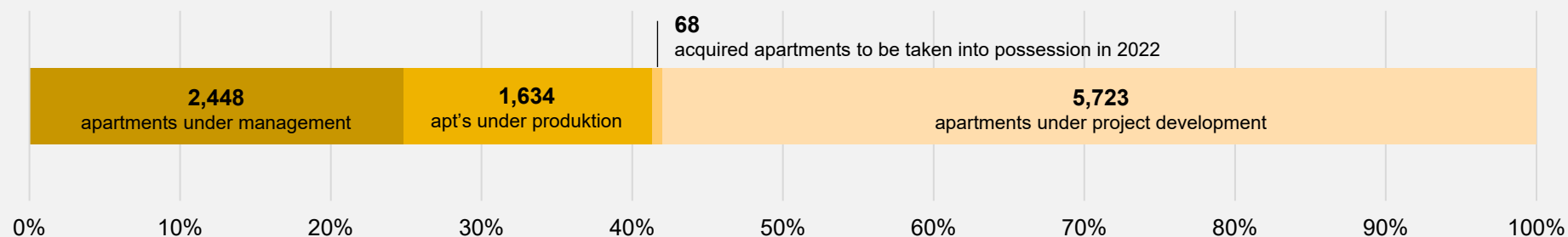
Long-term net asset value (NAV):
**SEK 4,561.8m, increase of 25%
corresponding to SEK 900.6m***

Profit from property management:
SEK 29.8m (+41%)**

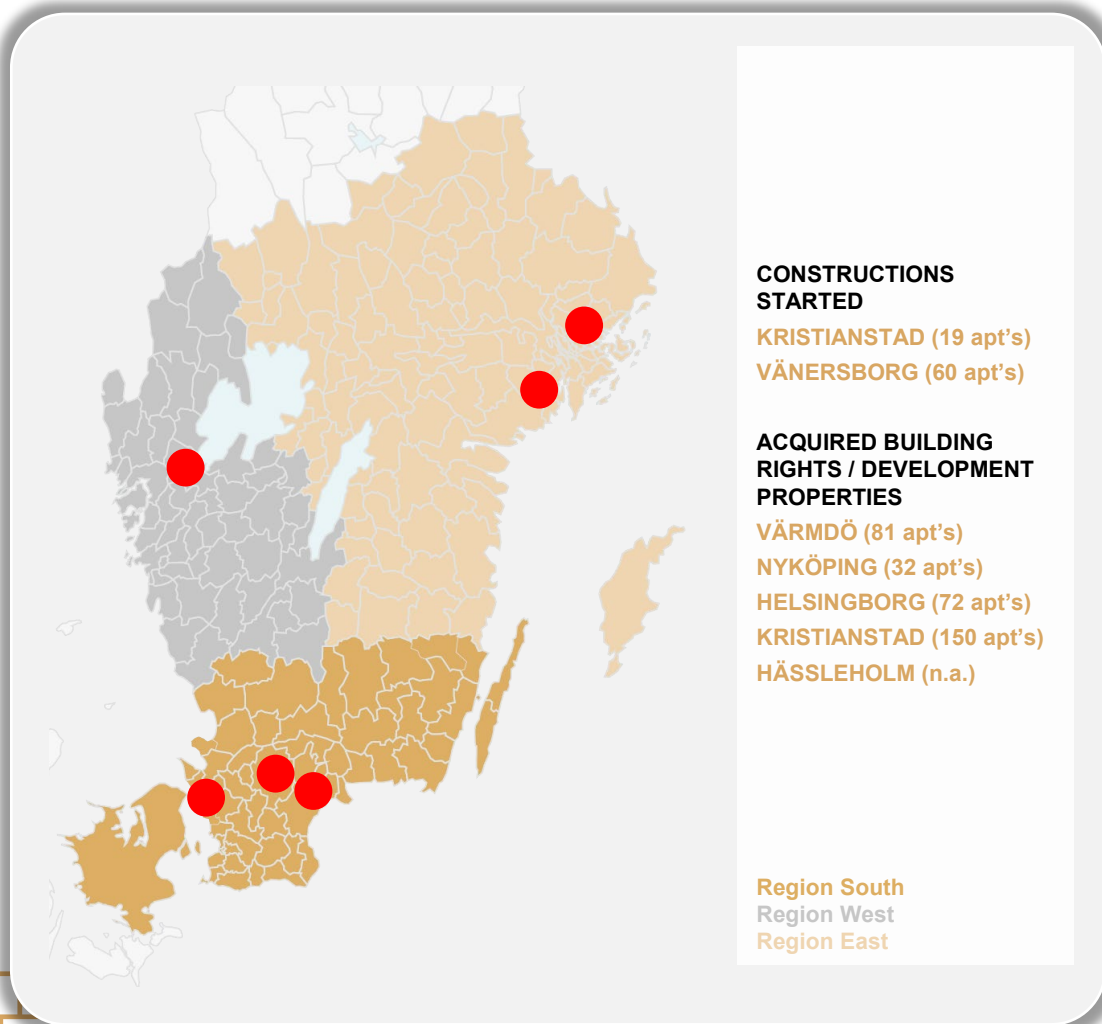
Profit for the quarter:
SEK 311.5m (+113%)**

