



RECORD IN NUMBER OF STARTED CONSTRUCTIONS AND CONTINUED FOCUS ON GROWTH

*Interim Report
January–June 2020*

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31 July 2020



K-FASTIGHETER

HIGHLIGHTS

- Strategic partnership with BoKlok
- Operations established in Gävle (148 apts) and expansion in Nyköping (100 apts)
- Denmark: Construction started in Vallensbæk (95 apts) and purchase of ongoing project in i Høje-Taastrup (36 apts)
- Purchase of two residential properties in Hässleholm (30 apts)
- Record in no. of apts in ongoing production: 1,249

Limited impact of the Covid-19 pandemic

- Ongoing dialogue with tenants who are directly/indirectly affected
- Precautions and protection measures in place for tenants, employees and other stakeholders
- Rental income has only been marginally affected as the rental settlements reached to date mainly relate to temporary rent relief
- Fewer competitors active on the transaction market for building rights

Property value: **SEK 5,751.5m (+31%)***

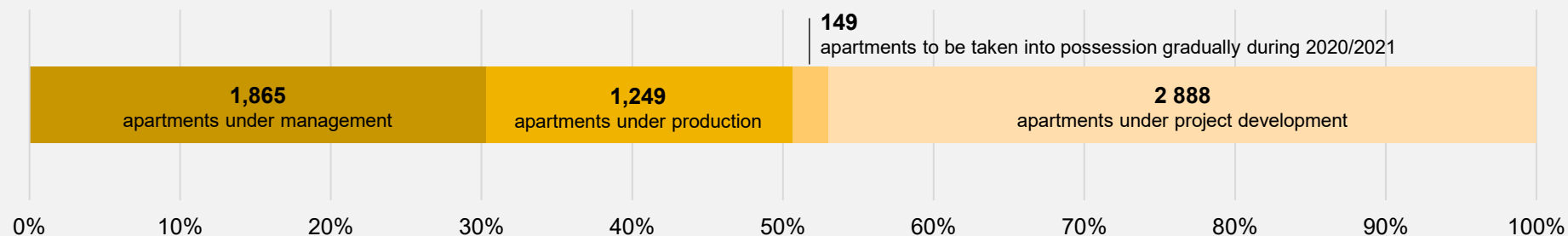
Long-term net asset value (NAV):
2,818.0m (+11%)*

Profit from property management:
SEK 19.5m (+17%)**

Comprehensive income for the quarter:
SEK 111.3m (+24%)**

*change as of Q4-19
** in comparison with Q2-19

Total property and project portfolio as of 30 June 2020: 6,151 apartments



PROJECT DEVELOPMENT

- K-Fastigheter continuously identifies and evaluates possible building rights and undeveloped land compliant to the Group's concept building, this to ensure necessary planning and allow the Group to generate additional profitability
- Continued increase in number of apartments under project development, 2,888, to be compared with 1,200 in the corresponding quarter 2019. Building rights relating to 1,600 apartments were purchased in the second quarter 2020
- Once again, the business area recorded its highest profit from development in the value of new construction in progress in an individual quarter, SEK 109.8m. Earnings before tax for the business area amounted to 75 percent of the Group's total profit
- Project development is at the heart of K-Fastigheter's business model by creating employment and growth for the Construction business area, which in the turn creates growth and profit for the Property Management business area, with attractive properties and strong cash flows



Low-Rise (Sw. *Låghus*)

- Semi-detached, terraced or link houses up to three-stories, of which apartments in one or two stories
- Standardized basic foundation
- Four floor plans in each construction which can be combined freely



Lateral Low-Rise (Sw. *Lamellhus*)

- Adaptable and area efficient houses
- Multi-dwelling houses in a block structure with up to 10 stories
- Can be produced in several sizes and layouts
- Adaptable floor plans, opportunities for underground parking and ground floor commercial premises



Apartment Block (Sw. *Punkthus*)

