

# FROM IDEA TO FINISHED HOME WITH OUR FOURTH BUSINESS AREA

*Interim report  
January–March 2021*

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

7 May 2021



K-FASTIGHETER

# Q1 HIGHLIGHTS

- Update of operational target for annual construction start of apartments, from 1,000 to 1,300 units
- Prefab acquired a prefab plant in, took possession on 30 April 2021
- Establishment of K-Fast Kilen AB, a joint-venture with Kilenkrysset, focusing on building rights in the Mälardalen region
- Acquisition of building right in Gävle for up to 700 apartments
- Acquisition of development properties in Borås and Malmö

## Finja Prefab

- K-Fastigheter took possession of its fourth business area on 25 January 2021
- Consolidated and reported as a separate business area as of 1 January 2021

## Sustainability targets

- Extended sustainability targets as of 2021

## Covid-19

- The impact of Covid-19 pandemic is still limited

Investment properties, value:  
**SEK 7,426.3m, increase of 8% corresponding to SEK 572,8m\***

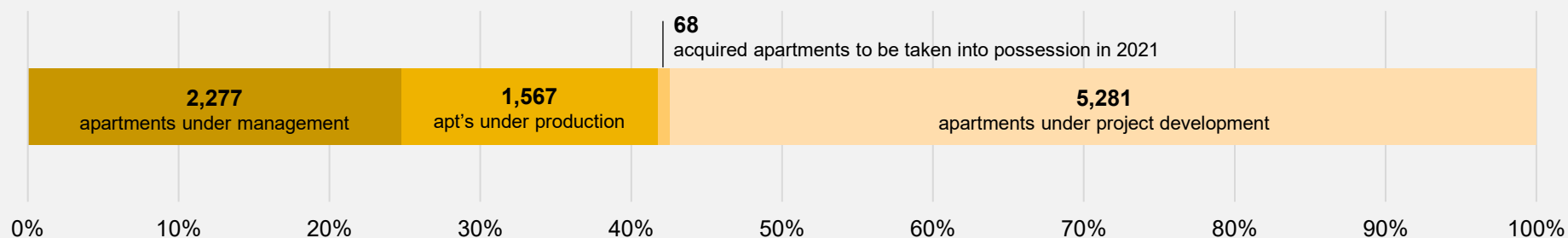
Long-term net asset value (NAV):  
**SEK 3,917.8m, increase of 7% corresponding to SEK 256.6m\***

Profit from property management:  
**SEK 19.5m (+26%)\*\***

Comprehensive income for the quarter:  
**SEK 171.9m (+86%)\*\***

\* in comparison with Q4-20  
\*\* in comparison with Q1-20

## Total property and project portfolio as of 31 March 2021: 9,193 apartments



# TRANSACTIONS IN FOCUS



## K-FASTIGHETER ENTERS THE STOCKHOLM REGION AND BARKARBYSTADEN

K-Fast Holding AB has entered an agreement to acquire the property Järfälla Veddesta 2:65 in the Järfälla municipality, north of Stockholm. The underlying total property values is some SEK 259m and the expected gross total area amounts to just over 32,000 sqm. K-Fastigheter plans to build up to 400 rental apartments on the property.

- Estimated investment: ca SEK 975 million
- Estimated market value upon completion amounts to SEK 1,350 million

In addition, K-Fast Holding AB collaborates with the construction and real estate group Kilenkrysset with the aim of developing more rental apartments in the Mälardalen region.

The new company will operate under the name K-Fast Kilen AB and K-Fastigheter will hold 51 percent of the share capital.



