STRONG GROWTH IN ALL BUSINESS AREAS

Interim report
January–June 2021

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

30 July 2021

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Q2 HIGHLIGHTS

- Acquisition of Strängnäs prefab plant strengthens the Groups foothold in the Mälardalen region
- Acquisition of a development property in Stockholm area
- Next step in the collaboration with BoKlok
- Collaboration with Innovation Properties and Borohus the develop land in Haninge
- Martin Johannesson new head of BA Property Management as of 1 September
- Acquisition of 25% in Mjöbäcks Entreprenad. Acquisition of 50% in PVS Mark&VA

Share split 6:1

- No. of class A shares: 22,500,000 (SE0016101661)
  No. of class B shares: 192,831,168 (SE0016101679)
- Total no. of shares: 215,331,168
  Total no. of votes: 305,331,168

Index

- KFAST B is included in the EPRA Index

Covid-19

- Still limited impact, few delayed rent payments and no effect on ongoing new construction

Investment properties, value:
SEK 8,043.6m, increase of 17% corresponding to SEK 1,190.2m*

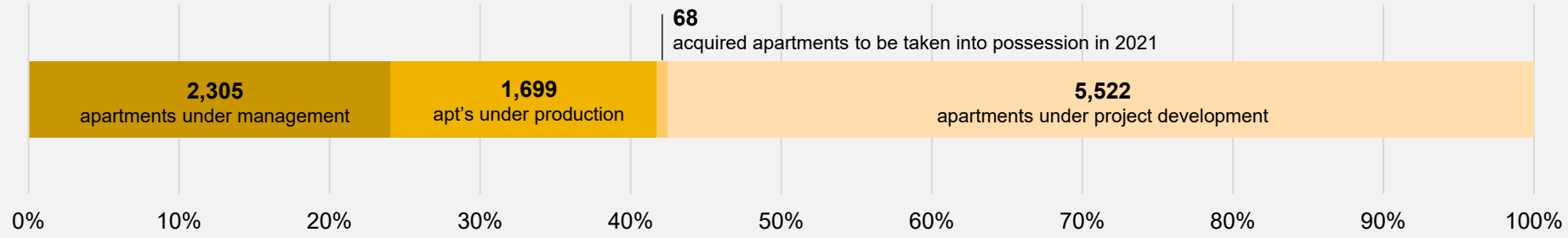
Long-term net asset value (NAV):
SEK 4,190.0m, increase of 14% corresponding to SEK 528.8m*

Profit from property management:
SEK 44.6m (+27%)**

Profit for the quarter:
SEK 202.9m (+82%)**

*in comparison with Q4-20 ** in comparison with Q2-20

Total property and project portfolio as of 30 June 2021: 9,594 apartments



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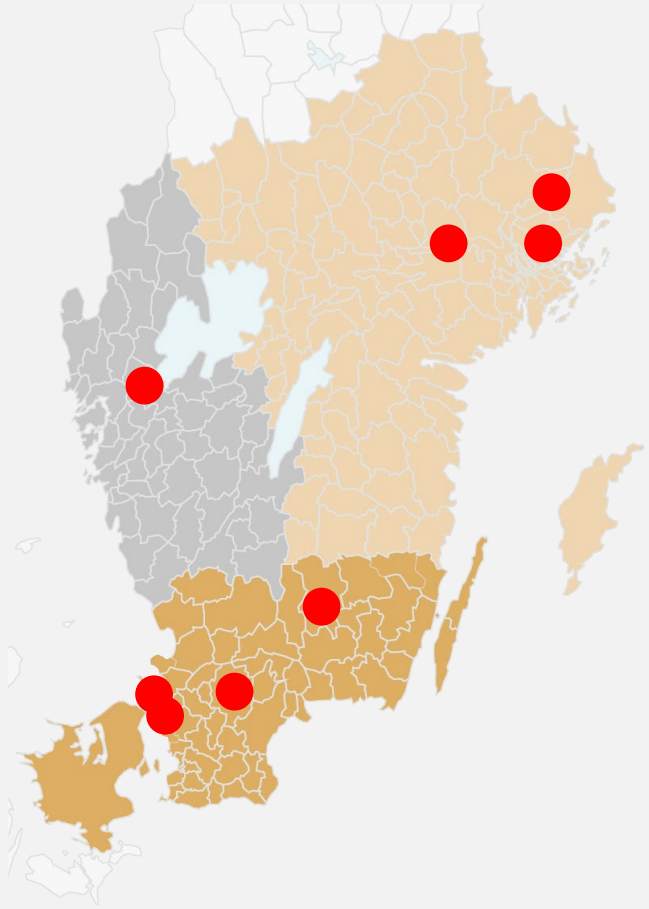
NEW PROJECTS Q2-21