- Multi-dwelling houses in a quadratic shape can be constructed with 4 to 10 stories
- Four apartments on each floor with spacious corner balconies of 27 sqm per apartment
- Apartment Block Plus is a rectangular house allowing six apartments per story
- Ground floor is adaptable and can be constructed with e.g. both a basement and duplex when built on a sloping site

Our three concept buildings are constructed solely for long-term proprietary ownership and active property management



NEW PROJECTS IN Q2-20

HØJE-TAASTRUP, DENMARK
36 terraced house apartments



GÄVLE, Strömsbro
88 apartments



CONSTRUCTION

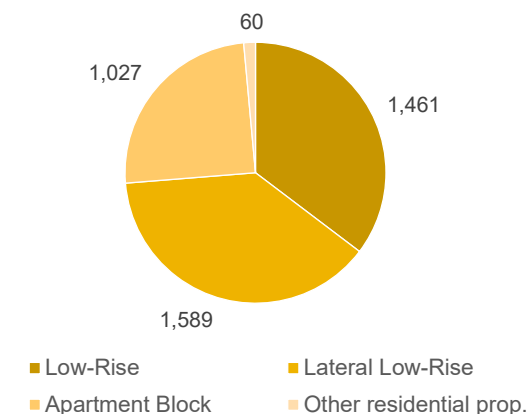
- New property construction is carried out with a high degree of prefabrication, which enables high cost and quality control as well as guarantees production and delivery times
- Construction is ongoing in Helsingborg, Hässleholm, Höganäs, Gävle, Gothenburg, Kristianstad, Malmö, Vallensbæk, Växjö and Älmhult. At 30 June 2020, ongoing construction projects amounted to 19, totalling 1,249 apartments
- New construction starts in the **six first months in 2020** corresponded to 102 percent of the number of starts in the **2019 full-year**
- The Group's production facilities in Osby and Hässleholm are manufacturing curtain walls, prefabricated balconies and stairways
- Standardized and repetitive construction increases productivity, predictability and cost-efficiency while ongoing quality improvement is achieved through experience feedback in the entire value chain
- Under the Group's "K-Fast 2.0" programme, vacant apartments are renovated so that surfaces, plumbing, mains and technical installations correspond to the standard found in the concept buildings produced in-house. The Group owns about 475 apartments in older properties, of these 68 apartments were renovated

Ongoing construction and project development, 30 juni 2020

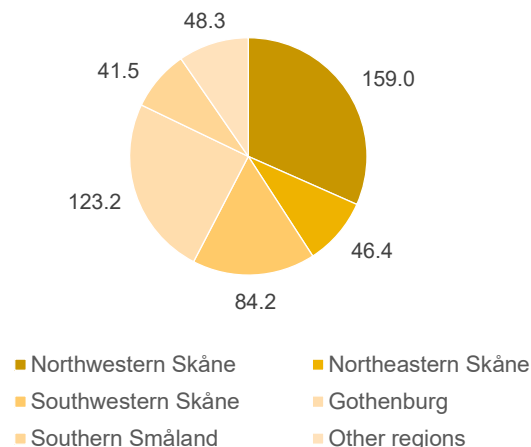
No. of units in the project portfolio	4,137
Lettable area, total sqm	276,815
Property value, SEKm	10,730.4
Rental value, SEKm	502.9
Production-To-Value (PtV)	72%

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

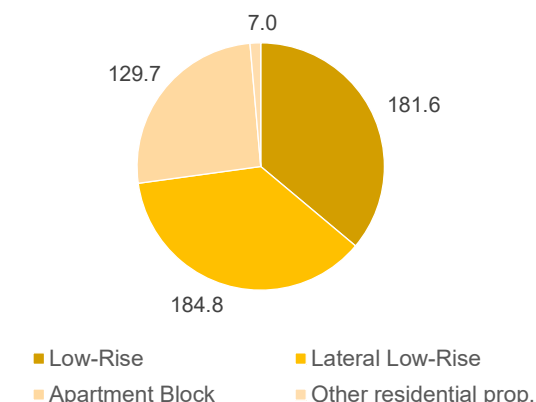
No. of apts, new construction/projects by concept building