**MJÖBÄCKS**<sup>®</sup>  
VILLAN

**K-Fastigheter has entered into an agreement to acquire 25 percent of the shares in Mjögäcks Entreprenad AB.**

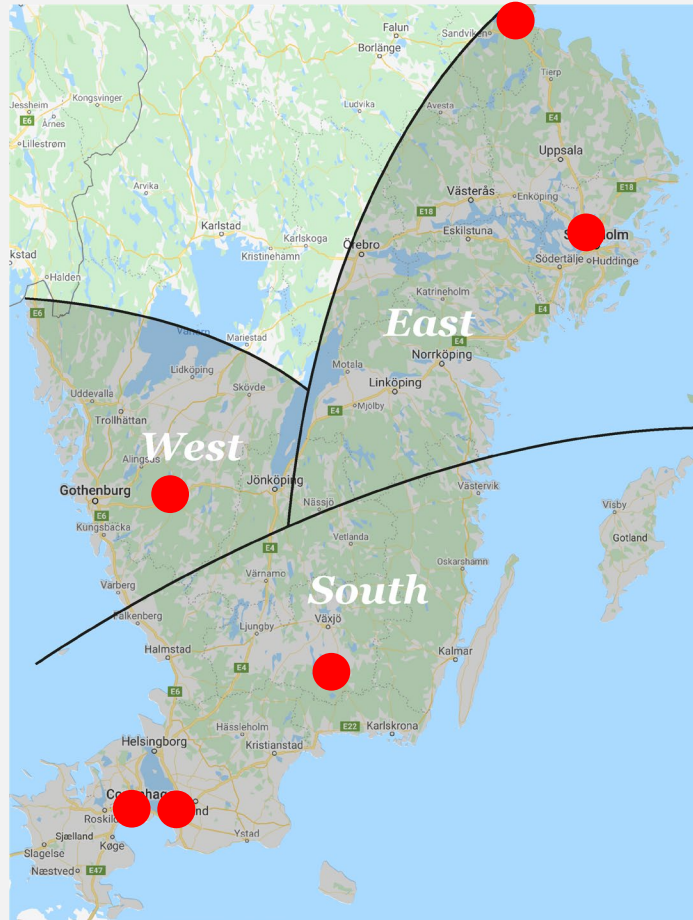
**Mjögäcks is best known for Mjögäcks-villan and as a builder of its own housing projects, mainly in western Sweden.**

- Annual sales of approximately SEK 475 million
- 72 employees and head offices in Mjögäck
- Profit after tax in 2020 amounted to approximately SEK 67 million.

K-Fastigheter will provisionally take over the shares on 1 August 2021. Following the K-Fastigheter's acquisition, Julia Nergården owns 50.1 percent, K-Fastigheter 25 percent and Göran Nergården remaining 24.9 percent.