* in comparison with Q4-20 ** in comparison with Q3-20

Total property and project portfolio as of 30 September 2021: 9,873 apartments



NEW PROJECTS Q3-21



PROJECT DEVELOPMENT

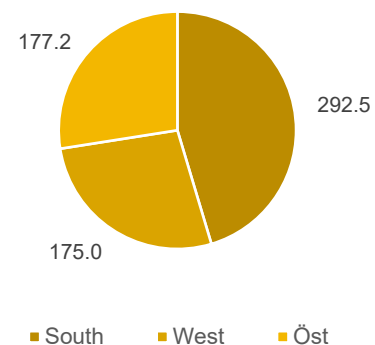


- K-Fastigheter continuously identifies and evaluates potential building rights and undeveloped land that may be suitable for the Group's concept buildings, this to ensure necessary planning and allow the Group to generate additional profitability
- Continued increase of apartments under project development – 5,723 – to be compared with 3,356 in corresponding quarter 2020. In the third quarter 2021, the Group agreed on acquiring building rights of 263 apartments
- The business area reported a strong 9M-21 result, amounting to SEK 439 million, 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

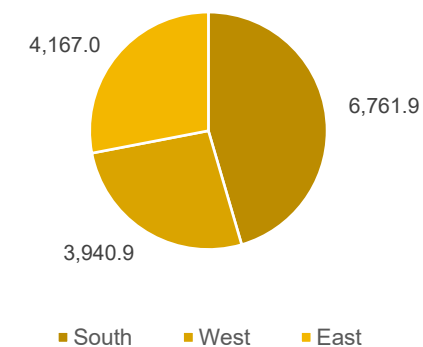
Ongoing project development, 30 September 2021

Number of units	5,723
Lettable area, total square meters	345,818
Property value, SEK m	14,869.7
Rental value, SEK m	644.7

Rental value, under project development, SEK 644.7 m, by region



Property value, under project development, SEK 14,869.7m, by region



CONSTRUCTION



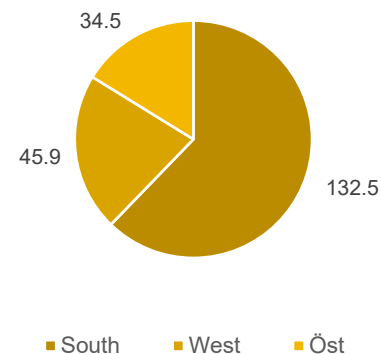
- New property construction is carried out with a high degree of prefabrication, which enables high cost and quality control as well as guarantees production and delivery times
- On 30 September 2021, 25 ongoing construction sites to build a total of 1,634 apartments
- Standardized and repetitive construction 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 27% compared to 30 September 2020

Ongoing construction, 30 September 2021

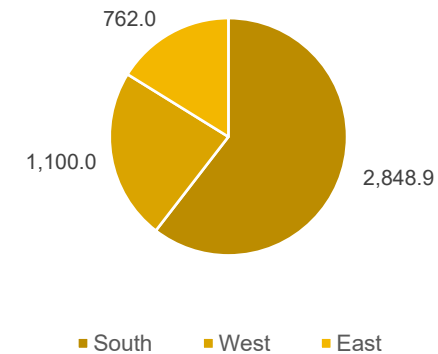
Number of units	1,634
Lettable area, total square meter	111,125
Property value, SEK m	4,710.9
Rental value, SEK m	213.0
Production-to-value (PtV)	70%