Rental value, new construction/projects by geography, SEKm



Rental value, new construction/projects by concept building, SEKm



ONGOING CONSTRUCTIONS Q2-20



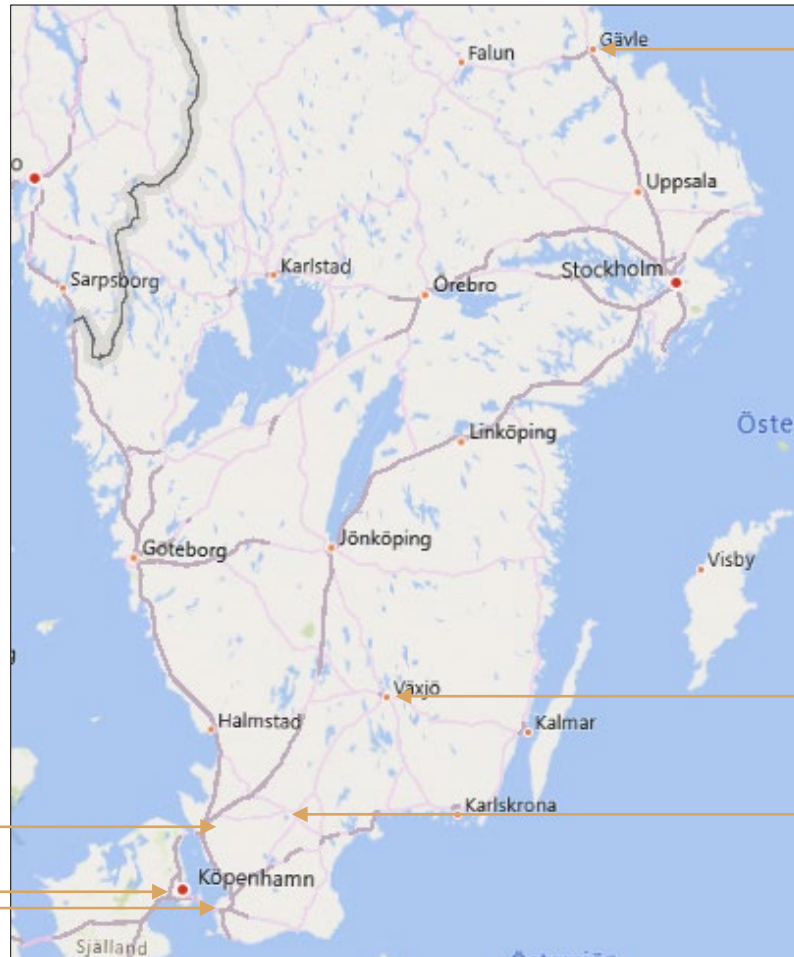
Ödåkra:
15 Low-Rise apartments



Vallensbæk Strand:
95 Apartment Block apartments



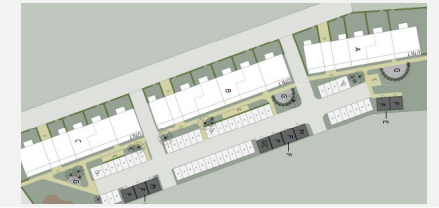
Malmö, Hässjan:
62 Lateral Low-Rise apartments