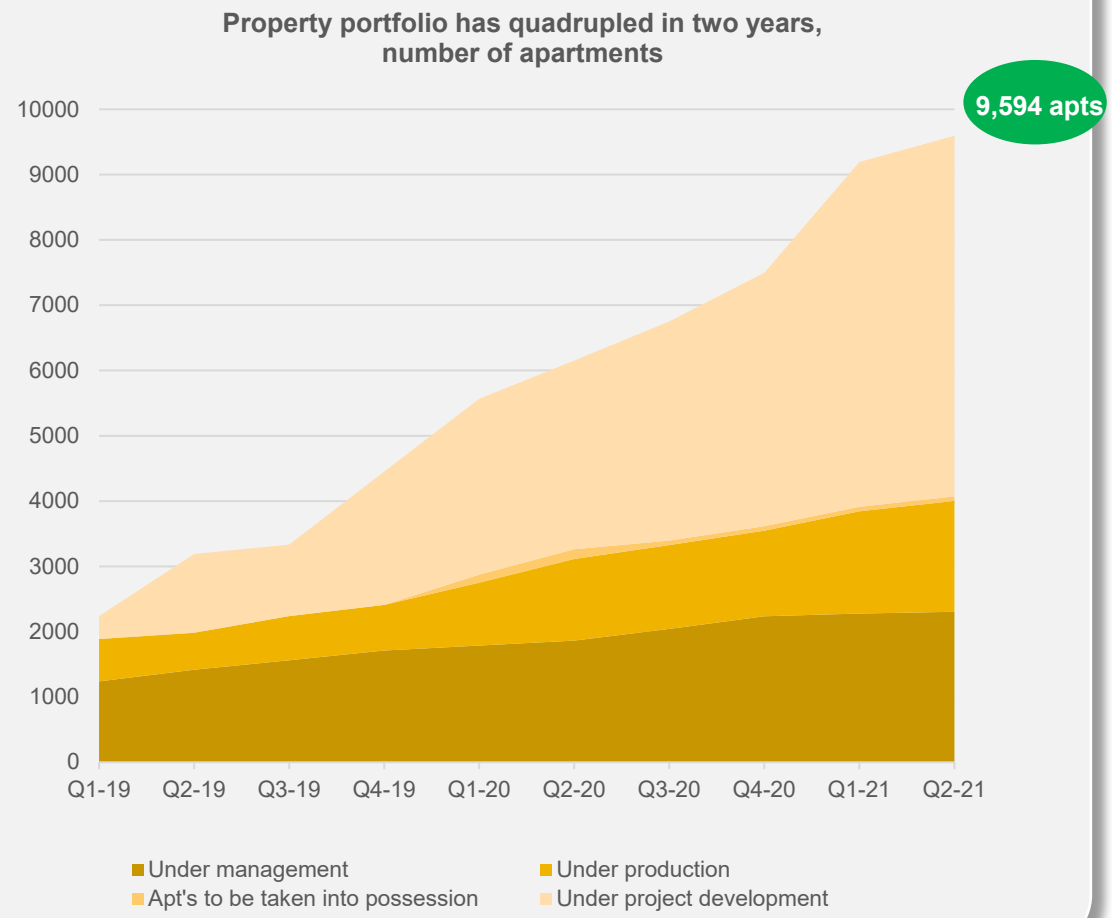
CONSTRUCTION STARTED

HÄSSLEHOLM (37 apts +commercial premise)
UPPSALA (40 apts)
VÄXJÖ (83 apts)

ACQUIRED BUILDING RIGHTS / DEVELOPMENT PROPERTIES

ESKILSTUNA (106 apts)
HELSINGBORG (72 apts)
HÖGANÄS (101 apts)
JÄRFÄLLA (423 apts)
UPPSALA (40 apts)
VÄNERSBORG (143 apts, of which 60 via BoKlok)