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

Rental value, ongoing construction, SEK 213.0 m, by region



Property value, ongoing construction, SEK 4,710.9 m, by region

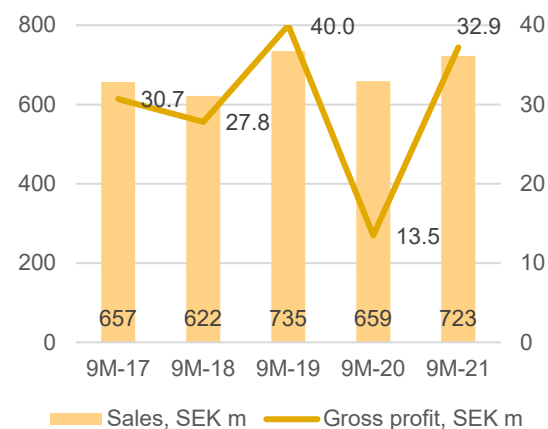


PREFAB

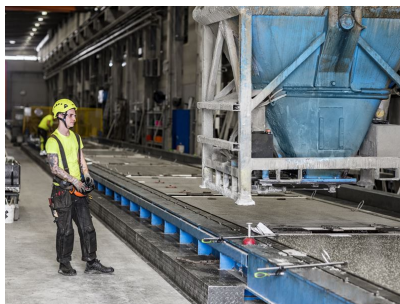
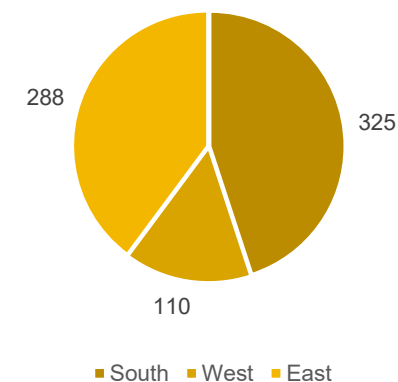


- As part of K-Fastigheter, Prefab will be able to strengthen its position as a leading partner to Swedish construction companies. In parallel, K-Fastigheter will ensure access to vital components for construction of the Group's concept buildings in Sweden and Denmark
- Prefab has a strong market position, taking on the complete process, from sales, project management, design/construction to production and assembly with own capabilities
- Total income amounted to SEK 755.6 million and gross profit to SEK 50.8 million, in line with a normal year and seasonal variations
- Continued good order intake. The order books contain concrete frames for approximately 500 apartments in ongoing production for K-Fastigheter, including two Danish projects, and approximately 650 apartments under project development

K-Prefab, sales and gross profit
Jan-Sep 2017-2021



Sales by region, SEK m
Total sales Jan-Sep 2021: SEK 723m



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 CO₂ 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.





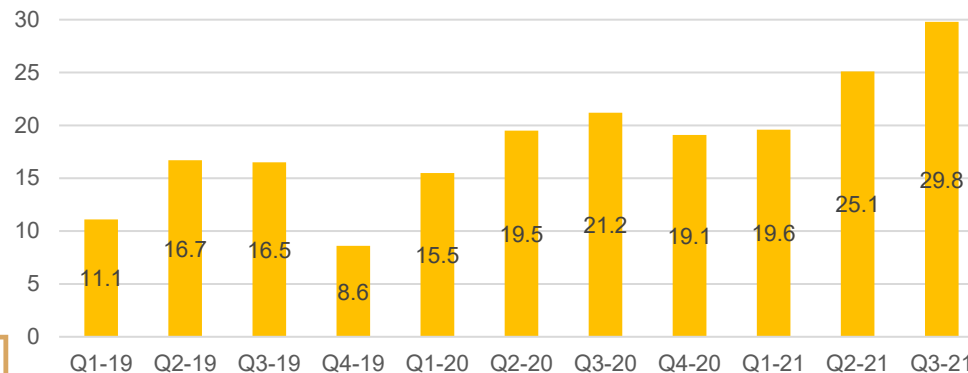
PROPERTY MANAGEMENT

- 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
- Martin Johannesson is new head of BA Property Mgmt as of 1 Sept 2021
- The number of apartments on 30 September 2021 amounted to 2,448, an increase of 20% compared to the corresponding period in 2020
- Profit from property management in the third quarter of 2021 amounted to SEK 29.8 million (+41% y-o-y)