Gävle, Gävletravet/Sätra:
60 apartments



Växjö, Trollet:
48 apartments



Hässleholm, Kokhuset:
38 Low-Rise apartments

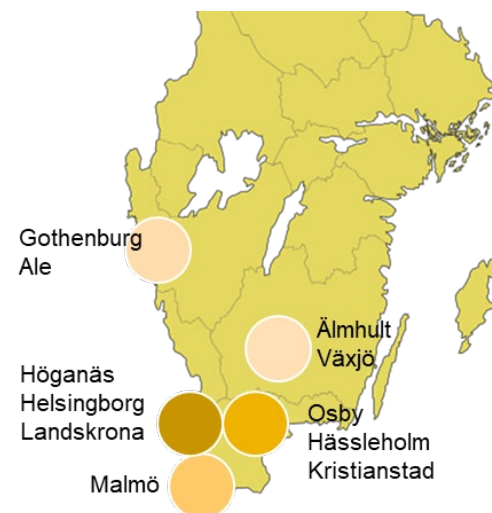


Hässleholm, Hällan:
38 Apartments Block apartments

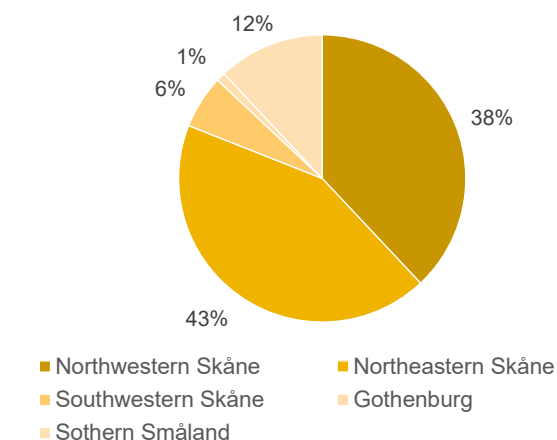


PROPERTY MANAGEMENT

- 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 management is the key to offering a high degree of service and accessibility
- New development and construction of rental apartments is solely for own long-term property management, which contributes to a high level of operational security and optimization as well as efficiency in maintenance and repairs
- At 30 June 2020, number of homes under management amounted to 1,865, an increase of 32% compared to corresponding quarter 2019 and 9% compared to year-end 2019
- Profit from property management in the first six months of 2020 increased with 26% compared with the corresponding period 2019. Rental income increased 35% and rental value at 30 June 2020 amounted to SEK 218.0m, an increase of 35% compared with 30 June 2019
- Economic occupancy rate at 30 June 2020: 93.7%
- Surplus ratio in the period was down, from 71.0% to 67.1%



