

HIGH ACTIVITY AND FOCUS ON STRATEGIC ACQUISITIONS

*Interim Report
January–September 2020*

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

11 November 2020



K-FASTIGHETER

HIGHLIGHTS

- Directed new share issue of 2 million class B shares raising SEK 504m before issue costs
- First acquisition in Västerås, building right for 108 apartments
- Third acquisition in Denmark: Solrød Strand
- Completion of acquisition of development property in Burlöv
- Continued high level of activity

Still 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 6,128,2m (+39%)*

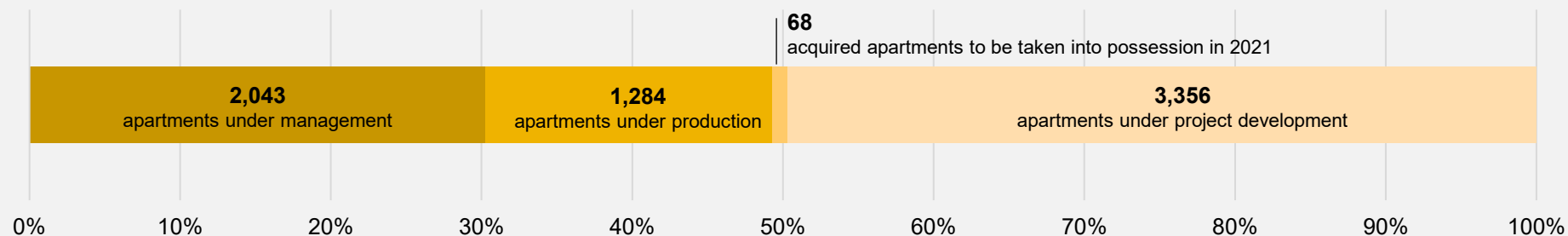
Long-term net asset value (NAV):
SEK 3,444.8m (+36%)*

Profit from property management:
SEK 21.2m (+28%)**

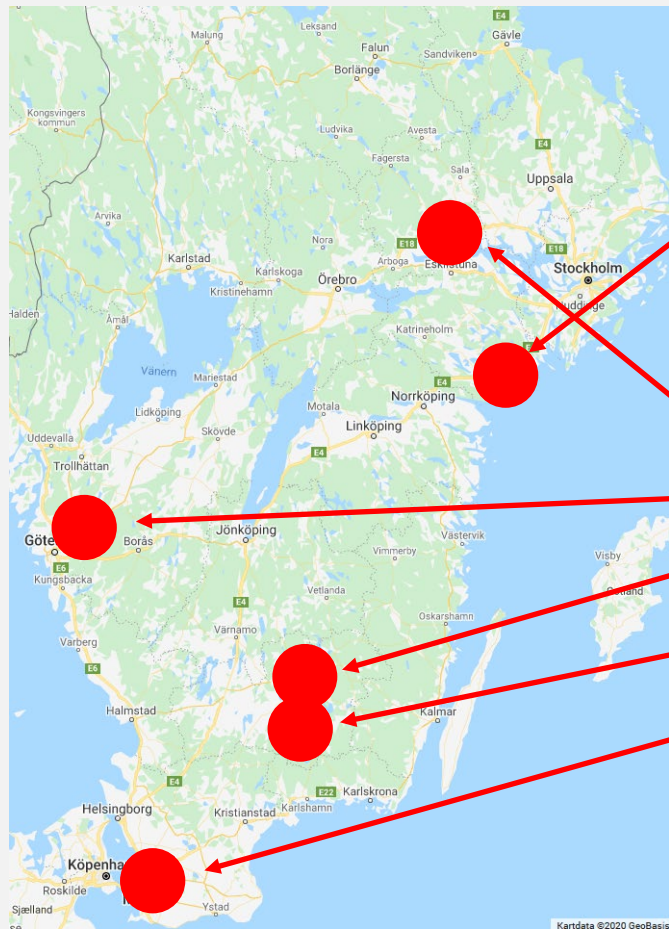
Comprehensive income for the quarter:
SEK 99.9m (+56%)**