Property portfolio, 30 September 2021

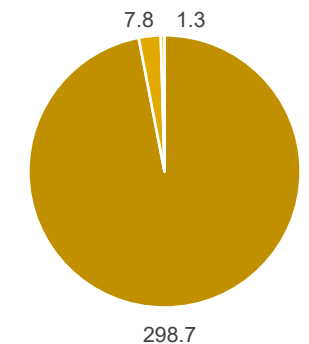
Number of apartments under management	2,448
Total lettable area, square meters	196,891
Total property value, SEK million	6,046.2
Total rental value, SEK million	298,7
Rental income from housing, share of Group's total rental income	84%
Location A/B rating, share of property value	100%
Construction year > 2010, share of property value	79%
Economic occupancy rate	97%
Surplus ratio	67%

Profit from property management by quarter 2019–2021



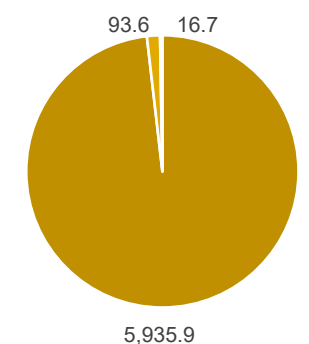
■ Profit from property management, SEK m

Rental value of SEK 298.7m
by region



■ South ■ West ■ East

Property value of SEK 6,046.2m
by region



■ South ■ West ■ East

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



SEK million	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Oct -2021 Sep	2020 FY
Rental income	68.2	51.0	190.7	147.7	246.8	203.9
Project and contracting sales	203.7	0.9	700.5	10.2	700.5	10.2
Other income	4.5	0.3	8.2	0.6	8.6	1.0
Net sales	276.4	52.1	899.3	158.5	955.9	215.1
Gross operating income	63.3	40.3	190.0	107.3	227.9	145.1
<i>Of which, gross profit from property mgmt (operating surplus)</i>	49.8	36.9	127.6	101.8	162.8	137.0
<i>Of which, gross profit from project and contracting operations</i>	13.5	3.4	62.4	5.5	65.0	8.1
Central administration	-8.9	-6.5	-27.5	-23.7	-37.5	-33.6
Impairment and depreciation	-13.7	-1.6	-38.7	-4.8	-42.4	-8.5
Profit from participations in Group, associated and jointly controlled companies	-0.8	-0.1	3.8	3.5	2.9	2.6
Net interest income	-18.5	-13.0	-52.0	-36.1	-63.6	-47.7
Profit before changes in value	21.4	19.0	75.7	46.2	87.3	57.9
<i>Of which, profit from property management</i>	29.8	21.2	74.4	56.2	93.4	75.3
Change in value of investment properties	353.9	108.3	752.0	366.1	963.7	577.8
Change in value of derivatives and other	18.7	-2.4	45.4	-32.2	53.3	-24.2
Profit before tax	393.9	124.9	873.0	380.2	1,104.3	611.4
Income tax	-82.4	-25.4	-190.5	-76.7	-250.7	-136.9
Profit for the period	311.5	99.5	682.6	303.5	853.7	474.5
Comprehensive income for the period	313.0	99.9	685.6	303.5	855.2	473.1

Development in Property Management

- No. of apartments under management increased by 20% to 2,448
- Rental income in the period increased by 29%, to SEK 190.7 million
- Rental value end of period increased by 25% to SEK 298.7 million
- Averages financial letting ratio in the period: 91.7% (92.8)
- Financial letting ratio at end of period: 97.2% (92.4) – 91.2% at 31 December 2020
- Surplus ratio in the period amounted to 66.9% (68.9) – relatively lower average financial letting ratio
- Net interest income in the period increased by 21% to SEK -43.8 million (excl. Financing related to Finja Prefab AB)
- Profit from property management increased by 32% to SEK 74.4 million – SEK 0.35 per share +25.9%
- Unrealized value changes in investment properties amounted to SEK 306.1 million (59.5) – direct return amounted to 3.91% (4.18)

Development Project Development, Construction and Prefab

- At end of period, 26 ongoing construction projects, totalling 1,634 units, +27%
- Total investments in the period amounted to SEK 969.1 million (592.8) in new construction, extension and remodelling for the year, +63%
- Income from project development and construction operations amounted to SEK 1,171.9 million (321.6), of which SEK 471.3 million (311.1) was related to construction for the Group and SEK 700.5 million (10.2) pertained to external customer (=Prefab)
- Gross profit: SEK 62.4 million (5.5) – following increased activity and Prefab
- Unrealized value changes related to ongoing construction amounted to SEK 445.9 million (306.6) – direct return amounted to 3.84% (3.93)