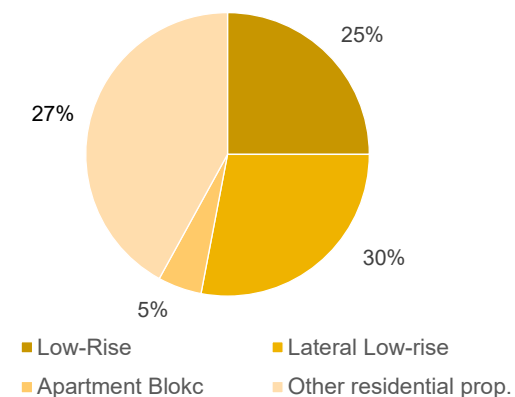
Rental value by geography



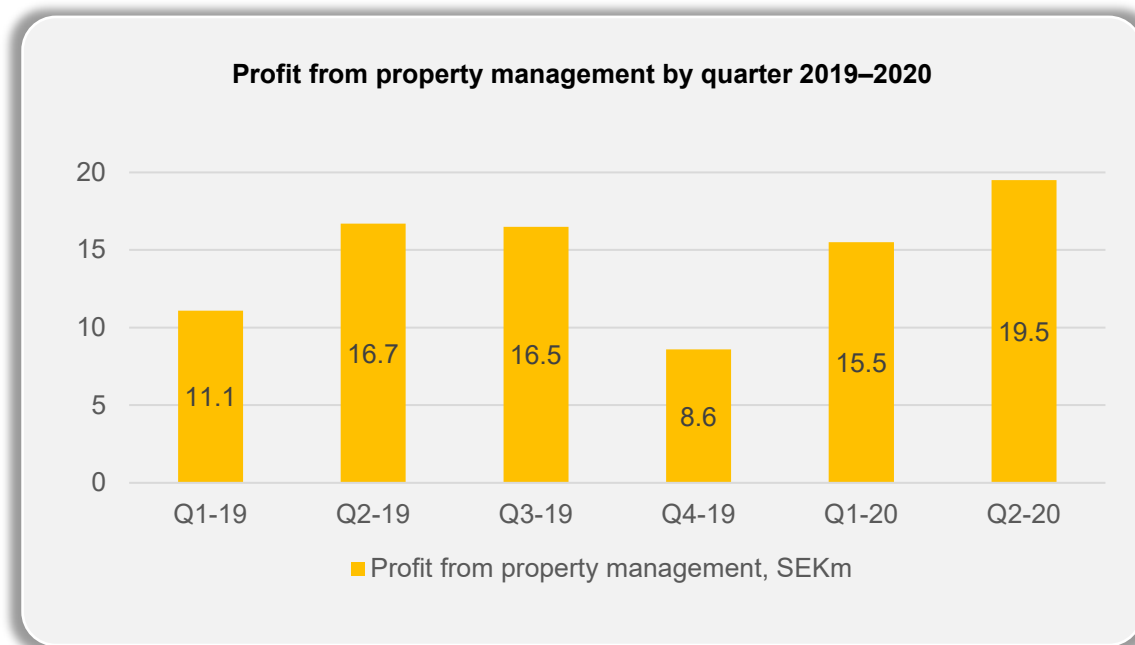
Property portfolio, 30 June 2020

No. of apartments under management	1,865
Lettable area, sqm	142,847
Property value, SEKm	4,076.3
Rental value, SEKm	218.0
Contractual rental value housing	85%
Location A/B location, share of property value	99%
Construction year >2010, share of property value	76%
Economic occupancy rate	95%
Surplus ratio	67%

Rental value by concept building



IMPROVED PROFIT FROM PROPERTY MANAGEMENT



Profit for the period Jan–Jun 2020 amounted to SEK 35.0m, +26%

THE GROUP

- Well-proven business model, confirmed in the ongoing Covid-19 pandemic
- Sustained strong interest from sellers of building rights and properties. K-Fastigheter will continue to active in the transaction market
- In the first six months of 2020, K-Fastigheter has completed 68 apartments and commenced construction of 619 apartments
- At end of second quarter 2020, K-Fastigheter had 1,865 apartments under management, 1,249 apartments under production, 2,888 under project development and 149 apartments to be taken into possession gradually during 2020/2021, totalling 6,151 apartments
- The Annual General Meeting re-elected the Board of Directors and its chairman. The AGM also authorized the Board to resolve to issue new shares and to repurchase treasury shares.
- At end of June 2020, the number of employees amounted to 68 (65), of whom 18 were women (16) and 50 were men (49)

- Swedish business magazine Affärsvärlden conducted a review of all Swedish IPOs completed in 2019. A total of 42 companies were examined and of these, K-Fastigheter was selected as the winner in two categories (*Share price development, SEK billion category and Quality, SEK billion category*)

Strategic partnership with BoKlok

- K-Fastigheter in combination with BoKlok, owned by Skanska and IKEA, is the leading Swedish operator in the field of conceptual housing solutions. K-Fastigheter is focusing on rental apartments and BoKlok is focusing on tenant-owned apartments
- By focusing on developing different forms of tenure, we can benefit from our respective experiences and jointly develop in many areas and geographical locations. The goal is to jointly build up to a thousand apartments over the next three years. In the first six months of 2020, four transactions were completed.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Full-year
Rental income	49.0	38.6	96.8	71.6	156.8
Project and contracting sales	4.8	6.2	9.3	7.7	28.6
Other income	0.1	0.1	0.3	0.3	1.9
Net sales	53.8	44.8	106.4	79.6	187.3
Gross operating income	35.8	27.6	67.1	49.0	111.0
<i>Of which, gross profit from property mgmt (operating surplus)</i>	<i>34.5</i>	<i>29.1</i>	<i>64.9</i>	<i>50.8</i>	<i>107.3</i>
<i>Of which, gross profit from project and contracting operations</i>	<i>1.3</i>	<i>-1.6</i>	<i>2.1</i>	<i>-1.8</i>	<i>3.7</i>
Central administration	-7.1	-11.7	-17.2	-18.9	-42.1
Impairment and depreciation	-2.0	-0.2	-3.2	-2.7	-15.2
Profit from participations in Group, associated and jointly controlled companies	4.2	39.8	3.7	41.4	61.0
Net interest income	-11.9	-8.5	-23.1	-15.8	-35.3
Profit before changes in value	18.9	47.0	27.3	52.9	79.3
<i>Of which, profit from property management</i>	<i>19.5</i>	<i>16.7</i>	<i>35.0</i>	<i>27.8</i>	<i>52.9</i>
Change in value of investment properties	136.4	70.8	257.8	118.4	339.8
Change in value of derivatives and other	-16.0	-8.0	-29.8	-6.1	12.7
Profit before tax	139.3	109.9	255.3	165.3	431.8
Income tax	-27.6	-19.9	-51.3	-31.9	-66.5
Profit for the period	111.7	90.0	204.0	133.4	365.3