Region South
Region West
Region East



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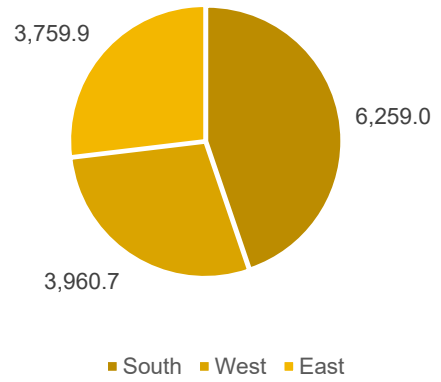
PROJECT DEVELOPMENT

- 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 – 5,522 – to be compared with 2,888 in corresponding quarter 2020. In the second quarter 2021, the Group agreed on acquiring building rights of 885 apartments
- The business area reported a strong H1-21 result, amounting to SEK 225.8 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

Ongoing project development
30 June 2021

Number of units	**5,522**
Lettable area, total square meters	329,599
Property value, SEK m	13,979.5
Rental value, SEK m	617.7

Ongoing project development:
Property value, SEK 13,979.5m, by region



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CONSTRUCTION

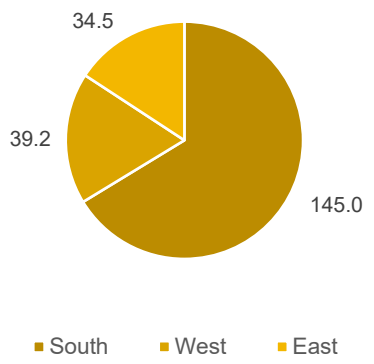
- New property construction is carried out with a high degree of prefabrication, which enables high cost and quality control as well as guarantees production and delivery times
- On 30 June 2021, 26 ongoing construction sites to build a total of 1,699 apartments
- Standardized and repetitive construction increases productivity, predictability and cost-efficiency while achieving continuous quality improvement through feedback of experience throughout the value chain
- An additional strong quarter for BA Construction, the number of units in ongoing construction increased by 36% compared with 30 June 2020
- Acquisition of 50 percent of the shares in civil works company PVS Mark&Va
- All new Lateral Low-Rise and Apartment Blocks to be fitted with solar panels as of April 2021

Ongoing construction, 30 June 2021

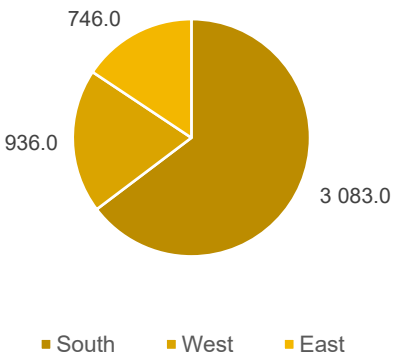
Number of units	**1,699**
Lettable area, total square meter	113,349
Property value, SEK m	4,765.0
Rental value, SEK m	218.7
Production-to-value (PtV)	**71%**

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

Rental value, ongoing construction, SEK 218.7m, by region



Proerty value, ongoing construction, SEK 4,765.0m, by region



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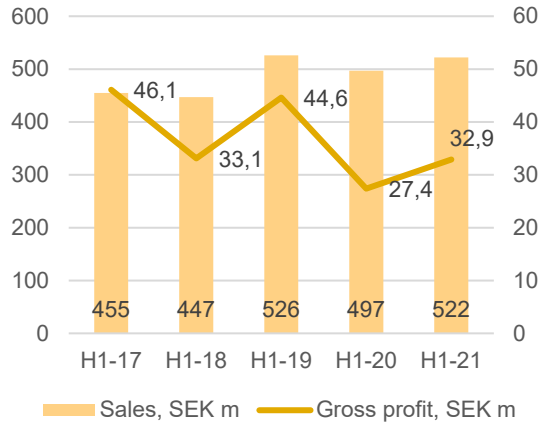
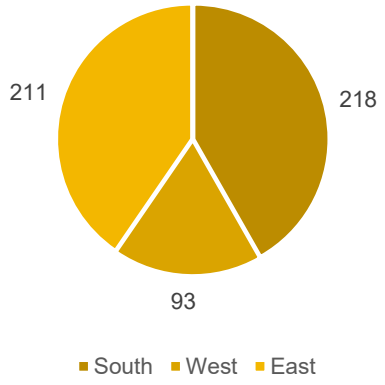
PREFAB