*change as of Q4-19
** in comparison with Q3-19

Total property and project portfolio as of 30 September 2020: 6,751 apartments



NEW PROJECTS IN Q3-20



CONSTRUCTION START

NYKÖPING
100 apartments

ACQUIRED BUILDING RIGHTS

VÄSTERÅS
108 apartments

ALE
130 apartments

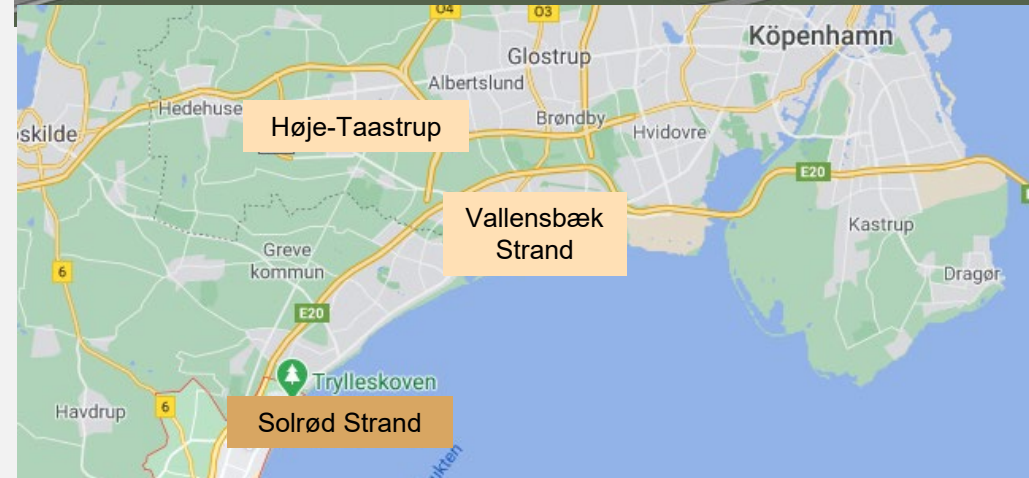
VÄXJÖ
Up to 150 apartments

ÄLMHULT
91 apartments

BURLÖV
284 of in total 600 apartments



SOLRØD STRAND, DENMARK
32 apartments



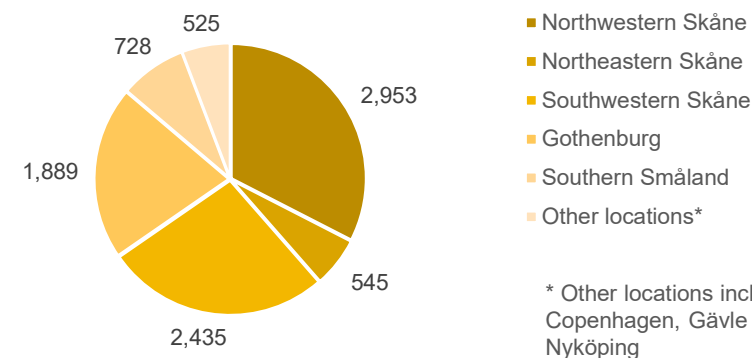
PROJECT DEVELOPMENT

- 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, 3,356, to be compared with 678 in the corresponding quarter of 2019. In the third quarter of 2020, K-Fastigheter acquired building rights for about 760 apartments
- The business area recorded another strong quarter, adding SEK 101.3m from value changes in ongoing constructions, SEK 101.3m.
- 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

Ongoing project development, 30 September 2020

Number of units	3,356
Lettable area, total square meters	231,391
Property value, SEK m	9,075.2
Rental value, SEK m	411.2