# NEW PROJECTS



**NEW GEOGRAPHIC  
REGIONS AS OF  
1 JANUARY 2021**

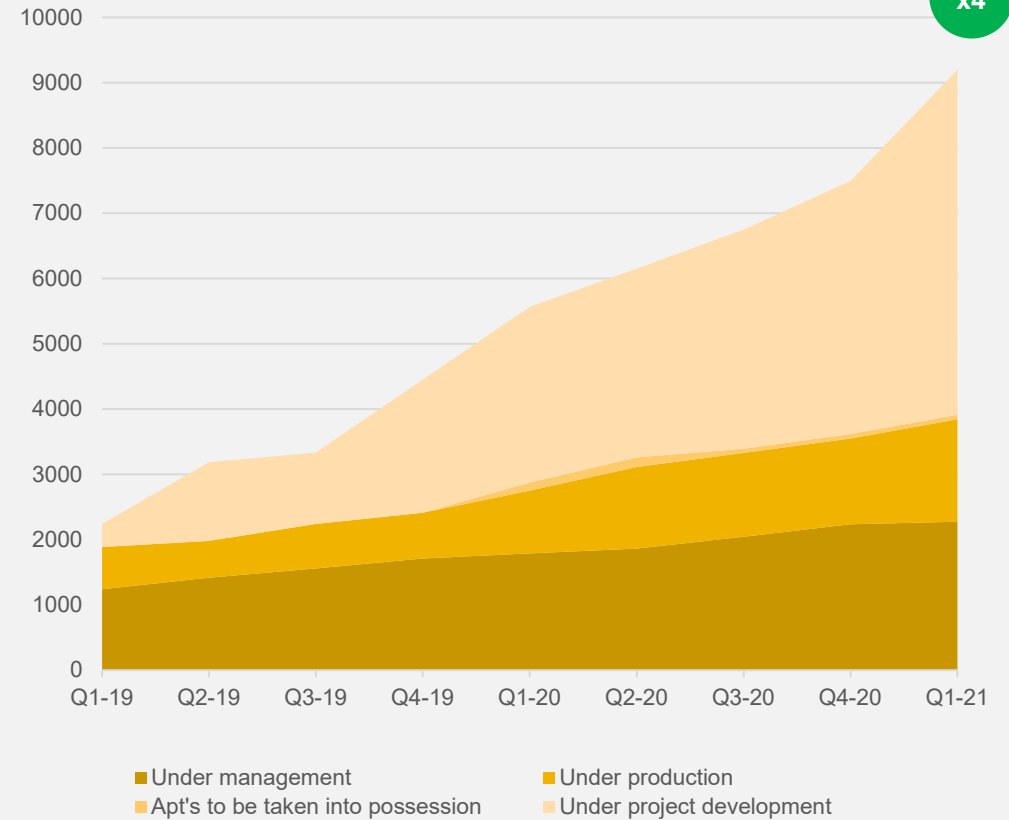
**CONSTRUCTIONS  
STARTED**

**GREVE (DK) (148 apts),  
GÄVLE (92 apts) and  
ÄLMHULT (56 apts)**

**AQUIRED BUILDING  
RIGHTS / DEVELOPMENT  
PROPERTIES**

**BORÅS, GÄVLE,  
JÄRFÄLLA and MALMÖ  
(approx 1,885 apartments)**

**Property portfolio has quadrupled in two years,  
number of apartments**





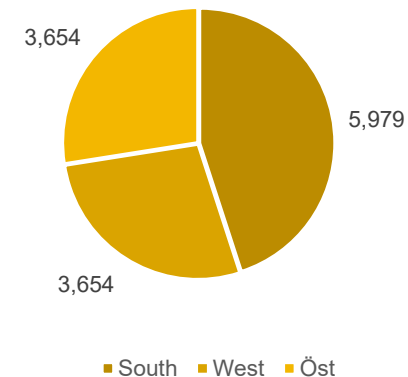
# PROJECT DEVELOPMENT

- 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 – 5,281, to compared with 2,692 in corresponding quarter 2020. In the first quarter 2021, the Group agreed on acquiring building rights of 1,885 apartments
- The business area reported a strong quarterly result, amounting to SEK 110.8 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
- To limit capital tied-up in asset classes that does not generate positive cash flow, K-Fastigheter will as of Q1-2021 focus on development properties generating cash flow during the zoning plan process

## Ongoing project development 31 March 2021

<b>Number of units</b>	<b>5,281</b>
Lettable area, total square meters	317,323
Property value, SEK m	13,287.5
Rental value, SEK m	588.5

## Ongoing project development: Property value, SEK 13,287.5m, by geography



# CONSTRUCTION



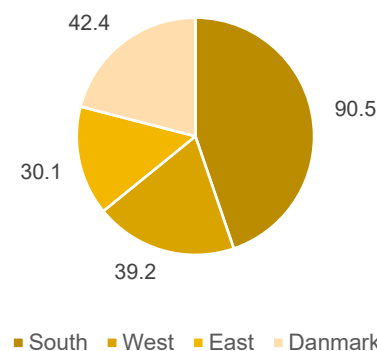
- New property construction is carried out with a high degree of prefabrication, which enables high cost and quality control as well as guarantees production and delivery times
- Construction is ongoing in Helsingborg, Hässleholm, Höganäs, Greve, Gothenburg, Gävle, Malmö, Kristianstad, Kävlinge, Nyköping, Vallensbæk, Växjö and Älmhult. On 31 March 2021: 22 construction sites to build a total of 1,567 apartments
- Standardized and repetitive construction increases productivity, predictability and cost-efficiency while achieving continuous quality improvement through feedback of experience throughout the value chain
- This quarter was the best ever for Construction, the number of apartments in ongoing construction increased by 63% y-o-y