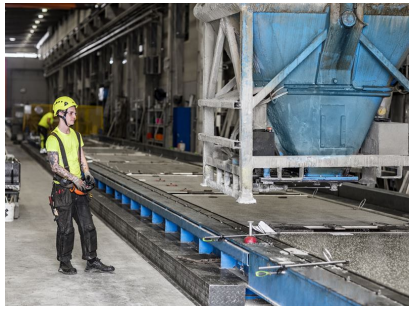
- As a part of K-Fastigheter, Prefab will be able to strengthen its position as a leading partner to Swedish construction companies. In parallel, K-Fastigheter will ensure access to vital components for construction of the Group's concept building in Sweden and Denmark
- Prefab has a strong market position, taking on the complete process, from sales, project management, design/construction to production and assembly with own staff
- Total income amounted to SEK 529,2 million and gross profit to SEK 34.9 million, in line with a normal year and seasonal variations
- Continued strong order book, including concrete frames for 413 apartments in K-Fastigheter's concept buildings and two Danish projects

Finja Prefab AB, sales and gross profit
Jan-Jun 2017-2021



Sales by region, SEK m
Total sales Jan–Jun 2021: SEK 522m





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 CO_2 footprint in three years. In step one, Finja 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.

ETT AV PREFABS STÖRSTA PROJEKT

On behalf of Skanska, Prefab will deliver and install the concrete frame for the tenancy block Fastighetsboken in Lund, Sweden. The project consists of three contiguous blocks located on currently undeveloped land next to the large Delphi campus. Fastighetsboken consists of three buildings with a total of 358 rental apartments and a garage on two floors. Fastighetsboken will be one of Finja Prefab's largest projects to date.

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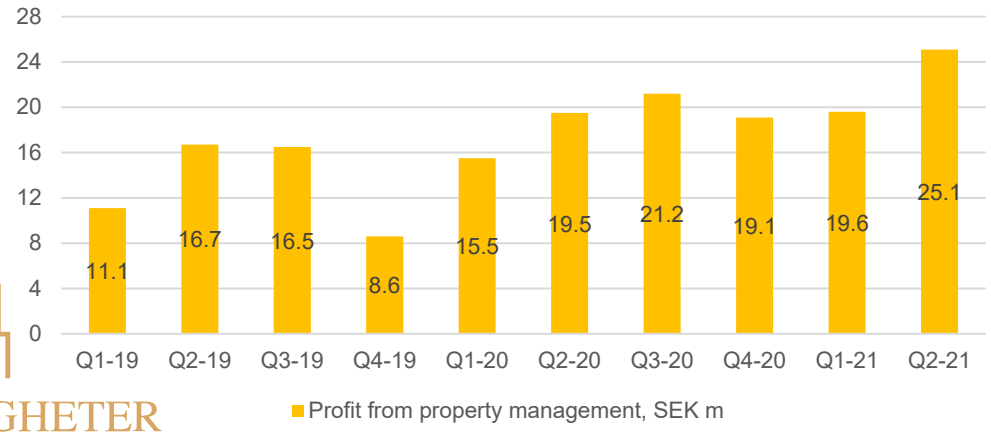
PROPERTY MANAGEMENT

- 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 June 2021 amounted to 2,305, an increase of 24% compared with the corresponding period in 2020
- Profit from property management in second quarter 2021 amounted to SEK 25.1 million (+29% y-o-y)

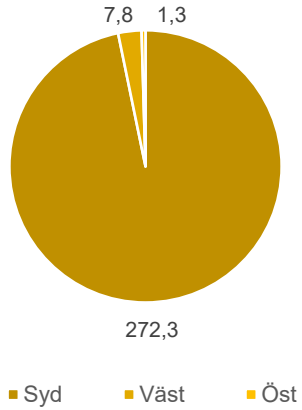
Property portfolio
30 June 2021

Number of apartments under management	**2,305**
Total lettable area, square meters	187,854
Total property value, SEK million	5,440.0
Total rental value, SEK million	281.4
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	96%
Surplus ratio	64%