Ongoing project development: Property value, SEK 9,075.2, by geography



CONSTRUCTION

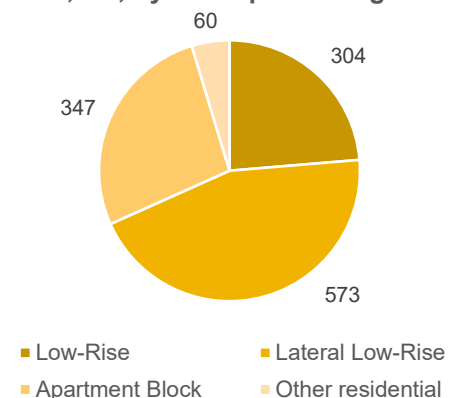
- New property construction is carried out with a high degree of prefabrication, which enables high cost and quality control as well as guarantees production and delivery times
- Construction is ongoing in Helsingborg, Hässleholm, Höganäs, Gävle, Gothenburg, Malmö, Nyköping, Vallensbæk, Växjö and Älmhult. As of 30 September 2020: 19 construction sites to build 1,284 apartments
- No. of construction starts in the **first three quarters of 2020** corresponded to 139% 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" program, 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 500 apartments in older properties, of these 75 apartments were renovated

Ongoing construction, 30 September 2020

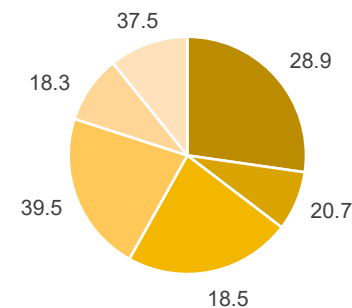
Number of units	1,284
Lettable area, total square meter	84,486
Property value, SEK m	3,485.5
Rental value, SEK m	163.4
Production-to-value (PtV)	71%

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

No. of apartments under construction, 1,284, by concept building

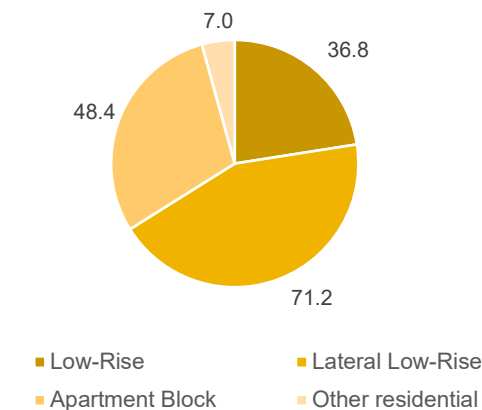


Rental value ongoing construction, SEK 163.4m by geography



- Northwestern Skåne
- Northeastern Skåne
- Southwestern Skåne
- Gothenburg
- Southern Småland
- Other locations

Rental value ongoing construction, SEK 163.4m, by concept building



- Low-Rise
- Lateral Low-Rise
- Apartment Block
- Other residential

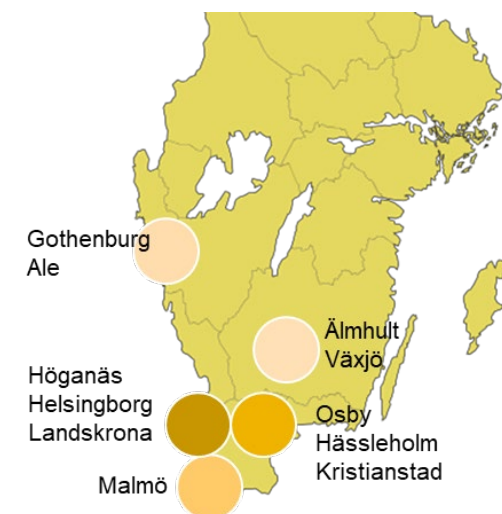
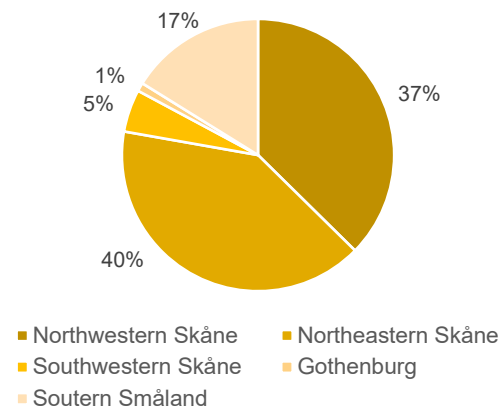
PROPERTY MANAGEMENT