## Ongoing construction, 31 March 2021

<b>Number of units</b>	<b>1,567</b>
Lettable area, total square meter	103,062
Property value, SEK m	4,322.7
Rental value, SEK m	202.1
<b>Production-to-value (PtV)</b>	<b>72%</b>

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

## Rental value ongoing construction, SEK 202.1m, by geography

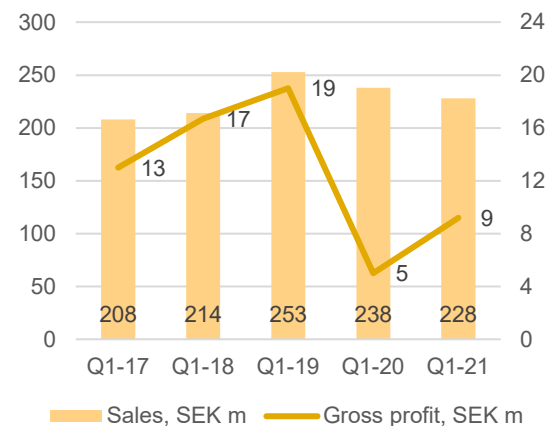


# PREFAB

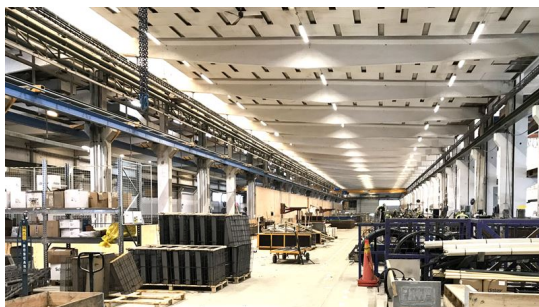
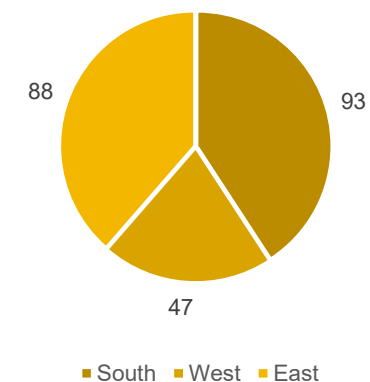


- As a part of K-Fastigheter, Prefab will be able to strengthen its position as a leading partner to Swedish construction companies. In parallel, K-Fastigheter will ensure access to vital components for construction of the Group's concept building in Sweden and Denmark
- In addition to being a wide-ranging partner in prefabricated concrete frame concepts, Prefab is taking on the complete process, from sales, project management, design/construction to production and assembly with own staff
- Total income amounted to SEK 229.3 million and gross profit to SEK 9.2 million, in line with a normal year and seasonal variations
- A strong order book in the start of 2021, including concrete frames to 463 apartments in K-Fastigheter's concept buildings and two Danish projects
- Expansion plans to meet the demand for climate positive concrete frames

**Prefab, sales and gross profit**  
first quarter in 2017-2021



**Sales by geography, SEK m**  
Total sales Jan–Mar 2021: SEK 228m



## INCREASED PREFAB CAPACITY IN BOLLEBYGD

K-Fastigheter's business area Prefab sees a growing demand in western Sweden and increases its production capacity by investing in new equipment and new facilities for carpentry and reinforcement in the factory in Bollebygd.



## ACQUISITION OF PREFAB PLANT IN STRÄNGNÄS

Finja Prefab has entered into an agreement with the construction and real estate group Kilenkryset for the acquisition of its prefab plant in Strängnäs. The purchase is an important part of K-Fastigheter's investment in building more rental apartments in the Mälardalen region.

Annual sales of the Strängnäs unit amounts to SEK 60 million. Transfer of ownership took place on 30 April 2021.