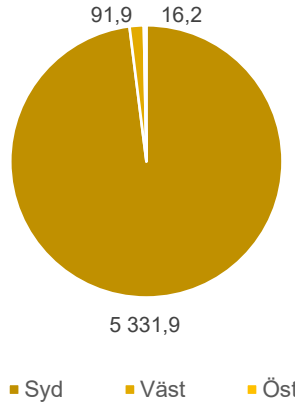
Profit from property management by quarter 2019–2021



Rental value of SEK 281.4m by region



Property value of SEK 5,440.0m by region



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jul-2021 Jun	2020 FY
Rental income	63.0	49.0	122.5	96.8	229.6	203.9
Project and contracting sales	271.7	4.8	496.8	9.3	497.7	10.2
Other income	1.7	0.1	3.7	0.3	4.4	1.0
Net sales	**336.5**	**53.8**	**623.0**	**106.4**	**731.7**	**215.1**
Gross operating income	**75.1**	**35.8**	**126.7**	**67.1**	**204.8**	**145.1**
Of which, gross profit from property mgmt (operating surplus)	*42.3*	*34.5*	*77.8*	*64.9*	*149.9*	*137.0*
Of which, gross profit from project and contracting operations	*32.8*	*1.3*	*48.9*	*2.1*	*54.9*	*8.1*
Central administration	-10.2	-7.1	-18.6	-17.2	-35.0	-33.6
Impairment and depreciation	-19.6	-2.0	-25.0	-3.2	-30.4	-8.5
Profit from participations in Group, associated and jointly controlled companies	1.1	4.2	4.6	3.7	3.5	2.6
Net interest income	-17.5	-11.9	-33.4	-23.1	-58.1	-47.7
Profit before changes in value	**28.9**	**18.9**	**54.3**	**27.3**	**84.9**	**57.9**
Of which, profit from property management	*25.1*	*19.5*	*44.6*	*35.0*	*84.8*	*75.3*
Change in value of investment properties	235.2	136.4	398.1	257.8	718.1	577.8
Change in value of derivatives and other	0.2	-16.0	26.7	-29.8	32.2	-24.2
Profit before tax	**264.4**	**139.3**	**479.1**	**255.3**	**835.3**	**611.4**
Income tax	-61.4	-27.6	-108.0	-51.3	-193.6	-136.9
Profit for the period	**202.9**	**111.7**	**371.1**	**204.0**	**641.6**	**474.5**
Comprehensive income for the period	**200.7**	**111.3**	**372.6**	**203.6**	**642.7**	**473.1**

Development in Property Management

- No. of apartments under management increased by 24% to 2,305
- Rental income in the period increased by 27%, to SEK 122.5 million
- Rental value end of period increased by 29% to SEK 281.4 million
- Average financial letting ratio in the period: 90.4% (93.8)
- Financial letting ratio at end of period: 96.2% (95.0) – *91.2% per 31 Dec 2020*
- Surplus ratio in the period amounted to 63.6% (67.1) – relatively lower average financial letting ratio
- Net interest income in the period increased by 18%, to SEK -27.3 million (excl. financing related to Prefab)
- Profit from property management increased by 27%, to SEK 44.6 million – SEK 0.21/share, +20.1%
- Unrealized value changes in investment properties amounted to SEK 107.9 million (53.6) – direct return amounted to 4.05% (4.17)

Development Project Development and Construction

- At end of period, 26 ongoing construction projects, totalling 1,699 units, +36%
- Total investments in the period amounted to SEK 641.7 million (377.5) in new construction, extension and remodelling, +70%
- Income from project development and construction operations amounted to SEK 831.1m (207.6), of which SEK 334.4m (198.2) was related to construction for the Group and SEK 496.8m (9.3) pertained to external customer (=Prefab)
- Gross profit: SEK 48.9 million (2.1) – an effect of increased activity and Prefab
- Unrealized value changes related to ongoing construction amounted to SEK 290.2 million (204.3) – direct return amounted to 3.87% (3.97)

Central administration up 8%, continued investments in central organisation

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

Positive unrealized value change from derivates and other of SEK 26.7 million – primarily related to higher market interest