- 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
- Number of apartments on 30 September 2020 amounted to 2,043, an increase of 31% compared with corresponding period in 2019 and 19% at end of 2019
- Profit from property management in the first nine months of 2020 increased 27% year-on-year. Rental income in Q3 increased 26% and rental value on 30 September 2020 amounted to SEK 238.9m, an increase of 35% compared with 30 September 2019
- Economic occupancy rate on 30 September 2020: 92.4%
- Surplus ratio down, from 70.7% to 68.9%

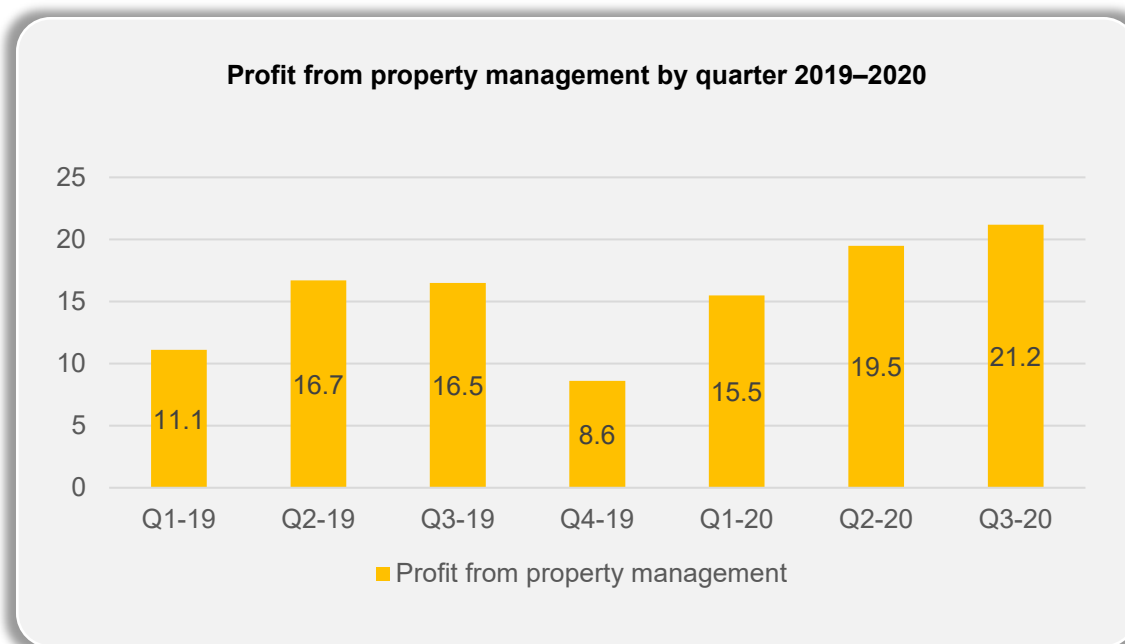
Property portfolio, 30 September 2020

Number of apartments under management	2,043
Lettable area, square meters	154,492
Property value, SEK m	4,514.7
Rental value, SEK m	238.9
Rental income from housing, share of Group's total rental income	87%
Location A/B location, share of property value	99%
Construction year >2010, share of property value	78%
Economic occupancy rate	92%
Surplus ratio	69%