# PROPERTY MANAGEMENT

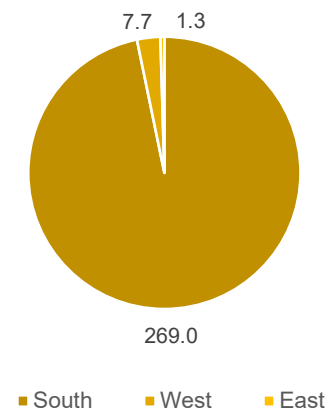


- K-Fastigheter has an eternal perspective on its property ownership and is therefore a long-term partner for municipalities as well as suppliers and tenants. Local government is the key to being able to offer a high level of service and availability
- New development and construction of rental apartments 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
- The number of apartments as of 31 March 2021 amounted to 2,277, an increase of 27% compared with the corresponding quarter in 2020
- Profit from property management in first quarter 2021 increased to SEK 73.5 million (+26% y-o-y)

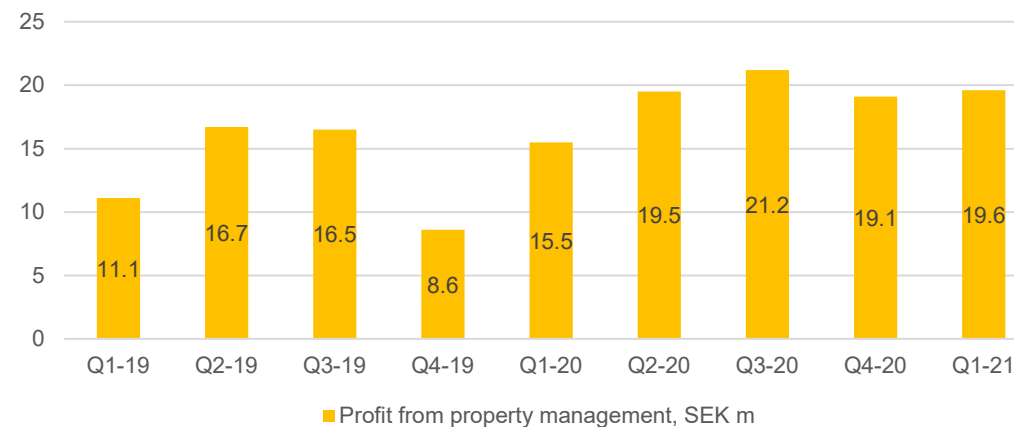
## Property portfolio 31 March 2021

<b>Number of apartments under management</b>	<b>2,277</b>
Total lettable area, square meters	143,963
Total property value, SEK million	5,278.0
Total rental value, SEK million	278.0
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	78%
Economic occupancy rate	93%
Surplus ratio	60%

## Rental value of SEK 278.0m by geography



## Profit from property management by quarter 2019–2021



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



SEK million	2021 Jan-Mar	2020 Jan-Mar	2020 Apr- 2021 Mar	2020 Helår
Rental income	59.5	47.8	215.6	203.9
Project and contracting sales	225.1	4.6	230.7	10.2
Other income	2.0	0.2	2.8	1.0
<b>Net sales</b>	<b>286.5</b>	<b>52.6</b>	<b>449.0</b>	<b>215.1</b>
<b>Gross operating income</b>	<b>51.6</b>	<b>31.3</b>	<b>165.5</b>	<b>145.1</b>
<i>Of which, gross profit from property mgmt (operating surplus)</i>	35.5	30.5	142.1	137.0
<i>Of which, gross profit from project and contracting operations</i>	16.1	0.8	23.4	8.1
Central administration	-8.4	-10.0	-31.9	-33.6
Impairment and depreciation	-5.4	-1.2	-12.8	-8.5
Profit from participations in Group, associated and jointly controlled companies	3.4	-0.5	6.5	2.6
Net interest income	-15.9	-11.2	-52.5	-47.7
<b>Profit before changes in value</b>	<b>25.4</b>	<b>8.4</b>	<b>74.9</b>	<b>57.9</b>
<i>Of which, profit from property management</i>	19.5	15.5	79.3	75.3
Change in value of investment properties	162.9	121.4	619.3	577.8
Change in value of derivatives and other	26.5	-13.8	16.1	-24.2
<b>Profit before tax</b>	<b>214.8</b>	<b>116.0</b>	<b>710.2</b>	<b>611.4</b>
Income tax	-46.6	-23.7	-159.8	-136.9
<b>Profit for the period</b>	<b>168.2</b>	<b>92.3</b>	<b>550.4</b>	<b>474.5</b>
<b>Comprehensive income for the period</b>	<b>171.9</b>	<b>92.3</b>	<b>552.7</b>	<b>473.1</b>