Central administration, +16%, continued investments in central organisation (incl. Legal council, marketing/communications, project- and business development)

Limited contributions from **associated companies and JV's**

Positive unrealized value change from derivatives and other of SEK 45.4 million – primarily attributed to higher market interest

Profit for the period: SEK 682.6 million (+125%) – SEK 3.17 kr per share, +114%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	2020 30 Sep	2020 31 Dec
Assets		
Goodwill	487.4	0.0
Investments properties	8,765.6	6,853.5
Other short-term and long-term assets	1,228.0	298.5
Cash and cash equivalents	134.5	507.6
Total assets	10,615.5	7,659.6
Equity and liabilities		
Total equity	3,895.4	3,209.8
Deferred tax liability	702.9	451.2
Interest bearing liabilities	5,518.4	3,848.3
Other short-term and long-term liabilities	498.8	150.8
Total equity and liabilities	10,615.5	7,659.6

Key credit data

Average credit term for interesting-bearing liabilities:	2.5 years (2.6)
Swap portfolio:	SEK 2,707.0m
Average interest period on interesting-bearing liabilities:	4.2 years (3.8)
Average interest:	1.77% (1.77)
Share of loan with variable interest rates:	39% (39)

Investment properties: SEK 8,765.6 million (+28%), y-o-y +43%

- completed investment properties: SEK 6,046.2 million (5,067.2)
- undeveloped land and building rights: SEK 740.9 million (735.7)
- ongoing construction: SEK 1,960.4 million (1,060.6)

- net acquisition of SEK 191.1 (763.0) million and investments in ongoing new construction amounted to SEK 936.2 million (573.4)

Interest-bearing liabilities: SEK 5,518.4 million (+43%), y-o-y +56%

- Financing of acquisitions and ongoing construction
 - SEK 3,635.4 million (3,145.1) first mortgage for completed investment properties
 - SEK 755.0 million (0.0) related to the acquisition of Finja Prefab AB and Mjögåsvillan Entreprenad AB
 - Acquisition loan SEK 505.0 million
 - Promissory note SEK 250.0 million
 - SEK 1,084.5 million (681.2) construction credits (limit SEK 2,192.4 million)

Cash and cash equivalents: SEK 134.5 million

(+ unutilized overdraft facility SEK 388.3 million)

Equity: SEK 3,895.4 million (+21%)

Long-term net asset value: SEK 4,561.8 million (+25%) – SEK 20.19 per share, +25%

Financial position

Equity/assets ratio:	37.6% (41.9)
Loan-to-value:	55.1% (46.7)
Interest coverage ratio, multiple:	2.8 (2.6)

OUTCOME – FINANCIAL AND OPERATIONAL TARGETS

<u>Financial targets</u>	Outcome	Targets
• Long-term net asset value per share:	+24.6%	> 20% per annum
• Profit per share from property management:	+25.9%	> 20% per annum
<u>Operational targets</u>		
• Rental income from housing:	84%	> 80%
• Number of construction starts:	535	> 1,300 by end of 2023*
• Number of apartments under management:	2,448	> 5,000 by end of 2023
<u>Financial position</u>		
• Loan-to-value ratio:	55.1%	max 70%
• Equity/assets ratio:	36.7%	min 25%
• Interest coverage ratio, multiple:	2.8	min 1.75

CONCLUSION

- Continued strong business momentum
- Profit from property management amounted to SEK 29.8 million, an increase of 41% compared to the corresponding quarter last year
- Four healthy business areas generating positive cash flow and earnings, about 50 percent from Property Management and about 50 percent from other business areas
- Value of investment properties increased by 28 percent compared to 31 December 2020
- The number of apartments under management has increased by 20 per cent compared to the corresponding quarter last year
- Acquisition of building rights in Hässleholm, Kristianstad and Nyköping
- Acquisition of terraced house project in Åhus
- Secured supply of cement for the Group's estimated total production volume in 2022
- Continued high occupancy and stable order intake from K-Prefab customers
- Share split 6:1 completed on 7 June
- NAV per share: SEK 21.19 (17.00)



K-FASTIGHETER



Share price, latest paid on 30 september: SEK 72.60

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 2021:
17 February 2022**

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