Rental value by geography



IMPROVED PROFIT FROM PROPERTY MANAGEMENT



Profit from property management, Jan–Sep 2020, amounted to SEK 56.2m

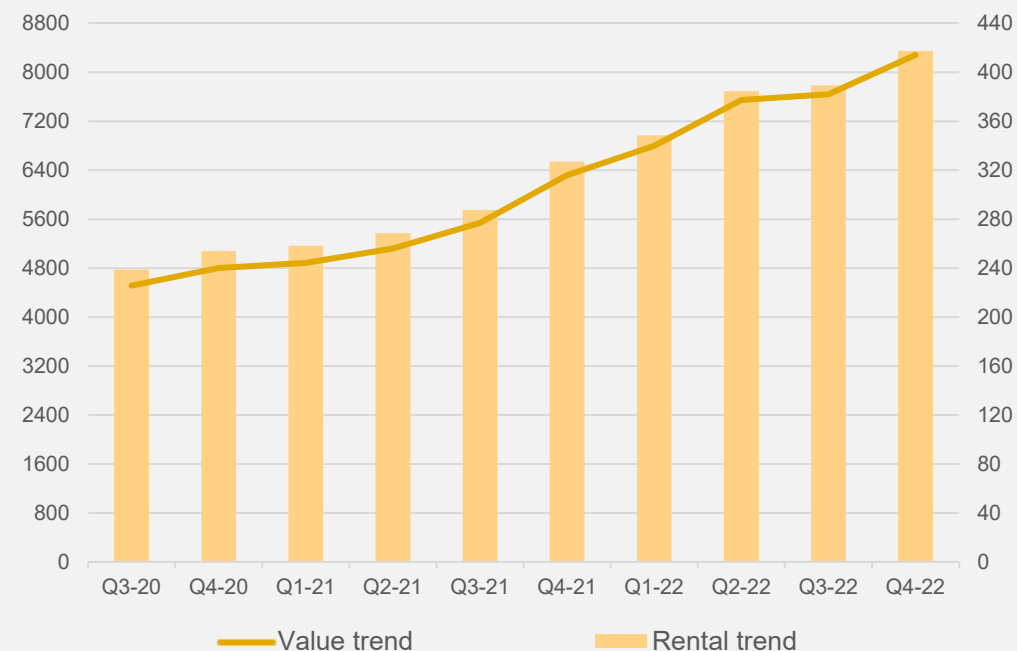


THE GROUP

- 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
- Following authorization from the AGM, K-Fast Holding AB completed a directed new issue of 2 million Class B shares at a subscription price of SEK 252 per share, raising SEK 504 million before issue expenses.
- In the first nine months of the year, K-Fastigheter has completed 133 apartments and started construction of 719 apartments
- At the end of Q3-2020, K-Fastigheter had 2,043 apartments under management, 1,284 apartments under production, 3,356 under project development and 68 acquired apartments to be taken into possession during 2021, in total 6,751 apartments
- At end of September 2020, the number of employees amounted to 73 (65), of whom 19 were women (16) and 54 were men (49)
- The 2021 Nomination Committee has been appointed
- The 2021 Annual General Meeting will be held on 19 May 2021 in Hässleholm