## Development in Property Management

- No. of apartments under management increased by 27% to 2,277
- Rental income in the period increased by 24% to SEK 59.5 million
- Rental value end of period increased by 34% to SEK 278.0 million
- Average financial letting ration in the period: 89.4% (94.0)
- Financial letting ration at end of period: 92.9% (96.5) – 97.0% *excl. Folkparken*
- Surplus ratio in the period: 59.7% (63.7) – Q1 is a soft quarter and relatively lower average financial letting ratio
- Net interest income in the period increased by 17% to SEK -13.1 million
- Profit from property management increased by 26% to SEK 19.5 million – SEK 0.54 per share, +2.3%
- Unrealized value changes in investment properties SEK 20.7 million (26.9) – direct return amounted to 4.05% (4.08)

## Development Project Development and Construction

- At end of period, 22 ongoing construction projects, totalling 1,567 apts, +87%
- Total investments amounted to SEK 286.6 million (154.1) in new construction, extension and remodelling, +86%
- Income from project development and construction operations amounted to SEK 371.9 million (90.9), of which SEK 146.9 million (86.4) was related to construction for the Group and SEK 225.1 million (4.6) pertained to external customer (=Prefab)
- Gross profit: SEK 16.1 million (0.8) – an effect of increased activity and Prefab
- Unrealized value changes related to ongoing construction amounted to SEK 142.2 million (94.5) – direct return amounted to 3.95% (3.96)

**Central administration, down 16%**, some remaining effects of IPO 2019 in Q1 2020

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

**Positive unrealized value change from derivatives and other** of SEK 26.5 million – primarily related to higher market interest

**Profit for the period: SEK 168.2 million (+82%)** – SEK 4.69 per share, +72%

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	2021 31 Mar	2020 31 Dec
<b>Assets</b>		
Goodwill	484.3	0.0
Investment properties	7,426.3	6,853.5
Other short-term and long-term assets	955.6	298.5
Cash and cash equivalents	76.3	507.6
<b>Total assets</b>	<b>8,942.6</b>	<b>7,659.6</b>
<b>Equity and liabilities</b>		
Total equity	3,381.7	3,209.8
Deferred tax liability	556.6	451.2
Interest-bearing liabilities	4,593.4	3,848.3
Other short-term and long-term liabilities	410.9	150.8
<b>Total equity and liabilities</b>	<b>8,942.6</b>	<b>7,659.6</b>

**Investment properties: SEK 7,426.3 million (+8%), y-o-y +47%**

- completed investment properties: SEK 5,278.0 million (5,067.2)
- undeveloped land and building rights: SEK 737.1 million (735.7)
- ongoing construction: SEK 1,411.1 million (1,060.6)

Net acquisition of SEK 128.3 million and investment in ongoing construction of SEK 286.6 million

**Prefab – Working capital and Business properties** increases following the acquisition. **Goodwill** is not final.

**Interest-bearing liabilities: SEK 4,593.4 million, +19%**

Financing of acquisitions and ongoing construction

- SEK 3,357.6 million, first mortgage for completed investment properties
- SEK 475.0 million (0.0) related to the acquisition of Finja Prefab
  - Loan: SEK 225 million loan (limit SEK 450 million)
  - Promissory note: SEK 250 million
- SEK 733.1 million, construction credits (limit SEK 1,619.3 million)

**Equity: SEK 3,381.7 million, +5%**

**Long-term net asset value: SEK 3,917.8 million – SEK 109.17 per share, +7%**

**Cash and cash equivalents: SEK 76.3 million**

(+ unutilized overdraft facility SEK 415.0 million)