Profit for the period: SEK 371.1 million (+82%) – SEK 1.72 per share, +72%

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	2021 30 Jun	2020 30 Jun	2020 31 Dec
Assets			
Goodwill	490.2	0.0	0.0
Investment properties	8,043.6	5,751.5	6,853.5
Other short-term and long-term assets	1,027.0	258.9	298.5
Cash and cash equivants	79.5	274.8	507.6
Total assets	**9,640.3**	**6,285.2**	**7,659.6**
Equity and liabilities			
Total equity	3,582.4	2,442.0	3,209.8
Deferred tax liability	623.5	369.5	451.2
Interesting-bearing liabilities	4,985.7	3,315.4	3,848.3
Other short-term and long-term liabilities	448.7	158.3	150.8
Total equity and liabilities	**9,640.3**	**6,285.2**	**7,659.6**

Investment properties: SEK 8,043.6 million (+17%), y-o-y: +40%

- completed investment properties: SEK 5,440.0 million (5,067.2)
- undeveloped land and building rights: SEK 741.1 million (735.7)
- ongoing construction: SEK 1,844.5 million (1,060.6)

- net acquisition of SEK 165.9 million (708.2) and investments in ongoing new construction amounted to SEK 632.7 million (364.8)

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

Interest-bearing liabilities: SEK 4,985.7 million (+30%), y-o-y: 50%

- Financing of acquisitions and ongoing construction
  - SEK 3,341.6 million (3,145.1), first mortgage for completed investment properties
  - SEK 550.0 million (0.0) related to the acquisition of Finja Prefab
    - Loan SEK 300.0 million (limit SEK 427.5 million)
    - Promissory note: SEK 250.0 million
  - SEK 1,055.2 million (681.2), construction credits (limit SEK 2,142.1 million)

Cash and cash equivalents: SEK 79.5 million
(+ unutilized overdraft facility SEK 320.6 million)

Equity: SEK 3,582.4 million, +12%
Long-term net asset value: SEK 4,190.0 million – SEK 19.46 per share, +14.4%

Key credit data

Average credit term for interesting-bearing liabilities:	2.6 years (2.6)
Swap portfolio:	SEK 2,507.0m
Average interest period on interesting-bearing liabilities:	4.4 years (3.8)
Average interest:	1.76% (1.77)
Share of loan with variable interest rates:	37% (39)

Financial position

Equity/assets ratio:	37.2% (41.9)
Loan-to-value:	54.8% (46.7)
Interest coverage ratio, multiple:	2.7 (2.6)

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OUTCOME – FINANCIAL AND OPERATIONAL TARGETS

Financial targets	**Outcome**	**Targets**
• Long-term net asset value per share:	+14.4%	> 20% per annum
• Profit per share from property management:	+20.1%	> 20% per annum
Operational targets		
• Rental income from housing:	84%	> 80%
• Number of construction starts:	456	**> 1,300 by end of 2023***
• Number of apartments under management:	2,305	> 5,000 by end of 2023
Financial position		
• Loan-to-value ratio:	54.8%	max 70%
• Equity/assets ratio:	37.2%	min 25%
• Interest coverage ratio, multiple:	2.7	min 1.75

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*Target amended in February 2021

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CONCLUSION

- Continued strong momentum, limited effects of Covid-19
- Four strong business areas generating positive cash flow and earnings, 40 percent from Property Management and 60 percent from other business areas
- The total property portfolio increased by 40 percent in terms of market value compared with the corresponding period last year
- The number of apartments under management has increased by 24 percent
- Acquisition of development property in Barkarby, Järfälla, in Haninge and in Helsingborg
- K-Fastigheter acquired 25 percent of Mjöbäcks Entreprenad
- During the quarter, the next step was taken in the collaboration with BoKlok, which means that the companies will build new apartments in Vänersborg, Uppsala and Eskilstuna.
- Share split 6:1 completed 7 June
- Earnings per share: SEK 0.94 (0.55)

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Share price, latest paid on 30 June: SEK 62.5

Total no. of class A shares: 22,500,000
Total no. of class B shares on Nasdaq Stockholm: 192,831,168

Totalt no. of outstanding shares: 215,331,168
Total no. of votes: 305,331,168

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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 half of 2021, the Group reports approximately 60 percent of EBIT from project development and construction, and remaining 40 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 30 June 2021

Under management:	2,305
Under production:	699
Acquired properties:	68
Under project development:	5,522
Total no-of apartments:	**9,594**

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Thank you

Questions?

ir@k-fastigheter.se

Interim report Jan–Sep 2021:
12 November 2021

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