Value creation in K-Fastigheter

- Expected rental trend and assessed value trend, SEK m



The diagram illustrates current rental value and property value for completed investment properties as of 30 September 2020 plus expected rental value and assessed value of construction projects in progress of investment properties and acquired but not yet handed over investment properties as of 30 September 2020 at a pace with these properties being completed or handed over. The assessments and assumptions involve uncertainties and the disclosures below should not be viewed as a forecast. Please also refer to information about the assessment on page 25 in Interim Report Q3-2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Full-year
Rental income	51.0	40.5	147.7	112.1	156.8
Project and contracting sales	0.9	11.5	10.2	19.1	28.6
Other income	0.3	0.7	0.6	1.0	1.9
Net sales	52.1	52.6	158.5	132.2	187.3
Gross operating income	40.3	30.6	107.3	79.6	111.0
<i>Of which, gross profit from property mgmt. (operating surplus)</i>	36.9	28.4	101.8	79.2	107.3
<i>Of which, gross profit from project and contracting operations</i>	3.4	2.2	5.5	0.4	3.7
Central administration	-6.5	-6.5	-23.7	-25.4	-42.1
Impairment and depreciation	-1.6	-1.3	-4.8	-4.0	-15.2
Profit from participations in Group, associated and jointly controlled companies	-0.1	0.0	3.5	41.4	61.0
Net interest income	-13.0	-9.3	-36.1	-25.1	-35.3
Profit before changes in value	19.0	13.5	46.2	66.4	79.3
<i>Of which, profit from property management</i>	21.2	16.5	56.2	44.3	52.9
Change in value of investment properties	108.3	73.4	366.1	191.7	339.8
Change in value of derivatives and other	-2.4	-13.4	-32.2	-19.5	12.7
Profit before tax	124.9	73.4	380.2	238.7	431.8
Income tax	-25.4	-9.4	-76.7	-41.3	-66.5
Profit for the period	99.5	64.0	303.5	197.4	365.3

Rental income for the period up 32%, to SEK 147.7m

- The increase in rental income is to 31% related to acquired properties and 56% to completed properties
- Rental value increased by 35% to SEK 238.9m
- Average financial letting in the period: 92.8% (97.0%)
- Economic occupancy rate at end of September 2020: 92.4% (97.3%)
- Gross income for the period rose 29%, to SEK 101.8m
- Surplus ratio at end of September 2020 68.9% (70.7%)

Income from project and contracting

- SEK 321.3m, of which SEK 311.1 m is related to construction for Group companies (+88%)
- Gross income amounted to SEK 5.5m

Increase of **Central administration** is in line with the strategy to expand the organisation to support expected growth

Net interest income increased to SEK 36.1m, primarily due to increase in first mortgage

Profit from property management at end of period: SEK 56.2m (+27%), SEK 1.65 per share (-7%), primarily due to increase of number of shares in the IPO and the new issue in August 2020. Interest coverage ratio, multiple of 2.6 (2.8)

Changes in value

- Unrealized changes in the values of investment properties amounted to SEK 366.1m
 - properties under management SEK 59.5m (+1%)
 - direct returns 4.18% (4.38%)
 - ongoing new construction SEK 306.6m (+131%)
- Derivatives and others – realized changes on unrealized values on derivatives, translation differences and (in 2019) divested portfolio of financial instruments

Comprehensive income for the period: SEK 303.5m (+54%), corresponding to SEK 8.89 per share (+13%)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK m	2020 30 Sep	2019 30 Sep	2019 31 Dec
Assets			
Investment properties	6,128.2	3,919.4	4,396.7
Participations in Group, associated and jointly controlled companies and other long-term liabilities	263.5	153.3	198.1
Cash and cash equivalents	760.3	71.0	779.0
Total assets	7,151.9	4,143.7	5,373.7
Equity and liabilities			
Total equity	3,040.2	1,196.4	2,238.5
Deferred tax liability	400.4	272.1	310.3
Interest-bearing liabilities	3,545.2	2,489.0	2,644.3
Other short-term and long-term liabilities	166.2	186.2	180.6
Total equity and liabilities	7,151.9	4,143.7	5,373.7

Investment properties: SEK 6,128.2m, +39%

- completed investment properties: SEK 4,514.7m (3,606.9)
- undeveloped land and building rights: SEK 515.3mkr (342.1)
- ongoing construction: SEK 1,098.0m (447.7)

- Acquisitions of SEK 764.0m and investments in ongoing construction: SEK 573.4m

Cash and cash equivalents: SEK 760.3m

(+ available Group credit of SEK 90.0m)

- utilized for acquisitions and ongoing construction

Equity: SEK 3,040.2m, +36%

Equity/assets ratio: 42.5% (41.7%)