## Financial position

Equity/assets ratio:	37.8% (41.9)
Loan-to value ratio:	54.8% (46.7)
Interest coverage ratio, multiple:	2.6 (2.6)

## Key credit data

Average credit term for interesting-bearing liabilities:	2.6 years (2.6)
Swap portfolio:	SEK 2,307.0m
Average interest period on interesting-bearing liabilities:	4.2 years (3.8)
Average interest:	1.69% (1.77)
Share of loan with variable interest rates:	44% (39)

# OUTCOME – FINANCIAL AND OPERATIONAL TARGETS

<u>Financial targets</u>	Outcome	Targets
• Long-term net asset value per share:	+7.0%	> 20% per annum
• Profit per share from property management:	+2.3%	> 20% per annum
<u>Operational targets</u>		
• Rental income from housing:	84%	> 80%
• Number of construction starts:	296	<b>&gt; 1,300 by the end of 2023*</b>
• Number of apartments under management	2,277	> 5,000 by the end of 2023
<u>Financial position</u>		
• Loan-to-value ratio:	54.8%	max 70%
• Equity/assets ratio:	37.8%	min 25%
• Interest coverage ratio, multiple:	2.6	min 1.75

# CONCLUSION

- Continued high activity, limited effects from Covid-19
- New operational target of construction starts per annum: 1,300 at the end of 2023 (changed from 1,000)
- The former target to start construction of 1,000 apartments before end of 2023 will most likely be reached in 2021
- Extended sustainability targets in effect as of 2021
- Market value of the total property portfolio increased by 47 percent y-o-y
- Number of apartments under management increased by 27 percent
- A joint-venture with the construction and real estate group Kilenkrysset was established with the aim to develop more renting apartments in the Mälardalen region
- Finja Prefab AB is consolidated as of 1 January 2021
- 2021 Annual General Meeting to be held on 19 May 2021
  - Proposal to re-elect current Board of Directors
  - Proposal to split of shares, 6:1



K-FASTIGHETER



Share price, latest paid on 31 March: SEK 270  
Total no. of A shares: 3,750,000  
Total no. of B shares on Nasdaq Stockholm: 32,138,528  
Total no. of outstanding shares: 35,888,528  
Total no. of votes: 50,888,528

# Much more than your average property company

Our vision is to become one of the Nordic region's largest players and a leading property owner of sustainably constructed, innovative and cost-efficient concept buildings meeting the wishes and requirements of tenants seeking to establish a home for many years to come. The housing offered by the Group is to be distinguished by the best combination of high standard, home comfort and security in the market.



K-Fastigheter is a project development, construction and property company that, applying a cross-functional approach, achieves profitability at each stage.

For the first quarter 2021, the Group reports approximately 70 percent of EBIT from project development and construction, and remaining 30 percent is related to property-related operations.

## Operational targets



In the long term, rental income from housing is to comprise at least 80 percent of K-Fastigheter's total rental income.



The number of apartments to be managed by the K-Fastigheter and on which construction has commenced is to amount to 1,000 a year by the end of 2023.



At the end of 2023, K-Fastigheter is to manage at least 5,000 apartments in the Nordic region.

## Financial targets

Over an economic cycle, growth in long-term net asset value per share is to average at least 20 percent annually, including any value transfers.

Over an economic cycle, annual growth in earnings per share from property management is to average at least 20 percent.

The target is for growth in net asset value and profit from property management to be generated while maintaining a stable and sound financial position and with balanced financial risk-taking, meaning that::

- The equity/assets ratio should amount to at least 25 percent
- The interest coverage ratio should be a multiple of at least 1.75
- The loan-to-value ratio may amount to at most 70 percent relative the market value of the Group's investment properties

## Current and future portfolio as of 31 March 2021

Under management:	2,277
Under production:	1,567
Acquired properties:	68
Under project development:	5,281

**Total no. of apartments: 9,193**



# Thank you

Q&A?

[ir@k-fastigheter.se](mailto:ir@k-fastigheter.se)

Interim report Jan – Jun 2021 :  
3 August 2021

**Disclaimer:** 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.