Rental income for the period up 35%

- Increase of 30% is related to recent acquired properties, 52% to completed properties and 18% from increased rental income from comparable holdings
- Rental value amounted to SEK 218.0m, +11%
- Average financial letting in the first quarter: 93.7% (98.4%)
- Economic occupancy rate at end of June 2020: 95.0% (97.9%)
- Surplus ratio down, from 71.0% till 67.1%
- Gross income for the period up 41%

Income from project and contracting: SEK 207.9m, of which SEK 9.6m (7.7) is related to external projects. The positive gross margin is due to the high level of activity in project and contracting

Increase in **Central administration** is due to the Group's strategy to prepare for the expected growth of operations

Net interest income increased to SEK 23.1m, primarily due to increase in first mortgage

Profit from property management in the quarter: SEK 19.5m (+17%) and for the period: SEK 35.5m (+26%) or SEK 1.03 per share (-7%), primarily due to increase of number of shares following the IPO in November 2019

Changes in values

- Unrealized changes in the values of investment properties amounted to SEK 257.8m
 - properties under management SEK 56.3m – Record
 - direct returns 4.17% (4.25%)
 - ongoing new construction SEK 204.3m – Record
- Derivatives and others – realized changes on unrealized values on derivatives

Comprehensive income for the period: SEK 203.6m (+53%), corresponding to SEK 6.01 per share (+24%)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK m	2020 30 Jun	2019 30 Jun	2019 31 Dec
Assets			
Investment properties	5,751.5	3,704.8	4,396.7
Participations in Group, associated and jointly controlled companies and other long-term liabilities	47.6	24.1	43.8
Other short-term and long-term assets	179.2	96.0	132.8
Current receivables	0.0	38.6	0.0
Cash and cash equivalents	274.8	49.7	779.0
Total assets	6,253.1	3,913.0	5,352.3
Equity and liabilities			
Total equity	2,442.0	1,114.3	2,238.5
Deferred tax liability	337.4	248.1	288.9
Interest-bearing liabilities	3,315.4	2,384.7	2,644.4
Other short-term and long-term liabilities	158.3	165.9	180.7
Total equity and liabilities	6,253.1	3,913.0	5,352.3

Investment properties: SEK 5,751.5m, +31%

- acquisitions of SEK 708.2m and investments in ongoing construction of SEK 364.8m
- completed investment properties: SEK 4,076.3m (3,606.9)
- undeveloped land and building rights: SEK 486.4m (335.1)
- ongoing construction: SEK 1,168.6m (447.7)

Cash and cash equivalents: SEK 274.8m

(+ available Group credit of SEK 90.0m)