Long-term net asset value (NAV): SEK 3,444.8m, +36%

Long-term net asset value (NAV) per share: SEK 95.99, +28%

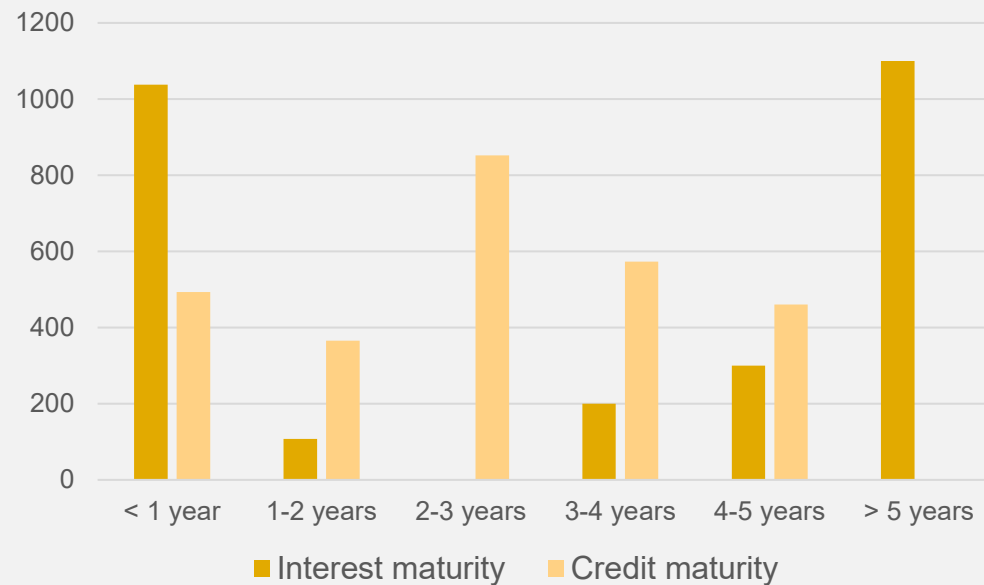
Interest-bearing liabilities: SEK 3,545.2m, +34%

- SEK 2,745.4m first mortgage for completed investment properties
 - SEK 777.6m utilized construction facilities (limit SEK 1,712m)
- Financing of acquisition and ongoing construction
- Loan-to-value ratio of 42.2% (40.2%) – increase of interest-bearing liabilities and reduced cash and cash balances



FINANCING

Interest and credit maturity, SEK m



Interest-bearing liabilities on 30 September 2020: SEK 3,545.2m

- SEK 2,745.4m first mortgage for completed investment properties
- SEK 777.6m in utilized construction facilities (limit SEK 1,712m)
- other credit facilities of SEK 90.0m – utilized SEK 0.0m
- leasing liabilities SEK 22.3m

Average fixed credit term:	2.3 years (3.2)
Portfolio of derivatives:	SEK 1,707.0m
Average interest maturity:	3.9 years (3.3)
Average interest:	1.78% (1.90)
Share of variable interest rate:	45% (48)

Financial targets

	Outcome	Target
• Long-term net asset value per share:	+28%	> 20% per år
• Profit per share from property mgmt:	-7%	> 20% per år

Operational targets

• Rental income from housing:	87%	> 80%
• No. of construction starts:	719	> 1,000 per year before end of 2023
• No. of apartments under mgmt:	2,043	> 5,000 ultimo 2023

Financial position

• Loan-to-value ratio	42.2%	max 70%
• Equity/assets ratio:	42.5%	min 25%
• Interest coverage ratio, multiple	2.6	min 1.75



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



Low-Rise (Sw. *Låghus*)

- Semi-detached, terraced or link houses up to three-stories, of which apartments in one or two stories
- Standardized 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



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 period January to September 2020, the Group reports 76 percent of EBIT from project development and construction, and remaining 24 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 September 2020

Under management:	2,043
Under production:	1,284
Acquired properties:	68
Under project development:	3,356
Total no. of apartments:	6,751



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 8,5 billion



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

Thank you

Q&A

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Year-end Report 2020 :
26 February 2021

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