- utilized for acquisitions and ongoing construction

Interest-bearing liabilities: SEK 3,315.4m, +25%

- Financing of acquisitions and ongoing construction

Loan-to-value 53.4% (40.2%) – max 70%

- Increase on interest-bearing liabilities and reduced cash

Equity/assets ratio: 39.1% (41.8%) – min 25%

Interest coverage ratio, multiple: 2.6 (2.6) – min 1,75 multiple

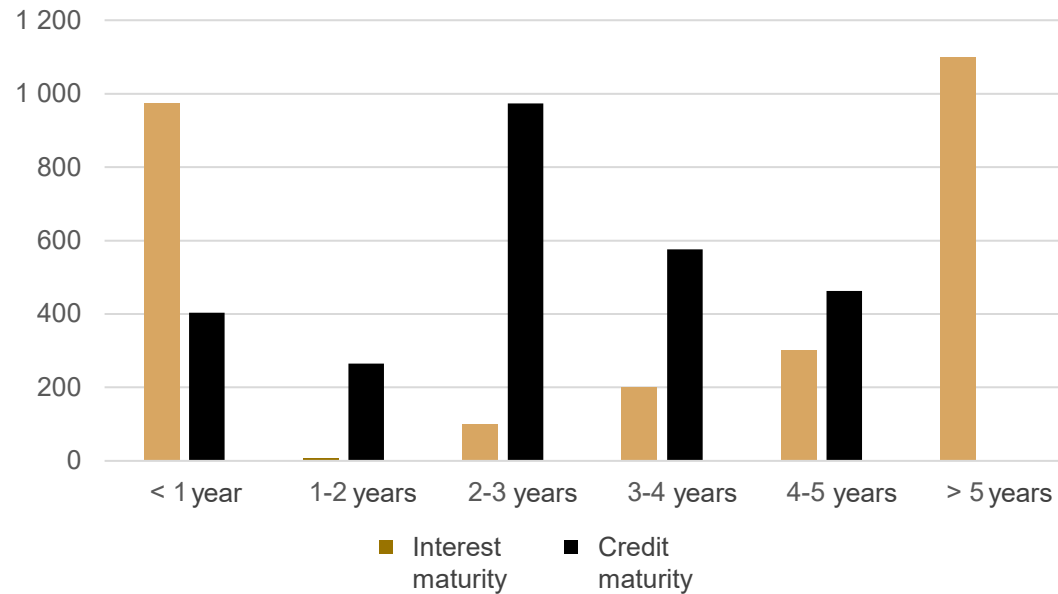
Equity: SEK 2,442.0m, +9%

Long-term net asset value (NAV): SEK 2,818.0m, +11%

Long-term net asset value (NAV) per share: SEK 83.15, +11%

FINANCING

Interest and credit maturity SEKm



Interest-bearing liabilities at 30 June 2020: SEK 3,315,4m, +25%

- first mortgage: SEK 2,681.1m – of which SEK 403.5m to be refinanced
- construction facilities of SEK 611.9m – utilized SEK 611.9m
- other credit facilities of SEK 90.0m – utilized SEK 0.0m

Average fixed credit term: 2.6 years (3.2)

Portfolio of derivatives: SEK 1,707.0m

Average interest maturity: 4.2 years (3.3)

Average interest: 1.95% (1.90)

Share of variable interest rate: 51% (48)

Cash including credit facility: SEK 364.8m

Much more than your average property company

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



K-Fastigheter is a project development, construction and property company that, applying a cross-functional approach, achieves profitability at each stage. For the period January to June 2020, 75 percent of the Group's earnings after tax was derived from its project development and construction operations and 25 percent from its 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 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 30 June 2020

Under management:	1,865
Under production:	1,249
Acquired properties:	149
Under project development:	2,888
Total no. of apartments:	6,151



SUMMARY

- 1 → K-Fastigheter is present throughout the entire value chain, from project development and identification of interesting building rights to construction and long-term property management
- 2 → High quality real estate portfolio with a large proportion of newly produced area in attractive locations in expanding cities/municipals
- 3 → Properties in locations with long-term demand for rental apartments, primarily in the Öresund region and in western Sweden
- 4 → High and profitable historical growth with a significant project portfolio creates visibility for future growth
- 5 → As of 29 November 2019, K-Fastigheter's class B shares is traded on Nasdaq Stockholm, Mid cap. Total market cap, approx SEK 10 billion



Total no. of class A shares: 3,750,000
Total no. of class B shares on Nasdaq Stockholm: 30,138,528
Total no. of outstanding shares: 33,888,528
Total no. of votes: 48,888,528

Thank you

Q & A

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Next interim report:
11 November 2020

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